

Sustainability e-News Q3 2017 Edition

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We are pleased to share the third edition of our GoGreen Brief – DHL Global Forwarding's Sustainability Newsletter. With this quarterly newsletter we are aiming to share our insights and knowledge climate agreement and reduction approaches. We hope you find it of value and we welcome your comments and suggestions.

The Paris Climate Agreement: What it might mean for businesses



The Paris Climate Agreement has received extensive coverage in the media lately, but its objectives, history and process is often not highlighted in detail, and as a result it can be difficult for companies to understand their role or what action steps they can take to reduce their greenhouse gas emissions. Learn about some of the specifics of this high-profile Agreement.

Famous American automobile manufacturer Henry Ford once said, "Coming together is a beginning; keeping together is progress; working together is success." As a global community, we are hoping this saying will ring true when it comes to the Paris Climate Agreement, which brought 195 countries ([signatories](#)) together on Dec. 12, 2015, to reduce greenhouse gas emissions. The Paris Agreement was adopted at the 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, held in Paris, France.

Entering into effect Nov. 4, 2016, and with more than 160 parties ratifying the Paris Agreement, signatories committed to using nationally-determined contributions (NDCs) to strengthen efforts to combat climate change in the years ahead. NDCs outline efforts to reduce national emissions and adapt to climate change. Overall, the Agreement seeks to strengthen global response to climate change by keeping global temperature rise below 2 °C above pre-industrial levels during this century.

Parties also agreed to the long-term goal of increasing ability to adapt to the adverse impacts of climate change, foster climate resilience and lower greenhouse gas emissions, without threatening food production. The Agreement states that, to reach this goal and strengthen countries' abilities to withstand climate change, they must put appropriate financial flows, a new technological framework and an enhanced capacity-building system into place. For the most vulnerable countries, the Paris Agreement includes support to assist them in meeting their national objectives.

Collective progress toward the Agreement's goals will be monitored through a global check-in every five years, with the next round of NDCs (new or updated) to be submitted by 2020.

The actions countries may have to take include stricter national regulations, requiring companies and entire industry sectors to operate in a more climate-friendly way. Companies' logistics and supply chains are often the business area that generates the most carbon emissions. As the Agreement does not include specific stipulations regarding international transport, it is each company's responsibility to investigate or create, in conjunction with their freight forwarders, sustainable logistics chains.

Though the impact on businesses is not yet clear, if action is delayed, companies may need to make greater cuts to their emissions in shorter periods of time. Although each country will present its plan to reduce emissions, there is still an emissions reduction gap that will need to be closed by the private sector, as each individual country's plan may not be enough to meet the Agreement's objective.

To help companies ensure their actions will contribute to achieving the 2°C goal, they can set science-based targets. The CDP (formerly the Climate Disclosure Project), U.N. Global Compact (UNGC), World Resources Institute (WRI) and World Wide Fund for Nature (WWF) have created the Science Based Targets Initiative to provide resources to help companies understand, set and achieve meaningful goals. These science-based targets can provide a clear path for companies to understand how quickly and by how much they must reduce greenhouse gas emissions.

It is only by working together through combined public and private initiatives and using proof-based methods that we can achieve the Paris Agreement's goal to limit global warming to 2°C in the 21st century.

How to make a breakthrough in your company's emissions reduction strategy



Science-based targets support companies in finding their way how to reduce their greenhouse gas emissions in order to significantly contribute to the Paris Climate Agreement target. In order to achieve this target, companies need to move from taking small steps to leaping forward in breakthrough steps that can make a difference. These steps have to be well thought through, tangible and based on established methodologies.

Science-based targets do just that! These help companies turn global international climate agreements, such as the Paris Agreement, into a business plan to reduce greenhouse gas emissions. They are considered science-based if they are in line with the level of decarbonization required to keep the global temperature increase below 2°C compared to pre-industrial temperatures.

Currently, there are more than 300 global companies taking science-based climate action, and close to 100 companies, including recognized global multinational brands such as Coca-Cola and Colgate Palmolive, have

approved science-based targets. These companies have realized that government policies are not sufficient, and the private sector must play a pivotal role in carbon emission reduction.

Why use science-based targets?

The Intergovernmental Panel on Climate Change (IPCC) has developed a decarbonization pathway that is likely to keep global temperature rise below 2°C, but most companies set emissions targets without considering whether their efforts are in line with the 2°C pathway.

Unlike existing approaches, this methodology looks at sector-specific decarbonization methods that are compatible with the 2°C threshold, rather than applying a generic decarbonization plan for all companies regardless of the nature of their operations.

Science-based targets build on existing approaches, allocating a carbon budget to companies based on their added value or contributions to the economy.

Future benefits

In the future, investors, customers and society in general may want to only do business with companies that have set science-based targets. Companies with these established targets will be placed on a “Climate A List,” according to the CDP (formerly the Climate Disclosure Project). The CDP awards points to companies with accredited science-based targets, placing them on this list once they have reached the necessary threshold.

Methodology

There are three main science-based target setting methods. The first two are related to the “carbon budget”—the remaining amount of carbon that can be emitted into the atmosphere to limit global temperature rises to below 2°C.

1. **Sector-based approach:** This divides the carbon budget by sector, then allocates it to companies in that sector.
2. **Absolute-based approach:** This assigns companies the same percentage of absolute emission reductions as is required globally—i.e., 49 percent by 2050, from 2010 levels.
3. **Economic-based approach:** The carbon budget is equated to global GDP, and a company's share is determined by its gross profit.

How to begin

There are four basic steps every company should follow, and these can be found on the [Sciencebasedtargets.org](https://sciencebasedtargets.org) website. The first involves signing a commitment letter indicating that your company will work to set a science-based emission reduction target. Second, each company develops its strategy within 24 months. Third, after submission, the

target is evaluated against established criteria and formally approved. Fourth, the company can announce its science-based target.

Why participate?

Science-based targets show that a company demonstrates a credible and robust commitment to climate change mitigation and helps build its reputation as an environmentally conscience entity. It is a way to show leadership globally as Science Based Targets are increasingly becoming part of evaluation schemes, ratings and rankings. Deutsche Post DHL Group is one of more than 300 companies who already committed to set a Science Based Target, getting a head start in transitioning to a low-carbon economy, thus influencing and preparing a shift in public policy. Overall, companies will have to contribute to tackling climate change and science-based targets ensure that companies contribute their fair share. Get your company started today!