

THE ERA OF SUSTAINABLE  
**LOGISTICS**



BUILDING STRATEGIES FOR SUSTAINABILITY

# **ZONE 1 DIGEST STRATEGY**

**A condensed look at strategies for sustainability today as explored  
at the Era of Sustainable Logistics Global Summit.**

# BUILDING STRATEGIES FOR SUSTAINABILITY

## A BLUEPRINT FOR SUCCESS

Building a strategy for sustainability is a multifaceted endeavor - a complex construction with many parts. It isn't always easy to understand and connect the various building blocks, key drivers, and success factors.

One of the cornerstones of a sustainability strategy is a materiality assessment of the environmental, social, and governance (ESG) aspects that drive today's stakeholders and inform successful sustainability strategies. With this foundation, companies can develop a value-driven strategy with clear, measurable targets and a program of

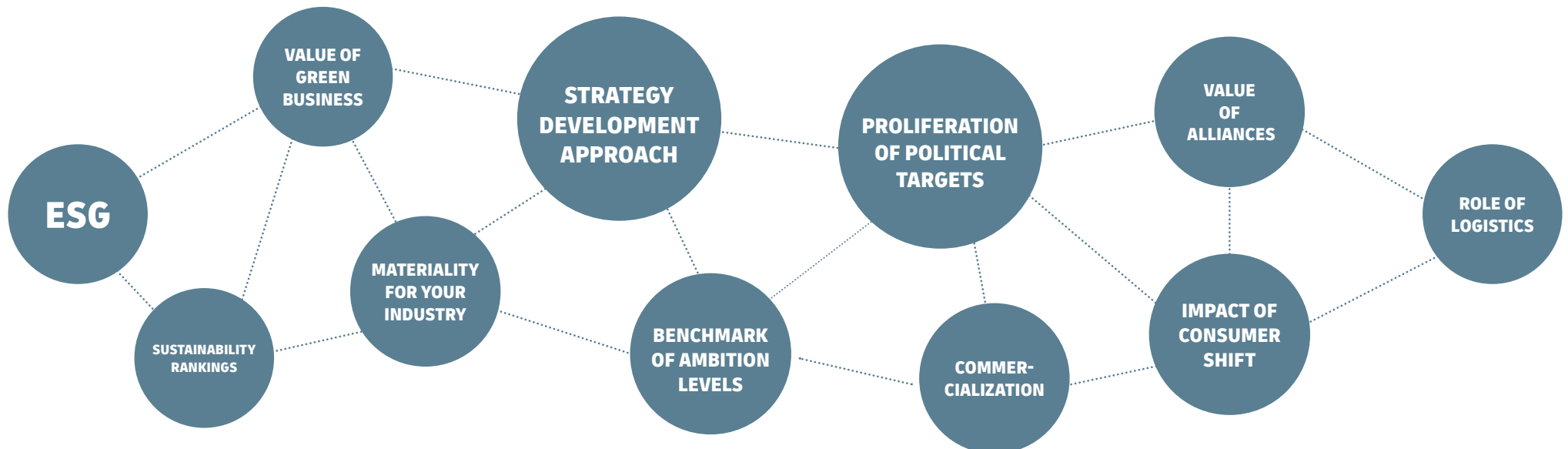
initiatives to achieve those targets. An ambitious strategy for sustainability also explores green business-building opportunities and taps into the preferences and expectations of today's eco-aware consumers. Last but not least, a successful sustainability strategy considers the value of alliances and the instrumental role of logistics.

In the following pages, we draw a blueprint for designing a successful sustainability strategy, with deep dives into the fundamental building blocks.



“The greatest threat to our planet is the belief that someone else will save it.”

**Robert Swan, OBE**  
Explorer and environmentalist




WHAT IS THE VALUE OF A SUSTAINABILITY STRATEGY TODAY?

# HOW CAN WE PREPARE FOR THE REGULATORY ENVIRONMENT OF TOMORROW?

The value of a sound sustainability strategy goes straight to a company’s bottom line – and can even determine its very viability: The universally heightened awareness of environmental threats and the increasing expectations of key stakeholders – governments, regulators, international organizations, consumers, investors, employees, and potential employees – compel companies to

adopt and implement a meaningful sustainability strategy to ensure future compliance, attract new investors, maintain a positive market image, and recruit top talent. Moreover, embracing sustainability can unleash new sustainable business potential – new green products and services that could transform the business and drive the market.

