

**strategy&**

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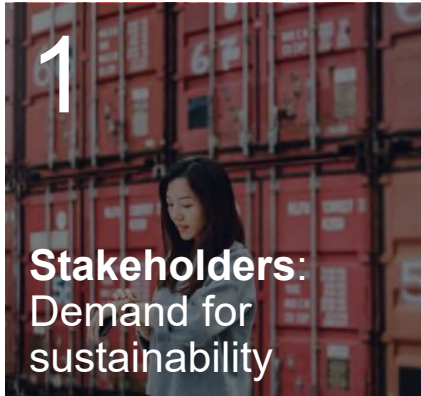
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# Sustaining values

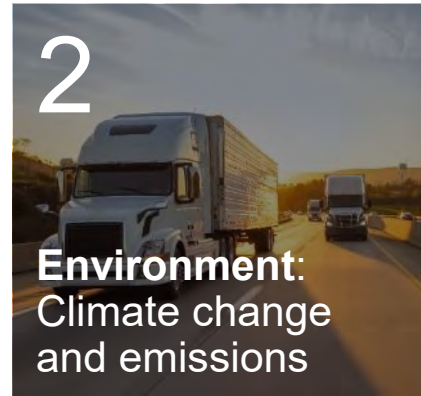
## Driving the sustainability agenda in Transport and Logistics

2021

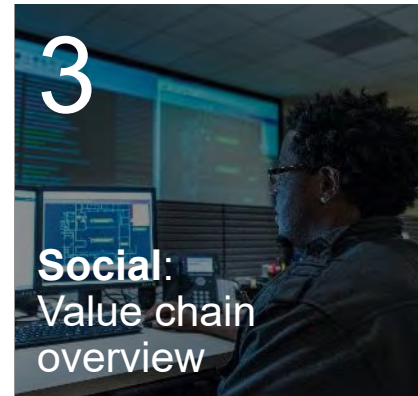
# Transport and Logistics companies are sitting on a sustainability time bomb



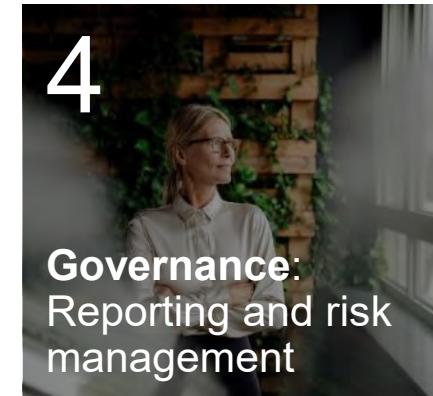
- Financial institutions step up pressure towards sustainability and climate protection
- Logistics customers demand sustainable solutions



- Logistics is among the key drivers of climate change
- Deteriorating climate has adverse impacts on Logistics
- Massive decrease of emissions needed to meet climate goals



- T&L have limited overview over their value chains
- Working conditions of subcontractors particularly critical
- Blind spot may suddenly come into the limelight

