



## SUPPLY CHAIN INSIGHTS

# WHY VISIBILITY AND TRANSPARENCY MATTER IN REALIZING YOUR SUSTAINABILITY AMBITIONS

Visibility and transparency of sustainable logistics operations can enable greater alignment with partners, deliver successful roadmap execution and drive continuous improvement to achieve even bigger goals.

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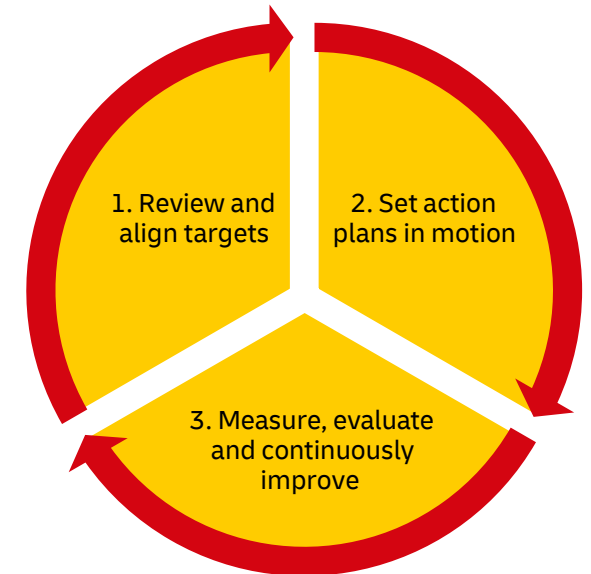


In the days when sustainability was simply a buzzword, “environmentally friendly” initiatives could focus mainly on projects outside the direct scope of an organization’s core business. From protecting natural habitats to adding a green option to the product portfolio, businesses had a free shot at worthy causes to pursue that demonstrated their environmental commitment.

But as climate science evolved – and the environmental impact of industry became more evident – the world realized that supporting worthy causes was no longer enough to address the devastating effects of greenhouse gas (GHG) emissions. For businesses, it meant looking inwards to better understand carbon emissions in their operations and work on concrete initiatives to curb them. Today, as more organizations aspire to a net zero goal, the focus has expanded toward the end-to-end supply chain and the question of how best to collaborate with the extended ecosystem of partners to tackle these emissions.

Visibility and transparency of environmental sustainability performance are two essential cornerstones of a successful ESG strategy. Businesses must therefore create the necessary frameworks to measure, evaluate and continuously improve their environmental sustainability efforts and make any required disclosures to communicate progress to stakeholders. This level of visibility and transparency will enable greater alignment with your partners, closer collaboration and communication and ultimately, the achievement of joint goals.

Leveraging your partners to realize concrete sustainability ambitions in a continuous improvement cycle involves reviewing and aligning sustainability targets, setting plans in motion to address those targets and evaluating outcomes and next steps along the sustainability journey.



### 1. Review and align targets

The World Economic Forum’s Industry Net Zero Initiative proposes a framework for industrial decarbonization that starts with setting the correct targets and establishing capabilities for carbon footprint monitoring<sup>1</sup>. Before approaching partners, you must understand the environmental impact of your end-to-end supply chain and define where to allocate decarbonization efforts. The Science Based Targets Initiative (SBTi) is the gold standard for many organizations to provide clear guidelines to set, monitor

1. <https://www.weforum.org/whitepapers/the-no-excuse-framework-to-accelerate-the-path-to-net-zero-manufacturing-and-value-chains>  
2. <https://sciencebasedtargets.org/resources/files/SBTiProgressReport2021.pdf>

and disclose short- and long-term targets. SBTi's latest progress report shows that SBTi companies collectively reduced emissions by 29% between 2015 and 2020<sup>2</sup>, providing compelling evidence that businesses with science-based targets are achieving significant results in the fight against climate change. Working with partners who adhere to frameworks such as the SBTi can establish a common language and understanding of sustainability efforts, particularly when setting plans in motion to realize your targets.

## 2. Set action plans in motion

Once you have aligned with partners on sustainability targets, getting a clear picture of the sustainability initiatives roadmap to implement is next on the agenda. Decarbonization is a complex, long-term process where deploying the right levers will depend on where you currently are in your sustainability journey. This requires partners to support you, both where you are today and where you want to go. The table below shows that sustainability initiatives typically fall within three major categories.

### ENERGY EFFICIENCY

- Operations / process optimization
- Energy monitoring and Internet of Things (IoT) technology
- Retrofit or replace equipment for efficiency

### DECARBONIZATION

- Low / Zero carbon power and heat sources
- Alternative drive vehicles (i.e. fleet electrification)

### MATERIAL EFFICIENCY

- Reduce material usage in finished products and packaging
- Improve material recyclability
- Circularity

There are various degrees of efficiency in carbon emission and waste reduction within each category. Energy efficiency addresses how existing assets and processes produce emissions and finds ways to curb them. Decarbonization introduces new methods to radically reduce and eliminate emissions. Finally, material efficiency looks at reducing and eliminating waste and its associated emissions. Sustainable logistics offers multiple levers within each category to help you achieve your targets; therefore, working with partners who can guide you through the best options to realize your ambitions in a commercially viable and operationally optimized manner is crucial.

For example, you can explore a few opportunities to prepare the ground before jumping into fleet electrification. You could start with network optimization modeling techniques to improve your vehicle utilization and use telematics data to derive insights on driving efficiency. With this comprehensive picture of your network, you can start your electrification journey by implementing electric vehicles for some short-, and medium-distance hauls. These incremental efficiencies can pave the way to full electrification as eTruck technology evolves into a structurally and commercially viable option for long-haul distances.

## 3. Measure, evaluate and continuously improve

Robust carbon reporting and supply chain visibility tools in your logistics operations will help you identify carbon hot spots, determine areas for operational improvement, enable valuable supply chain decision points and feed your overall sustainability strategy.

End-to-end visibility of your sustainable logistics operations can also enable your partners to assess your supply chain holistically and maximize the environmental sustainability of their initiatives. For example, returnable packaging is an excellent way to reduce material waste from packaging. But implementation without the appropriate network planning approach could add more emissions to your supply chain

through the return leg of your container. Another example is using biodegradable materials to replace some of the more polluting materials currently used in packaging. This could create additional environmental issues when the material provenance is not regulated.

The right level of visibility and transparency of your environmental sustainability efforts will help you and your partners collaborate toward scaling sustainable initiatives to achieve bigger and better results.

It's not enough to set ambitious sustainability targets without the means to realize them. With the right visibility and transparency of sustainability initiatives, partners can play a crucial role in reducing the complexity of your decarbonization journey and taking you to the next level in realizing your sustainability goals.

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