Visionary business leaders who grasp the importance of emerging norms and regulations will naturally seek to embed bold, purposeful strategies at the very core of their business models, leaving behind the unsustainable habits of the past to thrive in the green markets of the future.



“Real momentum is growing for faster, bolder action on climate, unprecedented collaboration across industries, collective courage from leading companies, an unbending commitment to evidence-based policymaking, and a shared vision of a global economy that is both green and just.”

**Paul Polman**

Business leader and co-author of *Net Positive: How Courageous Companies Thrive by Giving More Than They Take*

## SUSTAINABILITY IS A SOUND BUSINESS STRATEGY

**130+**

Countries that have announced net-zero emissions targets – including funding for large-scale green initiatives

**\$50 trillion**

Investments in ESG assets projected for 2025

**80%**

Share of millennials who express an interest in working for a company with a strong ESG profile

## THE CHALLENGES

# ENVIRONMENTAL RISKS TAKE CENTER STAGE

The World Economic Forum, in its Global Risk Report 2024<sup>1</sup>, presents the findings of the Global Risks Perception Survey, which captures insights from nearly 1,500 global experts. The report analyzes global risks across three time frames to support decision-makers in balancing current crises and longer-term priorities: current year, short term (next two years), and long term (next ten years).

As in 2023, environmental risks dominate the risks landscape over all three time frames, with extreme weather ranking number 1 in 2024 and over the long term. It is the second-most severe risk over the two-year time frame.

Five of the top ten risks in the long-term ranking fall under the “environmental” category, from “pollution” at number ten to “critical change to Earth systems” at number two.

Tying all this together is the overarching threat of climate change, which requires all of us to do our part in reducing global carbon emissions.



## STRATEGIES NEED CONCRETE TARGETS

# WE ARE WHAT WE MEASURE

A successful strategy must be fleshed out with clear, measurable targets and a program of initiatives designed to achieve those goals. Science-based targets<sup>2</sup> are the global standard that has evolved for measuring sustainability. Over 7,000 businesses around the world are already working with science-based targets, setting out a clearly defined path to reduce emissions and limit global warming to 1.5°C above pre-industrial levels in line with the Paris Agreement.<sup>3</sup>

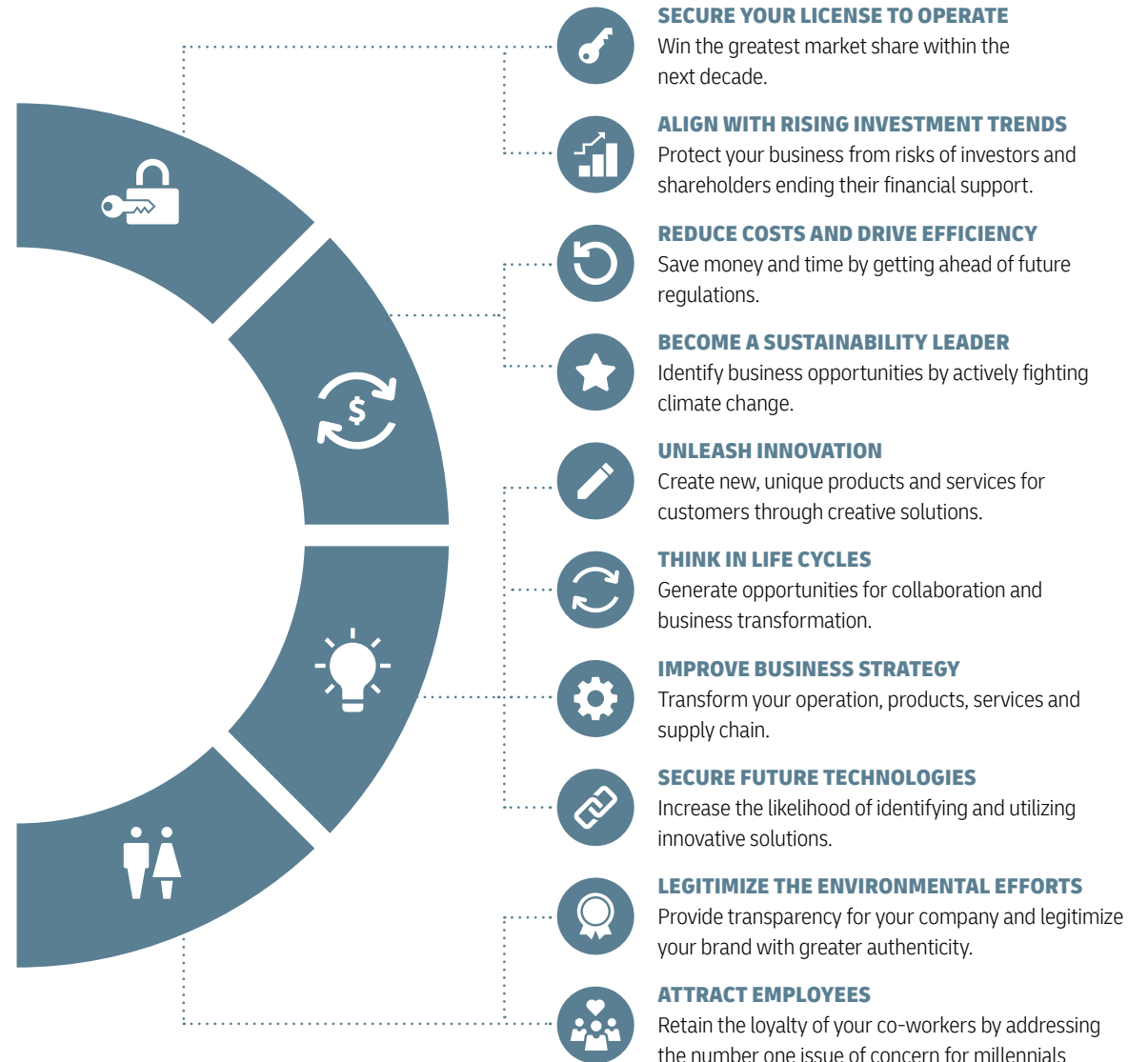
Any net-zero commitment must be followed by a clear plan outlining how to embed sustainability targets into corporate strategies. While some 80% of global greenhouse gas emissions are covered by national net-zero commitments, only half of the world’s leading businesses have a clear plan for reaching net zero.