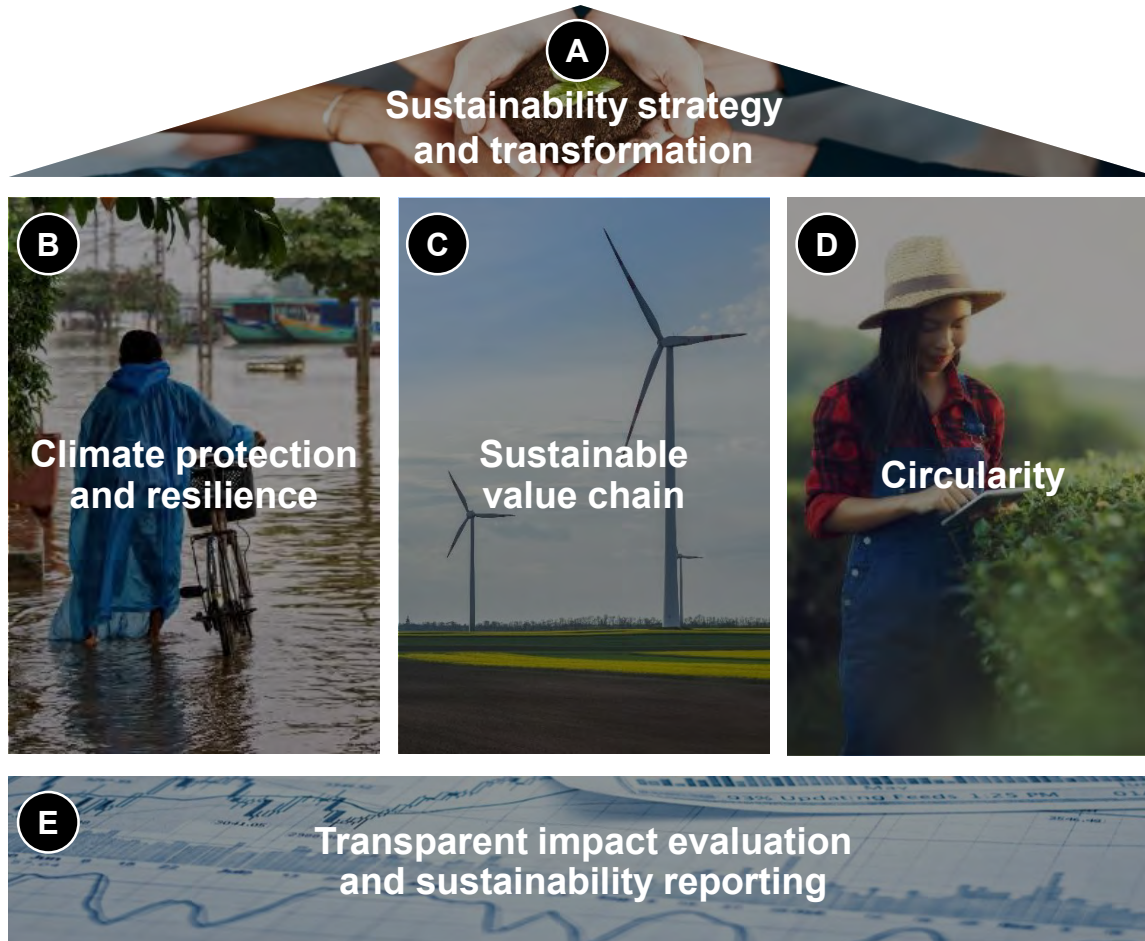


- Regulation exerts pressure for sustainability
- Increasing demands for reporting and risk management (e.g., CSR guideline, EU taxonomy, supply chain act “Lieferkettengesetz”)

# Sustainability creates value in four dimensions



# An integrated sustainability strategy for T&L encompasses five building blocks

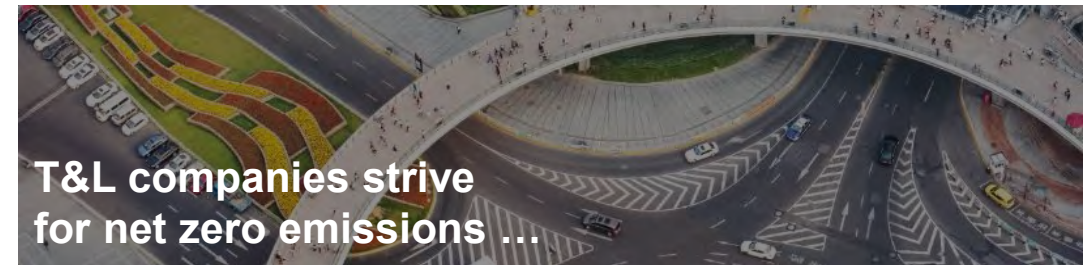


- A** Define an **actionable sustainability strategy** including materiality analysis with respect to environmental, social and governance factors (ESG)
- B** Understand what's at stake due to **climate change** and set up a **road-map for decarbonization** to comply with upcoming regulation and become proactive – customer demands + upside
- C** Strive for a **value chain which supports environmental and social sustainability** across all own and sub-contracted operations
- D** Embrace the potential of **circularity** – for own operations and service offerings
- E** Assess the **sustainability impact and report** to stakeholders according to best practice standards

