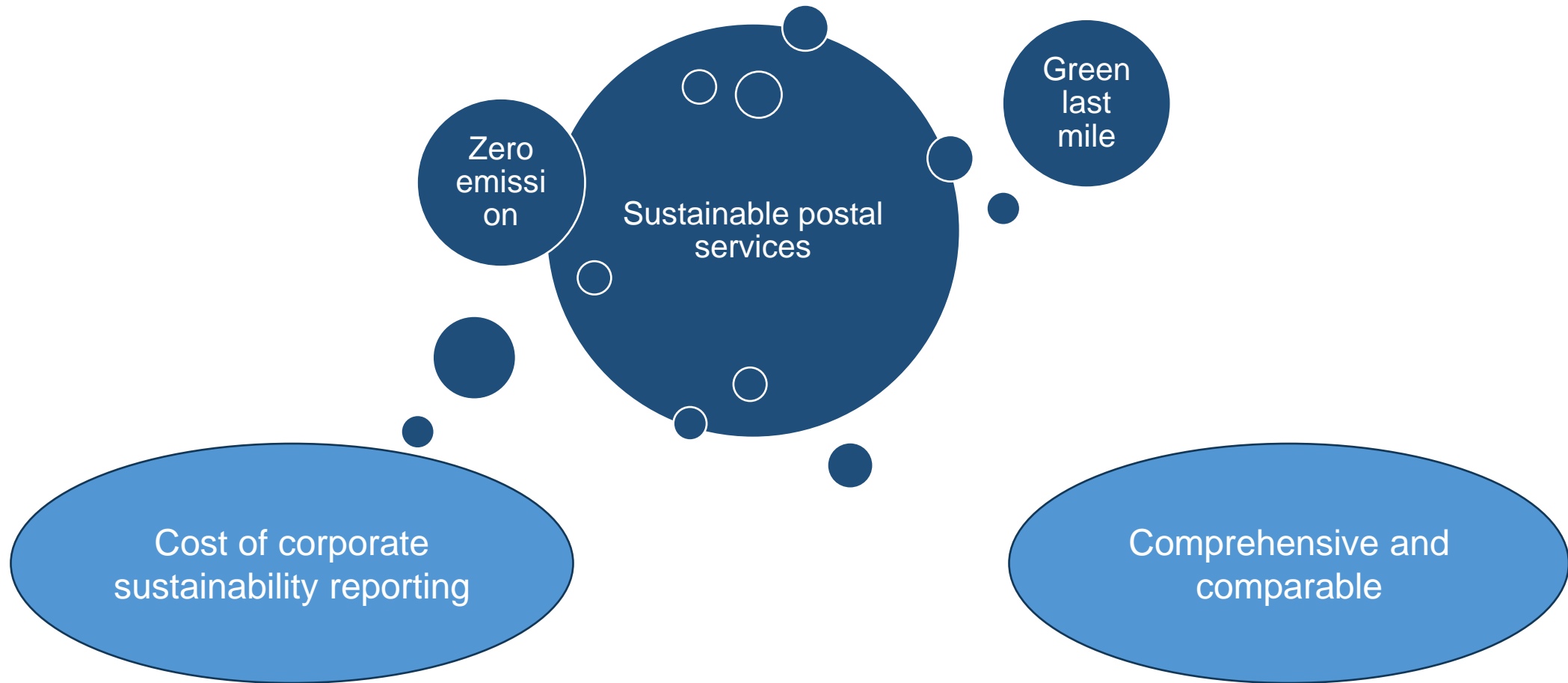


Comparable sustainability reporting standards and carbon footprint reporting by postal operators in practice

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Gdansk, 25 May 2023

Sustainability reporting in the postal sector

Apples or fruitsalad?



