

DHL EXPRESS' VIEW

INNOVATIVE TECH- SOLUTIONS FOR CROSS- BORDER E-COMMERCE: OPPORTUNITIES AND CHALLENGES

4th March 2025

DHL Express – Excellence. Simply delivered.





DHL Express operates in over 220 Countries & Territories worldwide, making it THE MOST INTERNATIONAL COMPANY IN THE WORLD

DHL Express: Facts & Figures

| | | | |
|---|---|--|---|
| <p>220</p> <p>Countries & Territories served</p> | <p>3 & 19</p> <p>Global Hubs & Regional Hubs</p> | <p>3 Million+</p> <p>Customers</p> | <p>68</p> <p>Countries AEO certified</p> |
| <p>>2,300</p> <p>Flights per day</p> | <p>315 Million</p> <p>Time Definite Shipments annually</p> | <p>2 Billion+</p> <p>Vaccinations globally distributed</p> | <p>200 Million+</p> <p>Shipments customs-cleared each year</p> |
| <p>>120,000</p> <p>Employees</p> | <p>>320</p> <p>Dedicated aircraft</p> | <p>13,000+</p> <p>Dedicated Customs Clearance Employees</p> | <p>370</p> <p>TAPA certifications</p> |



DHL has Innovative Measures in place to increase Compliance with Regulatory Requirements which is our key Differentiator

Global Customs Compliance Program
(focus on Undervaluation, IPR infringements and True Shipper/Receiver information)



Certified Shipper Program
(to improve Customer Data Quality)



Enhancement of Customer IT Interface & Education
(ensuring Customers understand & provide required electronic customs data)



Onboarding Shippers
(screening of newly opened accounts)

AEO (or equivalent) accreditation
(where possible)



End-to-end Track & Trace
(full transparency from pick-up to delivery via checkpointing & event tracking)





Introduction to the Global Customs Compliance Program

Focus Topics: Improving Compliance with the use of technology

The Global Customs Compliance Program is focused on **four (4) topics** outlined below:

1) Undervaluation (UV)



Under-declaring the value of goods (lower than the actual transaction value) resulting in paying less (or zero) duties/taxes to Customs Authorities.

Example: declaring \$5 for a cell phone that was sold for \$300

2) Intellectual Property Rights (IPR)



Shipping counterfeit/pirated goods that infringe intellectual property rights of the rights' holders.

Example: fake shoes, fake bags, fake electronics, fake medicines, etc.

3) True Shipper & Receiver (TSR)



Mis-declaring the true shipper (consignor) or receiver (consignee) names in order to avoid/bypass security screening by Authorities.

Example: declaring "*Benny*" (instead of the complete/full name)

4) Goods Descriptions (GD)



Incomplete/inaccurate description of the goods to avoid/bypass security screening/risk assessment by Customs Authorities.

Example: declaring "*Parts*" instead of "*Automobile Brakes*".





UV & IPR Risk Profiling Solution (Focus Areas 1 and 2)

Non-Compliance Identification: Joint Human & Artificial Intelligence

“HI: Human Intelligence”

1 Master Green & Red List (MGR)

- The solution allows manual ‘flexible configuration’ of multiple specific ‘hard rules’ based on country/lane-specific criteria – for example (*illustrative*):
 - **RED Rule** = **ALWAYS** intercept ‘Shoes’ declared below ‘USD 20’ from shipper name ‘Joseph’ going to ‘USA’ with weight below ‘3KGs’.
 - **GREEN Rule** = **NEVER** intercept shipments of account ‘123’ with value above ‘USD 5,000’ from shipper name ‘Paul’.
- The RED & GREEN Rules are defined based on historical trends & country insights/expertise, insights from Authorities / IPR Holders / etc., and can be configured/adjusted at any time.

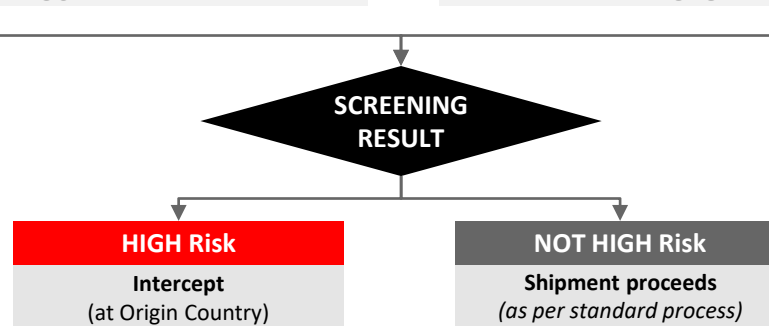
MANUALLY CONFIGURED

“AI: Artificial Intelligence”

2 Machine Learning Model (MLM)

- The model is configured & maintained centrally and activated automatically for new countries.
- The model has a series of automated ‘test logics/features’ in place to identify potential **HIGH-RISK** UV & IPR shipments.
- The model is periodically ‘re-trained’ to ‘learn patterns’ based on the latest DHL Checkpoints triggered across the network
- We use historic captured events in our network to train the machine so the model can ‘learn’ & increase its accuracy.