# T&L companies start to embed sustainability into their strategy striving for ambitious goals

## Four key ingredients for a sustainability strategy

- Strategic focus**
  - Targeting of key issues, ensuring **materiality** for stakeholders and business, e.g.,
    - **Environmental:** GHG emissions, particle emissions
    - **Social:** Employee health and safety, subcontractors
    - **Governance:** ESG reporting, ESG risk management
- Integrated approach**
  - Integration into the corporate strategy – horizontal integration across Corporate and Business units, vertical integration from Board to shop floor
- Objectives**
  - Objectives: Ambitious goals – not geared to what is feasible today –with a long-term time horizon
- Strategic roadmap**
  - Strategic roadmap/implementation: Responsible persons, resources, costs and processes for implementation defined



**Kuehne + Nagel targets net zero for own activities by 2020 and encompassing suppliers by 2030**

In **2017**, the trains of **Dutch railways** became the first in the world to be **powered 100% by wind energy**.

**Deutsche Bahn** plans to reduce CO2 emissions worldwide by **50% by 2030** and become **climate-neutral by 2050**

**DPDHL**'s environmental protection strategy – Mission 2050 aims at zero logistics-related **emissions by 2050**

# T&L companies should base their carbon roadmap on TCO scenarios and marginal abatement cost curves

**Logistics companies should be aware of the necessary shifts in trucking technology in a <2° scenario ...**

Trucking technology for heavy, non-urban trucks in a global <2°C scenario

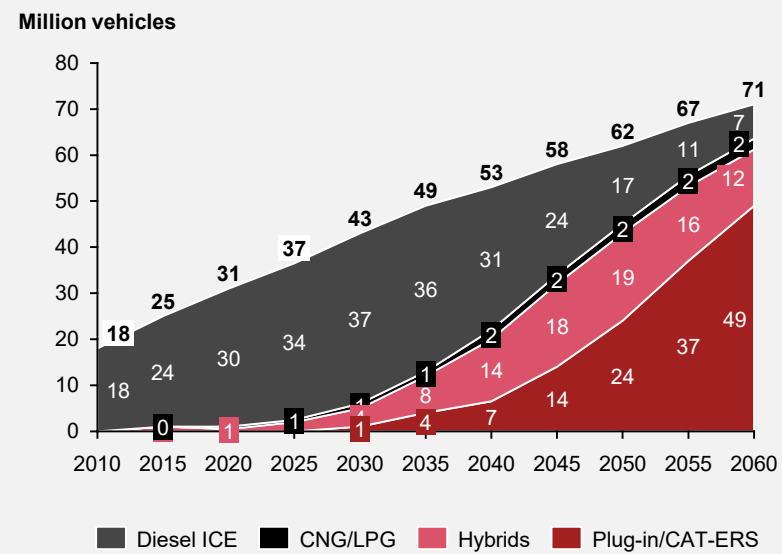
**... and the corresponding total cost of ownership of different CO2 abatement options ...**