Agenda

- Greenhouse gas emissions accounting rules
 - Country level
 - Company level
- Challenges in greenhouse gas emissions accounting
- Reporting practices of European postal operators
- Conclusions and outlook

Greenhouse gas emissions accounting rules

Country level vs company level

- Why do we need greenhouse gas emissions accounting?
 - Paris agreement: monitor and reduce climate gases to limit global warming to 1.5 °C
 - States are obliged to report national greenhouse gas (GHG) balances
- Company GHG accounting: monitor emissions directly and indirectly caused by its business activities

	GHG emissions of a company	Example
Direct emissions		
Scope 1	<ul style="list-style-type: none">• Own energy production• Use of fuels (fossil and alternatives)	<ul style="list-style-type: none">• Energy produced in a power plant• Fuel used in trucks
Scope 2	<ul style="list-style-type: none">• Energy provided by other companies	<ul style="list-style-type: none">• Electricity or heating purchased from a utility company
Indirect emissions		
Scope 3	<ul style="list-style-type: none">• Emissions caused by a company but outside its organisational boundaries	<ul style="list-style-type: none">• Purchased products and raw materials• Subcontracted transport

Greenhouse gas emissions accounting rules

GHG accounting in transport

- Company level emissions may originate in one or several countries

Transport by...	Country level	Company level
Fossil-fuelled vehicles	<ul style="list-style-type: none">• Country in which the vehicles are fuelled• Emissions due to extraction in country of extraction• Allocated to transport sector	<ul style="list-style-type: none">• Regardless of origin of fuelling• Extraction and transport of fuels can be included (TTW/WTW)• Scope 1
E-vehicles	<ul style="list-style-type: none">• Emissions caused in power plants• Allocated to energy sector	<ul style="list-style-type: none">• Accounted in Scope 2
Ships, planes (international)	Exemption: not allocated to countries	<ul style="list-style-type: none">• Accounted in Scope 1 (own services) or Scope 3 (subcontracted services)

Greenhouse gas emissions accounting rules Standards

- Greenhouse Gas (GHG) Protocol
 - World Business Council for Sustainable Development and World Resources Institute
 - For all sectors
- EN 16258
 - Developed by CEN
 - Objective: determine emissions of individual transports
 - Storage and sorting of transported goods/postal items not taken into account
- Global Logistics Emissions Council Framework (GLEC)
 - Smart Freight Centre
 - For logistic use cases
 - Based on principles of GHG Protocol
 - Including module for postal services

Logistics-related standard

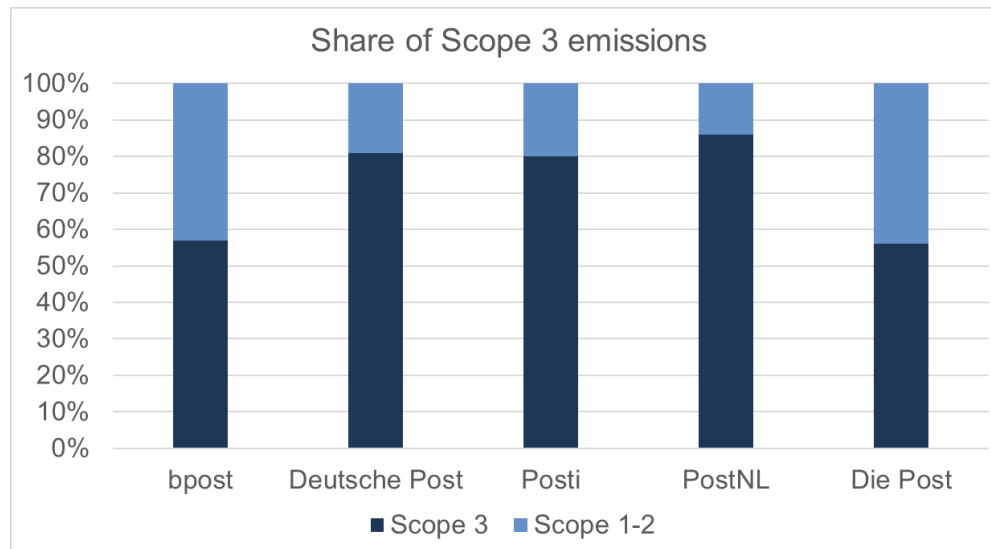
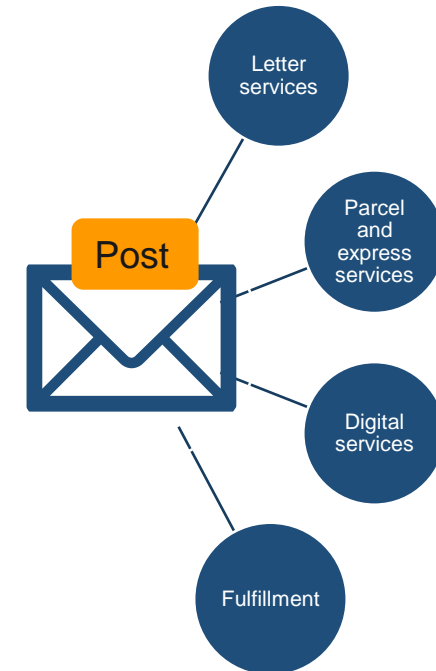
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Challenges in greenhouse gas emissions accounting

