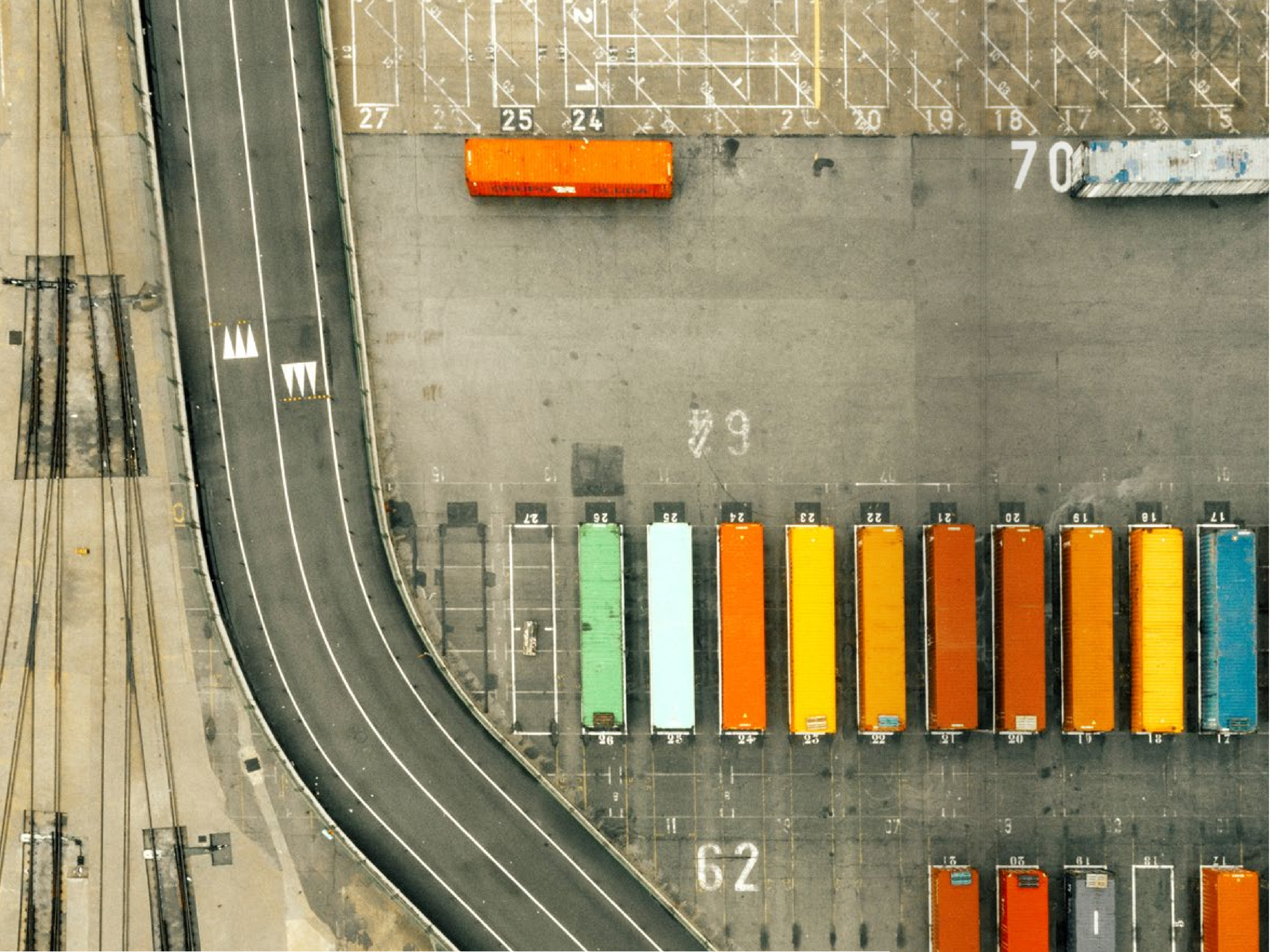
European Logistics & Supply Chain Sustainability Report 2024



Analytiqa

All figures and data relating to the European Logistics & Supply Chain Sustainability Report have been researched by Analytiqa.

Analytiqa is a market analysis company providing reports, bespoke research and strategic advisory for multinational clients across all sectors and industry verticals of the global supply chain.

Analytiqa delivers high quality, commercially relevant research to assist clients to grow and profit in challenging and competitive markets.