“We urgently need every business, investor, city, state, and region to walk the talk on their net zero promises. We cannot afford slow movers, fake movers, or any form of greenwashing.”

**WEF CEO Climate Leaders**

United Nations Climate Change Conference (COP27),  
November 2022

## WHY SCIENCE-BASED TARGETS? THE 10 BUSINESS BENEFITS



Source: Sphera<sup>4</sup>

## ANALYZE YOUR STARTING POINT

# GETTING YOUR PRIORITIES STRAIGHT

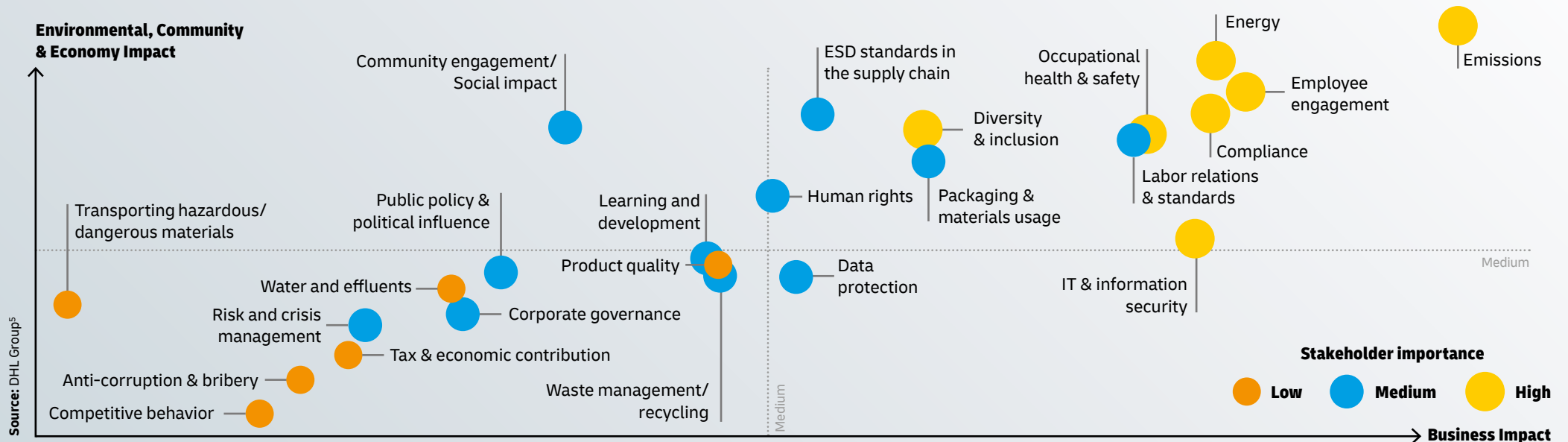
The materiality assessment is a tool companies use to better understand various risk categories and their impact on business – not only on financial performance but also on the ESG criteria that are increasingly important to stakeholders. Running a material assessment is an excellent way to define the starting point for developing a strategy for sustainability.