AUTOMATICALLY CONFIGURED

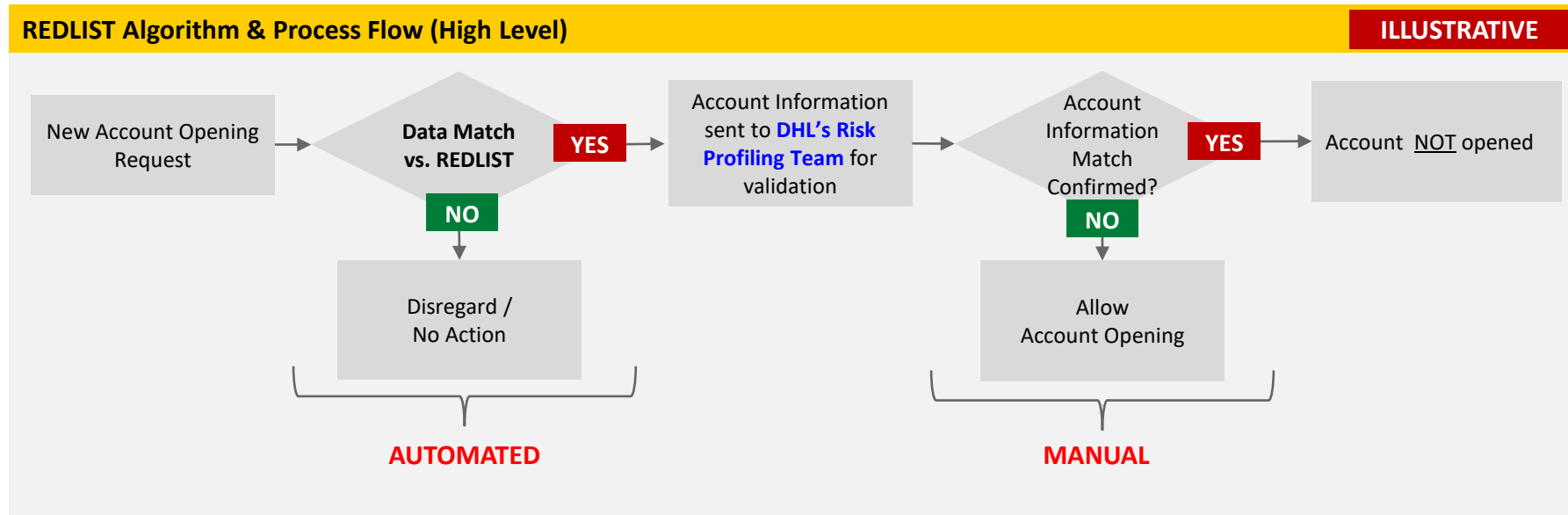




Compliant Customer Screening (Focus Area 3)


Checking of new Accounts: Account Opening Compliance Check

A 'RED-LISTED CUSTOMERS' file (of closed accounts) is being used to cross-match vs. the information of new accounts created – and in case of any data 'match' (e.g., cell phone number, bank account number), the case is investigated to evaluate if the account should be opened (or not).






Together, we can make E-Commerce a strong lever to foster Innovation, Prosperity and Sustainable Trade Facilitation



Standardize Customs & Security Data Requirements



Open Trusted Trader Programs



Adopt Risk-Based Controls (AI/Analytics)




Keep Duty /VAT De Minimis Thresholds



Implement simplified Declarations & easy Customs Valuation Schemes



Introduce Vendor Collect Models (no clearance at the Border)



Enable Sharing of Information



Continue Dialogue/ Engagement

ASHA MENON, DHL Express

asha.menon@dhl.com

THANK YOU

Disclaimer

While we have made every attempt to ensure that the information contained herein has been obtained, produced and processed from sources believed to be reliable, no warranty, express or implied, is made regarding the accuracy, adequacy, completeness, legality, reliability or usefulness of such information. All information contained herein is provided on an "as is" basis. In no event will DHL Express, its related partnerships or corporations under the DHL Group, or the partners, agents or employees thereof be liable to you or anyone else for any decision made or action taken in reliance on the information contained herein or for any consequential, special or similar damages, even if advised of the possibility of such damages.