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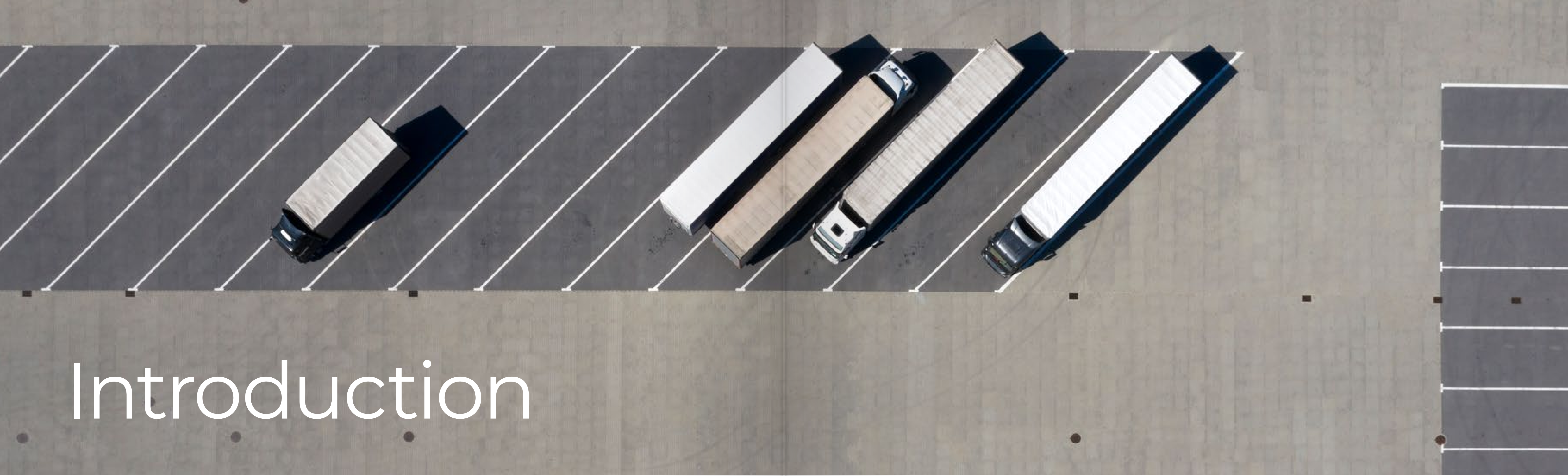

Introduction

Building upon the success of our first two reports in 2022 and 2023, HFW, Panattoni and Pledge, in conjunction with Analytiqa, are delighted to publish the third European Logistics & Supply Chain Sustainability Report, assessing sustainability strategies and activity across Europe, focusing on logistics and supply chain operations.

European supply chains continue to operate in challenging market conditions and the return to 'normal' trading post-Covid has still not been fully realised. Whilst the disruptions caused by the virus itself have all but gone, and inflationary pressures are easing, expectations for growth are widely perceived as 'cautiously optimistic'. Uncertainty has been, and remains, a constant theme that logistics and supply chain professionals have to contend with. Geo-political events continue to disrupt supply chains, not only from an operational perspective, but also from a financial and commercial point of view, as cost pressures remain and freight rates, in particular, are volatile.

In recent years, supply chains have proven they are resilient, adapting to and overcoming the challenges they face – and increasingly doing this in a sustainable way. Stakeholders continue to demand higher standards of sustainability along the length of their supply chains, from their product manufacturers to retailers and in turn their service providers.

Sustainability has firmly cemented its place as a driving force for strategic, operational and commercial change and this year's report suggests we are moving into a new era of sustainability in supply chains. Yes, as we will highlight, challenges remain, but companies of all shapes and sizes, across service sectors and industry verticals are becoming increasingly accustomed to the rules and regulations they face and are developing the skills and talent in their businesses to manage the transition to a sustainable future.

Across Europe, senior decision makers have once again expressed their views and insights to facilitate this important industry research. Respondents included CEOs, Managing Directors and senior management of some of Europe's largest logistics service providers and buyers of logistics services. We are grateful to all those who took the time to contribute their views.

The resulting report examines key sustainability metrics and indicators for businesses operating within the logistics and supply chain sector. This year's report builds upon the data sets from our first two editions, updating the views and opinions expressed, as we build trends and analyse shifts in behaviour. We have also introduced several new research elements this year, particularly focussing on the reporting of emissions, and we include three case studies, providing examples of 'real-world' sustainability initiatives across supply chains.