The term ESG was first coined some 20 years ago to define the criteria for making investment decisions with a greater positive impact. It has since become commonplace in the business world for ranking the sustainability of companies. There is no officially defined set of ESG standards or official ESG rating agency, but stakeholders – investors, regulators, employees, and job

applicants – are quick to spot “greenwashing”. How a company behaves toward our shared environment, treats its people, and complies with laws and regulations: These ESG criteria are vital to managing a successful, sustainable business that attracts investors, customers, and employees alike.

## WHAT IS MOST RELEVANT FOR YOUR COMPANY?

Asking your stakeholders to prioritize the issues most important to them is an excellent place to start your materiality assessment.



Source: DHL Group<sup>5</sup>

## BUILD A VALUE-DRIVEN STRATEGY

# FOCUSING ON FOUR KEY VALUE DRIVERS AND FOLLOWING A FIVE-STEP PROGRAM

A winning strategy must reflect each company's unique position – there is no “one size fits all”. However, all organizations can capture the full potential of a net-zero strategy by focusing on these value drivers and following these five steps.

### FOUR VALUE DRIVERS

- 1. A portfolio strategy** that reallocates capital toward sustainable growth opportunities
- 2. A green business-building** approach that leverages existing assets and relationships to boost eco-friendly business units
- 3. Green growth and premiums** for environmentally friendly products that customers increasingly expect and demand
- 4. Green operations** that decarbonize your supply chain

### FIVE-STEP PROGRAM



**1. Frame** your company's strategic ambitions with clearly defined dimensions and KPIs linked to clearly designated roles and responsibilities



**2. Diagnose** your current performance and positioning to lay out a realistic roadmap to net zero



**3. Forecast** the impact of future market trends, value drivers, and environmental conditions to identify value pools on your path toward net zero



**4. Search** for green growth and decarbonization opportunities and portfolio changes that promise sustainable success



**5. Choose** targets, initiatives, and timelines to help you hit the ambitions, priorities, and milestones you defined at the outset

## EXPLORE GREEN BUSINESS-BUILDING

# GREEN GROWTH IS SUSTAINABLE GROWTH

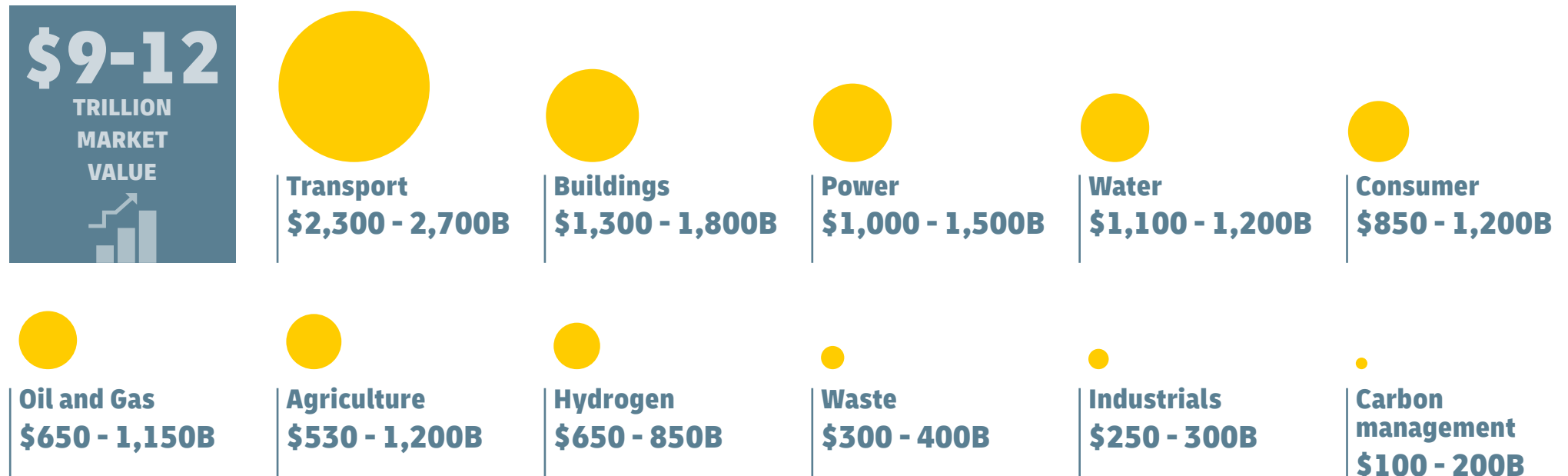
When you grow your business, why not grow green? Investment opportunities abound amid the surging demand for zero-carbon technologies, materials, and services. The investable value pools in this “sustainability ecosystem” are expected to reach \$9–12 trillion by 2030<sup>6</sup>, encompassing everything from electrified transport infrastructure and green building technologies to renewable