Total cost of ownership of different CO2 abatement options for heavy trucks

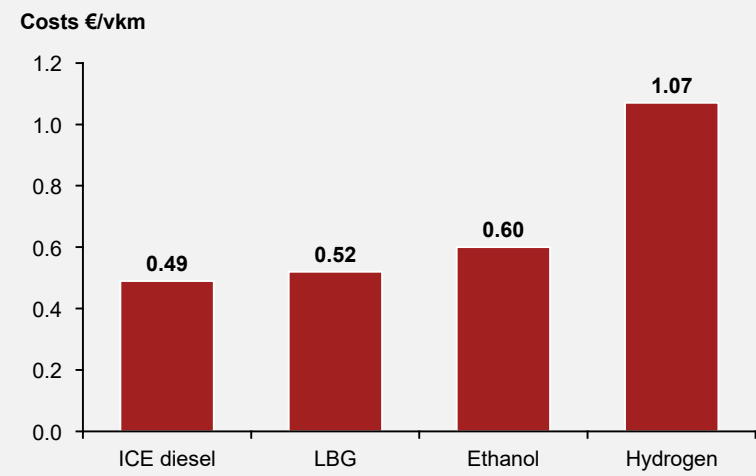
**... to arrive at marginal abatement cost curves guiding decision-making**