Data availability

- GHG emissions determined by measured or estimated energy consumption of an organisation
- Break-downs by e.g. segment, service, customer, country...
 - Need to allocate energy consumption
 - → Data is rarely available in practice
- Operator view
 - Sophisticated controlling required
 - Costly process



- Vehicles used for different activities/customers
 - Challenge even for own activities
 - In practice, data not/rarely provided by external transport partners
 - Majority of emissions caused by subcontractors
 - But: some improvements in reporting

Challenges in greenhouse gas emissions accounting

Allocation

- Allocation of energy consumption to activities / segments
 - Estimate energy consumption by use of proxies
 - Proxies could be e.g. distance travelled, number of items, weight, volume
 - Accounting standards allow for more than one approach
- Simple example: allocation of energy consumption to letter and parcel services for joint delivery

	Number	Weight	Sum	Allocation by item as proxy	Allocation by weight as proxy
Letters	500	20g	10kg	91%	6%
Parcels	50	3kg	150kg	9%	94%
Total	550	3,02kg	160kg	100%	100%





- Both approaches are compliant with accounting standards and applied in practice
- Operators have leeway to choose allocation factors → impact on results

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Reporting practices of European postal operators

Information provided by operators






					
Standard used	GHG Protocol, UPU Method, IPC, PostEurop	GHG Protocol, EN 16258, GLEC	GHG Protocol	GHG Protocol	GHG Protocol
Composition Group vehicle fleet?	-	✓	✓	-	-
Vehicle fleet composition in the home market	-	-	-	-	-
Emissions in the home market?	-	-	-	✓	-
Emission calculation WTW?	-	✓	-	-	-

Source: Annual and sustainability reports for 2021

- Not a common practice to publish details of accounting approach
- Unclear whether GHG reporting is based on consumption data or estimates
- Few information on national level

Reporting practices of European postal operators

Corporate sustainability targets

	Target year for net-zero	Net zero including compensation	Absolute targets for GHG reduction	Share of emissions in Scope 3
	2040	Yes	-	57%
	2050	Yes	(✓, for 2030)	81%
	2040	Yes	-	56%
	2040	No	✓ (zero)	80%
	2050	Yes	(✓, for 2030)	86%

- Varying base and target years
- Net zero: not zero emissions
- Most operators plan to reduce emissions to some extent, compensate remaining emissions
- Exemption Posti: no compensation from 2022 on, objective no emissions at all
- Compensation is controversial

- Postal operators put a lot of effort in corporate sustainability reporting
- But still, information on greenhouse gas emissions by postal operators
 - lacks details on methodological approach
 - is not comparable
- Low level of transparency for national stakeholders (governments, regulators) in corporate sustainability reporting

Outlook

- Postal operators will need to support (SME) subcontractors in reducing their emissions
 - Lack of financial means to invest
 - Lack of expertise
- Options to improve transparency and comparability
 - Add information on home markets and on vehicle fleet
 - Add information aiming at users – draft standard EN 17837
- Role of online shops in reducing climate impact of parcels
 - Information on sustainability of different shipping options?

Thank you for your attention!



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