power production and infrastructure, municipal and industrial water supply, eco-friendly consumer products, and emission-reducing alternatives in the oil and gas industry.

logical innovations needed to meet ambitious climate targets are already classified as mature or in early adoption, a full one-third remain in the prototype or demonstration phase.

Bringing early-stage technologies to mass-market deployment will require significant additional investments, however. While most of the techno-

## INVESTIBLE VALUE POOLS IN 2030



Source: McKinsey & Company<sup>6</sup>



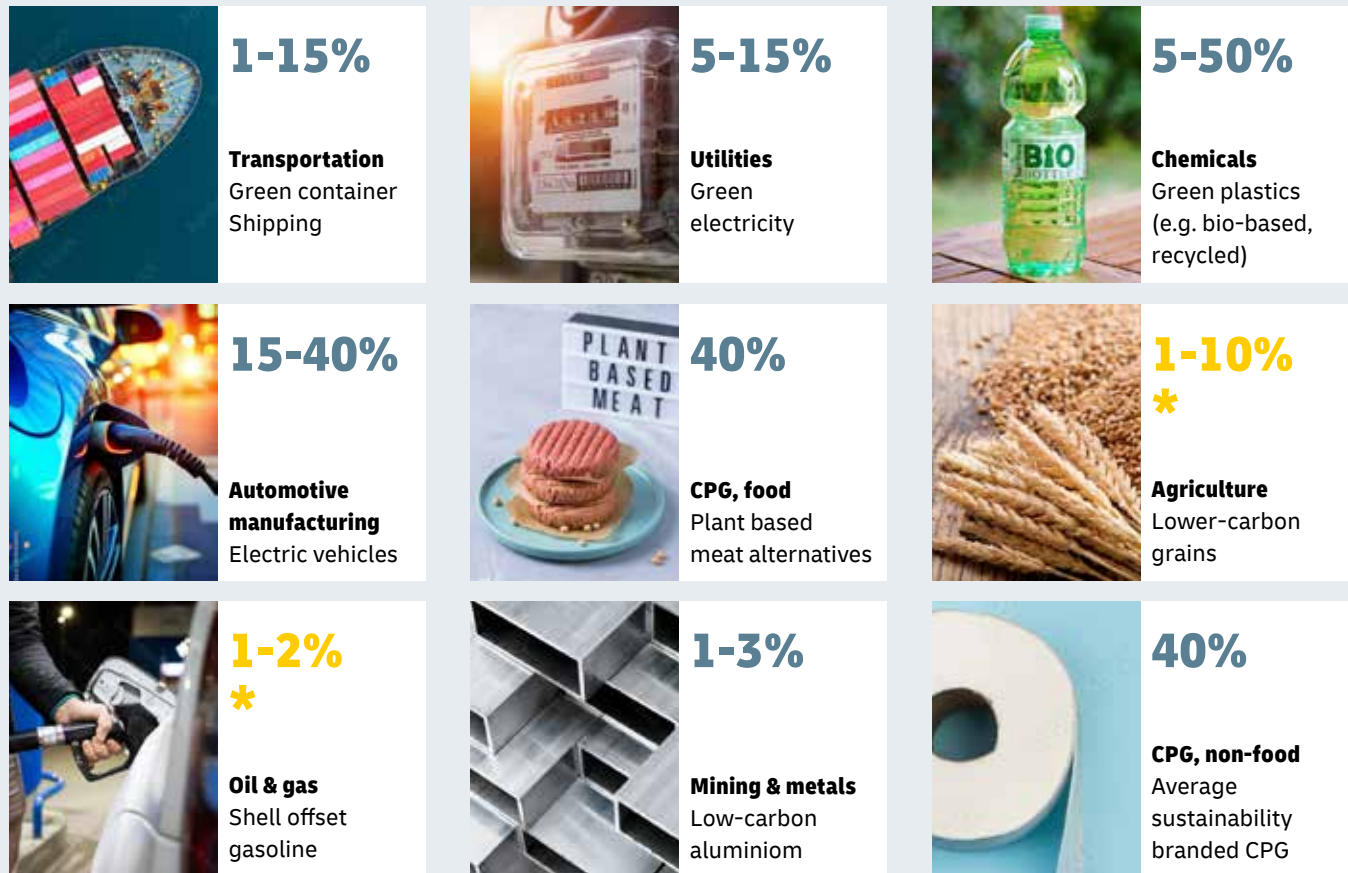
## UNDERSTAND CONSUMER PREFERENCES

# CONSUMERS ALWAYS HAVE THE LAST WORD

Consumers care about the environment. So, the success of any sustainability strategy ultimately depends on the consumers who will (or will not) buy the resulting products and services. Some 73% of global consumers polled express clear expectations that companies take action on climate issues, while 36% indicate favoring brands linked to sustainability.<sup>7</sup> This trend has been growing for some time, and with eco-awareness reaching a fever pitch, it has nowhere to go but up.

Higher prices, lack of information, and the perception of lower quality remain substantial barriers to eco-friendly purchasing. Green products and services must be comparable and easy to understand for their added value proposition of sustainability to offset the price differential. The premium that consumers are willing to pay can vary considerably. Generally speaking, the premium is high (40–50%) for low-cost, frequently purchased products that we ingest or use in our homes – food, chemicals, household goods. It is lower (15–40%) for high-cost, occasional purchases, and very low (1–15%) for things such as transportation, utilities, or agriculture from which consumers feel distant and disconnected.<sup>8</sup>

## WHAT PREMIUM ARE CONSUMERS WILLING TO PAY FOR GREEN PRODUCTS?



\*Emerging evidence

## DETERMINE THE ROLE OF LOGISTICS

# AN ENABLER WITH HUGE POTENTIAL

Logistics is a big factor in any business involving physical goods, and it offers enormous value pools that companies can tap into at any level of ambition.

The most basic level is to ensure regulatory compliance and take advantage of supply chain efficiencies. The primary goals here are to save costs and respond to pressure from partners and suppliers.