Marginal CO2 abatement cost curve for trucking technology

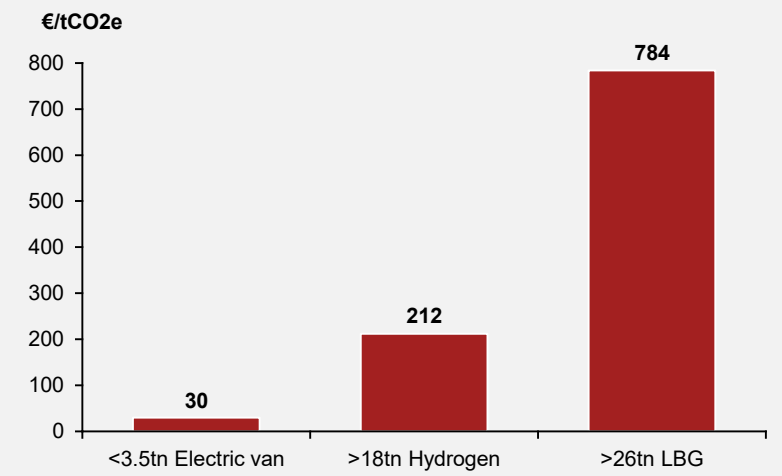
**Non-urban | Heavy sized vehicles**



**Non-urban | Trucks >26tn**

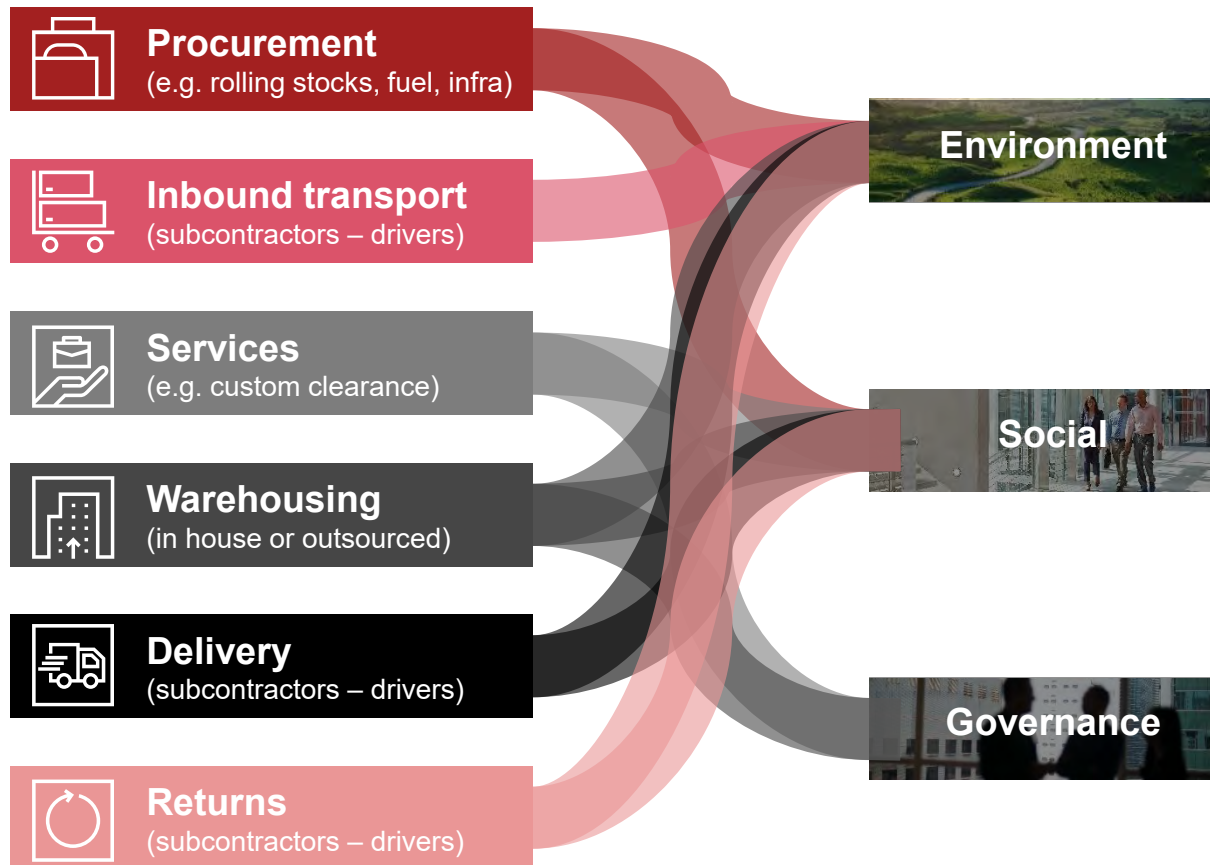


