

Interview Questions: Smart Freight Centre

1. What does sustainability mean to you?

[Smart Freight Centre \(SFC\)](#) is focusing on the environmental angle of sustainability. Freight transportation generates 8% of global CO₂ emissions and as much as 11% if logistics sites are also considered. Between now and 2050 the world will see a doubling in GHG emissions from freight transportation.¹ We believe that increased collaboration and transparency will mobilize companies to take climate action to reduce the greenhouse gas and pollution impact arising from global freight transport. Freight transport is also a major contributor to local air pollution, noise and congestion. There are significant positive impacts of minimizing freight emissions given that cleaner air directly impacts the health and wellbeing of people. Furthermore, managing freight transport emissions is a relatively new subject for companies, policy makers and initiatives. We advocate for an efficient and zero-emission global logistics sector - contributing to [Paris Agreement](#) climate targets and [Sustainable Development Goals](#). There are 6 different Sustainable Development Goals which link to freight emission reductions. This is where we at SFC support these organisations with reporting, setting targets, reducing emissions and collaboration efforts to reduce emission across the supply chain. We cannot meet our overall climate and sustainability goals without significant efforts in this sector.

2. In the past many organisations across industry viewed sustainability efforts as a compliance burden. Do you think this mindset is changing as it becomes ever clearer that the climate crisis is now an urgent issue.

The mindset has changed already for many leading multinationals and luckily also for a handful of countries. But now we need to scale up. Not only to scale up the solutions but also bring the masses up to speed in taking action to reduce their emissions. The coming two years will be very important to make that step change. The COVID crisis put the climate crisis more into the centre of the attention too. COVID was a real shock for global supply chains. Companies learned that they must create far more resilient supply chains with true visibility where activities are outsourced. This brings with it an opportunity for companies to make their supply chains more sustainable. Freight is not high enough on the sustainability agenda of government and business. Key reasons are that the sector is highly fragmented. Freight transportation is largely an outsourced service, and harmonized approaches and policies are lacking. The good news is that solutions already exist for many stakeholders, sectors and countries. These solutions combined can reduce emissions by at least 80% by 2050. What is needed is sector-wide uptake of these solutions at a faster pace. We can make this happen if we ride the wave of three broader developments that are already transforming the sector: globalization, digitalization and sustainability.

¹ [ITF, 2020](#)

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3. We believe there is a direct link between digital transformation and sustainability. What technologies do you think the freight & logistics industry should embrace in their quest for emission reduction?

At SFC we believe that there is no silver bullet and there is no time to wait for one. The logistics sector is hard to decarbonize. Companies and governments need to act now to reduce emissions with the tools available while also having a good understanding and support to viable future solutions. Through critical review of whether goods really need to be transported by air or road, or if more sustainable modes are viable, emissions can already be reduced. Similarly, by creating visibility of the supply chain we can reduce the number of trucks running empty or can combine multiple shipments to increase the utilization of each trip.

But talking about relevant technologies, we not only need to see the current availability of each given solution but also its role in the freight supply chain:

- **Decarbonization of urban freight** is being driven by electrification using battery electric trucks and vans using renewable energy - a trend that will accelerate in the future. The technological solutions for urban road freight are already there, they just need to be scaled further.
- **Long haul road freight** could make much better use of intermodal solutions, such as inland waterways and trains than it is currently, through enhanced visibility and collaboration across the supply chain. Similarly, as the battery electric solutions for road freight are evolving, this will also play an important role in long haul road freight. Green Hydrogen is a possible future solution which requires further research to reduce the energy wasted in the conversion process and address the lack of infrastructure. In the meantime, as a transition, some countries can offer very sustainable biofuel options from waste products, but whether this is a viable solution for all countries depends on many factors.
- **Aviation, maritime and inland waterways** are exploring a variety of solutions, including hydrogen, electrification and biofuel solutions. These solutions are gaining traction and will need to be scaled up in the coming years.

4. Your GLEC Framework for emissions calculation and reporting provides excellent tools and much needed transparency for the freight & logistics sector. Could you describe how the initiative has enabled emission reduction throughout the sector.

No calculation, no visibility, no improvement. Without understanding the overall emissions of a company, one cannot make informed decisions on freight emissions reductions. Once the calculations are done, you can identify the hotspots and understand what emission reduction options are available. [The GLEC Framework](#) is the only globally recognized methodology for harmonized calculation and reporting of the logistics GHG footprint across the multi-modal supply chain. It can be implemented by shippers, carriers and logistics service providers and it enables companies to compare supply chains regardless of modes of transport or regions they concern.

GLEC Framework helps companies to reduce emissions in different ways:

- Shippers (or cargo owners) better understand how to restructure or change supply chains to reduce freight transport emissions once they see which modes of transport or which regions generate most of the emissions. With emission calculations in hand, they can better advise or discuss with their logistics service providers and carriers, relevant modal shifts or alternative routes.

- Freight forwarders (or logistics service providers) establish freight emission profiles for their clients and suggest more sustainable routes and other relevant changes.
- Carriers should find it easiest to calculate freight emissions accurately as they have fuel consumption data. The GLEC Framework provides them with clarity on how to calculate and report their emissions to their clients. It also helps them to evaluate the impact of different measures they can take to reduce their emissions.

5. Many organisations are making announcements regarding their long-term emission goals but is it now time to move on from strategies and goals to actions and outcomes?

Targets are very important. Setting a target is the next step after calculating and reporting emissions. Without targets a company does not have the top level management commitment to reduce emissions. We often see that companies without clear freight emission targets, advance much slower with their freight emission reductions.

Those big emissions announcements are very visible, but when looking into details, we quite often miss a target dedicated to reducing freight emissions. As freight is often outsourced to a 3rd party, it is considered a scope 3 emission for most shippers. This makes it more difficult to set a target on it, but not impossible. At SFC we help multinationals to set [Science-based targets](#) for their freight emissions and worked together with the SBTi initiative to improve related guidance documents. We are also advocating that the NDC's of countries should include freight emissions, which is also currently quite rare.

6. What level of emission reductions can we realistically expect from the freight & logistics industry by 2030?

SFC set it as its goal that we are supporting 100+ companies to ensure that they reduce their freight emissions by 30 %, from a base year of 2015. But recently we see more ambitious plans popping up from leading multinationals; for example, P&G recently announced that they will reduce their upstream freight emission intensity by 50% by 2030 compared to 2020. Such announcements have a big influence on global level and show a more positive outlook on the future.

7. To end we believe that carbon offsetting has its place but only when you have taken concrete steps to reduce and report your emissions. What is your view on offsetting?

Instead of offsetting, we aim to put more attention to insetting. Together with DP-DHL we launched a white paper on [Carbon Insets for the Freight sector](#). Carbon insetting, where investment funding, which might otherwise be directed at offsets, is directed to address impacts *inside* the logistics supply chain, can be part of the solution to accelerate decarbonization of the transport sector. Therefore, we are currently working on a new project to support this type of emission reduction efforts.

To find out more about Smart Freight Centre, go to: <https://www.smartfreightcentre.org/en/>
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