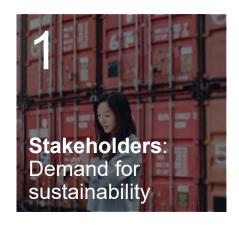


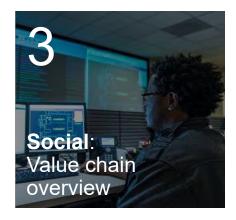
Transport and Logistics companies are sitting on a sustainability time bomb



- 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

Examples

- Service quality and safety
- Customer satisfaction and long-term relationships
- Employee well-being
- Traceability and transparency

More Trust

More Growth

Examples

- Low carbon products/ logistics services
- New business models, e.g. circularity solutions
- Customer retention and new customers

Examples

- Sustainable supply chain incl. sub-contracted services
- Health and Safety
- Integrity and compliance

Lower Risk

Lower Costs

Examples

- Reduction of fuel consumption, empty loads etc.
- Reduction of GHG emissions/carbon taxes
- Access to favorable (green) financing

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



- Define an **actionable sustainability strategy** including materiality analysis with respect to environmental, social and governance factors (ESG)
- 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
- Strive for a value chain which supports environmental and social sustainability across all own and sub-contracted operations
- Embrace the potential of **circularity** for own operations and service offerings
- 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



- 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



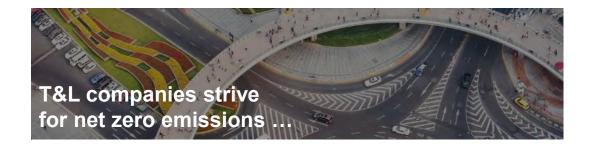
 Integration into the corporate strategy – horizontal integration across Corporate and Business units, vertical integration from Board to shop floor



 Objectives: Ambitious goals – not geared to what is feasible today –with a long-term time horizon



 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

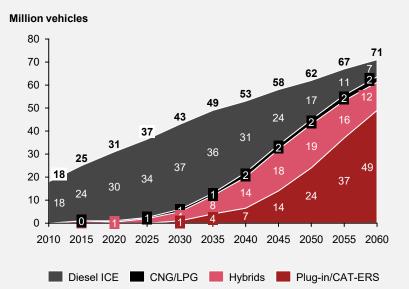
... and the corresponding total cost of ownership of different CO2 abatement options ...

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

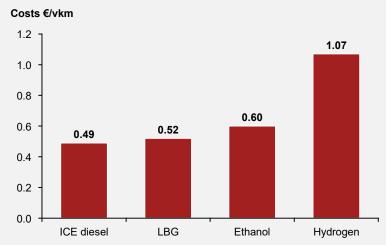
... to arrive at marginal abatement cost curves guiding decision-making