**Non-urban | Commercial vehicles**



# T&L companies should adopt a value chain perspective on sustainability

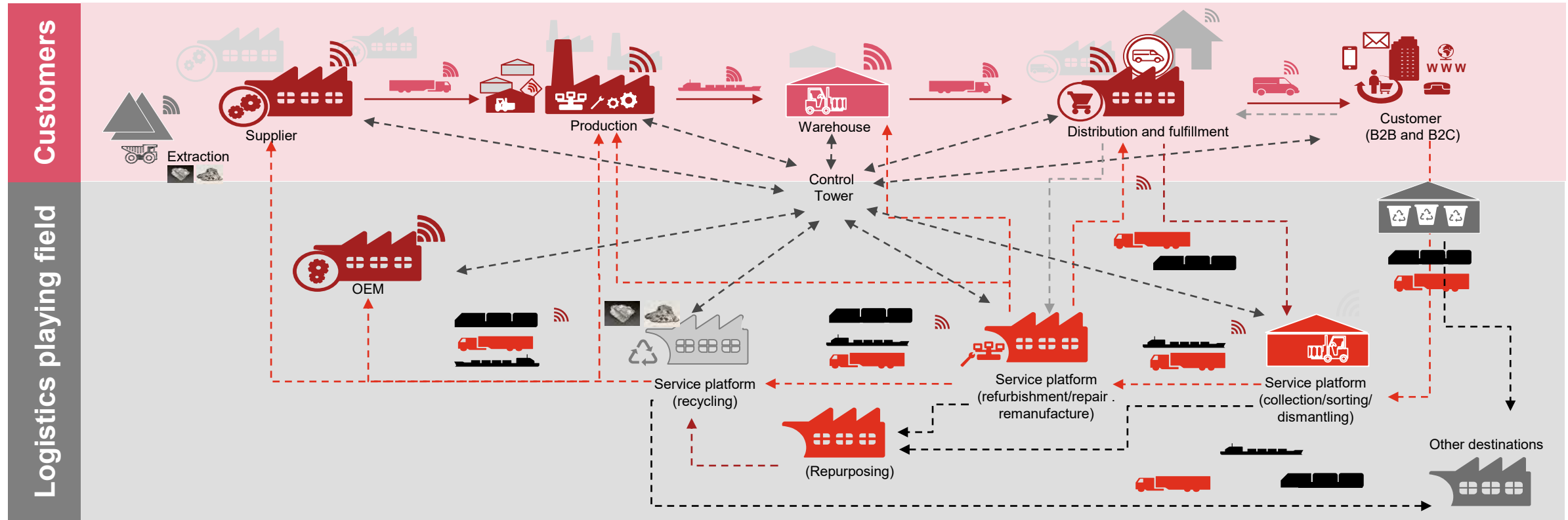
## T&L value chain linked to ESG factors