The next level is to make sustainability an integral part of your logistics by incorporating it into decision-making processes and incentives, zeroing in on the logistical aspects of sustainability targets, and using sophisticated

software solutions to gain visibility across your supply chain. This elevates sustainable logistics to a value driver that factors into KPI reporting and supplier analyses.

Finally, you can make logistics an actual business enabler, harnessing its power to drive new green products and business models. This means adapting logistics flows around new sourcing, distribution, and last-mile models, designing full-loop logistics systems, and understanding the impact of sustainable logistics on customer loyalty, innovation, and employee satisfaction. Companies that integrate sustainability and logistics at this level see increased revenues as a result.

### 1. Compliant Opportunist

**How to minimize risk exposure and capture cost savings in logistics activities?**



### 2. Value Driver

**How can sustainability become an integral part of logistics?**



### 3. Business Enabler

**How can logistics support new green products & business models?**



## KEY TAKEAWAYS

# BUILDING A SUCCESSFUL SUSTAINABILITY STRATEGY



### Get your foundations right

Understand your sustainability risk exposure and assess your maturity to identify the right building blocks for building your strategy.



### Meet targets through logistics

Logistics is critical to meeting your net-zero emission targets and essential for enabling a circular business model.



### Learn from the leaders

Embed sustainability at the core of your business model, focusing on target-setting, ownership, and communication.



### Join forces – selectively

Leverage strategic alliances to push standards and boost innovation collaboratively, but focus your efforts on high-impact initiatives – like partnering with a logistics specialist that has its own net-zero commitment.



### Explore green business-building

Industry transformation toward sustainability drives new business opportunities and commercial models around sustainability solutions.



### Understand the shift in consumer behaviors

It's crucial to comprehend the unique preferences of today's distinct green consumer segments and address the unique needs of each segment.

**“** If we act now, we can still secure a livable, sustainable future for all. **”**

**Hoesung Lee**

Chair of the Intergovernmental Panel on Climate Change



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