Marginal CO2 abatement cost curve for trucking technology

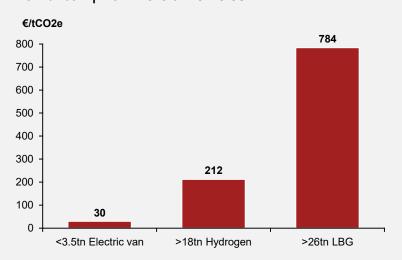




Non-urban | Trucks >26tn

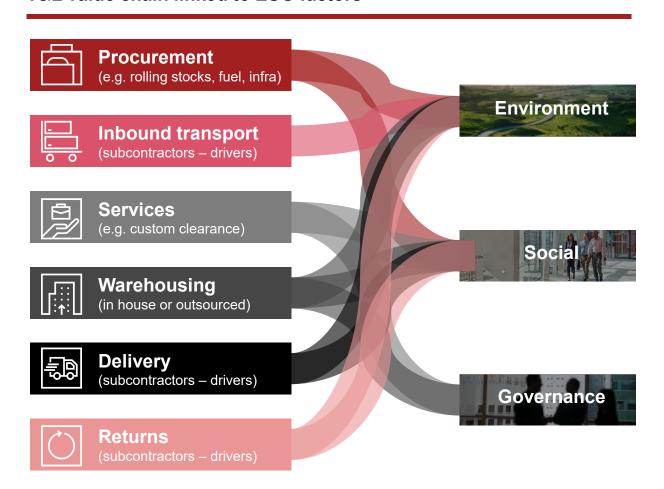


Non-urban | Commercial vehicles



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

T&L value chain linked to ESG factors

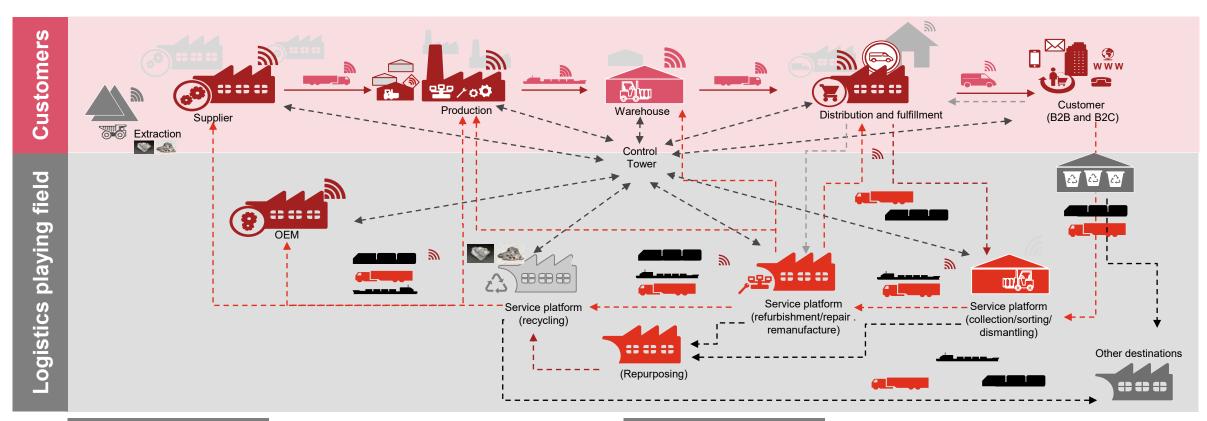


Implications for T&L companies

- 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

Deutsche Post

Kühne + Nagel

Maersk

Target Set

Company developed and set science based target with clear milestones and continuous tacking

Target committed

Company indicates to work towards setting a science-based target

A+

Leadership level with worlds most pioneering companies leading on environmental transparency and performance

Α-

Leadership level with leading companies to address environmental risks

P

Management level

Not sufficient information

- 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

Awareness raising and baselining

Stakeholder identification and materiality analysis

Sustainability strategy incl. material topics

Target setting and sustainability roadmap

Communication concept incl. reporting

- Align on ESG factors and importance for stakeholders
- Understand current "sustainability/ESG ambition"
- Analyze current sustainability initiatives
- Assess and align current internal initiatives

- Identify key internal and key external stakeholders
- Prepare and execute stakeholder engagement on material topics
- Evaluate results of stakeholder engagement
- Prioritize ESG topics for materiality matrix

- Understand strategic roadmap
- In alignment with top management team
- Select relevant ESGs
 and prioritize
- Create high level ESG/ sustainability story
- Conduct investor
 validation discussions for
 refining strategy alignment
 and target setting

- Decide upon ambition level for material topics
- Determine appropriate KPI targets
- Conduct gap analysis between ambition level/ current targets/initiatives
- Define complementary initiatives to achieve KPI targets
- Define organizational needs to achieve ambition

- Refine and detail ESG/ sustainability story
- Understand regulatory requirements in relevant operating countries
- Define positioning and communication concept
- Draft report outline for a non-financial report

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



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strategy&

Part of the PwC network

Driving the sustainability agenda in T&L



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