## Implications for T&L companies

- Ensuring a **holistic overview of the value chain** (scope 3 including supply chain) ensures more **transparency** over business practices, drivers' working conditions as well as overall CO2 emissions (e.g. DHL subcontractors generate **80% of total GHG emissions**)
- To ensure transparency, a **supplier code of conduct, subcontractor management system**, as well as **regular reporting** should include environmental performance
- T&L companies should maintain a **close relationship with their subcontractors** in order to ensure:
  - Transparency and management of environmental footprint (CO2 emissions)
  - Compliance with standard working conditions
  - Compliance with regulations and business requirements
  - Achievement of climate protection goals

# The potential of circularity should be embraced by the T&L industry



**Circularity business models for T&L examples**

- Industry solutions for circularity
- Reverse logistics solutions
- Mobility as a service

**Circularity ops/cost opportunities examples**

- Circular procurement/design of fleet
- Improved fleet utilization (empties)
- Sharing/collaboration on last mile
- Refurbishment/remanufacturing



# A couple of T&L companies are pushing ahead with sustainability target setting and reporting

**Managing own impact on climate:  
Science-based targets for  
greenhouse gas emissions**

**Reporting on climate impact:  
Rating by Carbon  
Disclosure Project**

- DSV Panalpina
- Österreichische Post
- Deutsche Bahn
- La Poste
- Post NL

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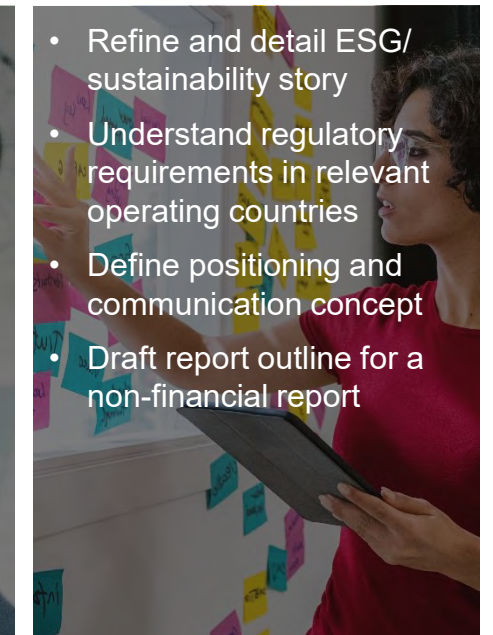
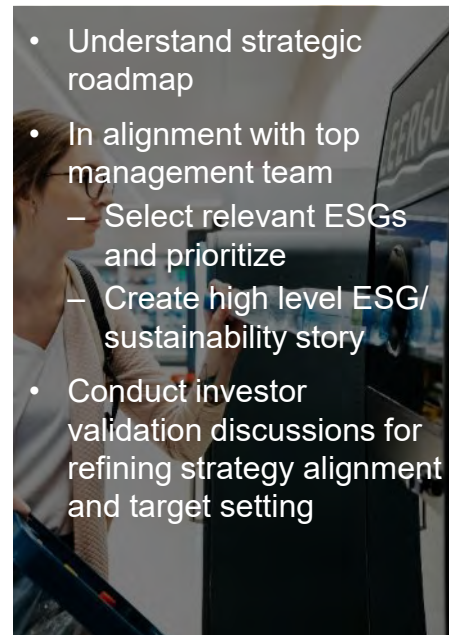
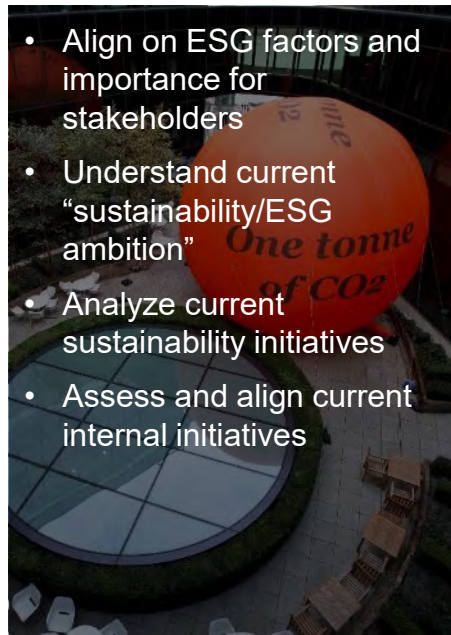
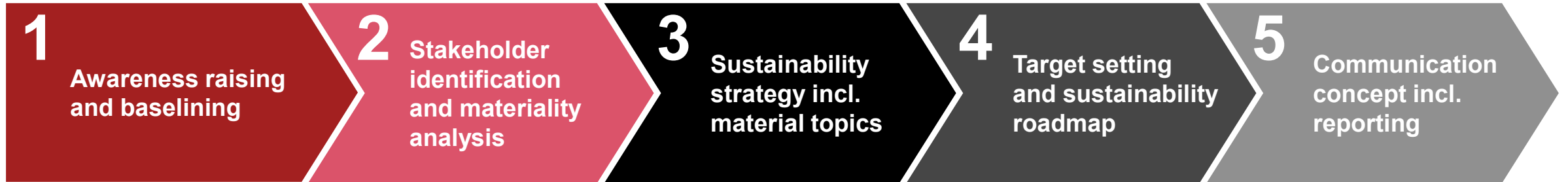
- Deutsche Post
- Kühne + Nagel
- Maersk

<p><b>Target Set</b></p> <p><i>Company developed and set science based target with clear milestones and continuous tacking</i></p>
<p><b>Target committed</b></p> <p><i>Company indicates to work towards setting a science-based target</i></p>

<p><b>A+</b></p> <p><i>Leadership level with worlds most pioneering companies leading on environmental transparency and performance</i></p>
<p><b>A-</b></p> <p><i>Leadership level with leading companies to address environmental risks</i></p>
<p><b>B</b></p> <p><i>Management level</i></p>
<p><b>F</b></p> <p>Not sufficient information</p>

- Several major T&L companies are driving the climate agenda already
- Bulk of T&L companies are lagging behind

# We help you embark on your sustainability journey in five steps



# We support you in your journey towards a more sustainable future from strategy through execution



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Director – Transport and Logistics

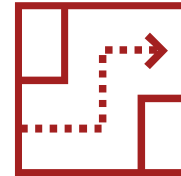
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Strategy&



## **Strategy through execution**

Capability driven strategy allowing an end-to-end transformation until final implementation



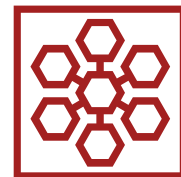
## **Industry expertise**

Strong expertise in Transport and Logistics but also with your clients' industries (e.g. Industrial Manufacturing, Automotive, Aerospace, Chemicals, Retail)



## **Functional expertise**

Global network of experts, researchers and academics with regards to sustainability (frameworks, materiality assessment)



## **Holistic perspective**

Combination of strategy, management, technology, deals, risk, tax and assurance capabilities – all focusing on sustainability topics