We have segmented the findings into four broad sections: current dynamics; expectations for the future; legal and contractual perspectives and developments in warehousing and transport. Additionally, the collecting and reporting of emissions data is a topic that flows through each section of this year's report.

Our research does not measure companies' performance in achieving sustainability credentials. From a strategic perspective, across both operational and commercial outlooks, we aim to identify and understand attitudes to, challenges of, and future expectations for sustainability investments, objectives and activity. Importantly, it provides insights from the perspective of both logistics service providers and buyers of logistics services giving us a 360-degree view of sustainability sentiment.

We trust you will enjoy reading this third edition of the European Logistics & Supply Chain Sustainability Report.

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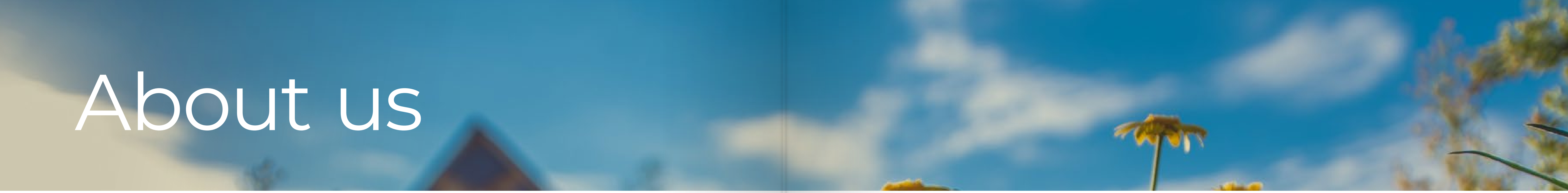


About us

HFW

SUSTAINABILITY IN OUR SECTORS

We have over 700 lawyers working across the Americas, Europe, the Middle East, Asia and Australia. We take a progressive approach to our roles in commercial business – thinking creatively and pragmatically to support our clients.

Whether we are solving complex issues within the construction, aviation or shipping industries, or providing advice across insurance, commodities and energy we are specialist lawyers here to add value to our clients. We think about the commercial solution first, and then underpin our advice with a solid foundation of legal expertise.

Our clients, across every sector – Aviation, Commodities, Construction, Energy & Resources, Insurance and Shipping - are impacted by our climate-challenged environment, driven by tough net zero ambitions and related issues.

The path to achieving fully sustainable business solutions will involve a combination of technical and financial innovation, revised regulatory frameworks and a continuous commitment of the industry participants to deliver on what is now being demanded. This is creating both challenges and opportunities for our clients as they seek to navigate their way through an ever-evolving and multi-tiered regulatory landscape.

We continue to support our clients, to adapt and comply with the sustainability challenges being thrown up by international, regional and national regulatory bodies which seek to regulate and limit GHG emissions and waste, the use and availability of alternative fuels and the efficiency and effectiveness of transit orientated performance. HFW further supports clients working on developing new projects and products designed to drive and gain commercial opportunity from this evolving legal and technological landscape.

We have a proven track record of working with our multi-sector clients, understanding their business, and guiding them through their transition to sustainable business models.

PANATTONI

Panattoni is the most active industrial real estate developer in the world. Our worldwide portfolio accounts for over 58 million sgm of completed space across North America, Asia, and Europe. Panattoni is also one of the top-ranking consistent deployers of institutional and private wealth capital directly in deal opportunities in the European industrial and logistics investment market, investing around €8.0 billion a year on average.

In Europe Panattoni has been present since 2005 and has delivered near delivered over 23 million sqm of modern industrial space in 19 countries, including: Austria, Belgium, Czech Republic, Denmark, France, Germany, Hungary, Italy, the Netherlands, Poland, Portugal, Slovakia, Spain, Sweden, and the United Kingdom. In 2021 the company opened its first office in India and in 2024 it entered the Saudi Arabian market. Lately, it has launched a BTS offer for customers in the Baltic States.

Within the Panattoni structure, a special department is devoted to build-to-suit projects specifically designed to fulfil the requirements of individual tenants. Such key clients in Europe include Amazon, DB Schenker, DHL, FedEx, DPD, XPO, Coca-Cola, Weber, Whirlpool, Bosch, Volkswagen, H&M, Danfoss, Carrefour or TJX.

Panattoni is committed to sustainable construction and a closed-loop economy, effectively reducing resource consumption and CO^2 emissions on the road to climate neutrality. For several years, we have been developing its "Go Earthwise with Panattoni" sustainable development concept, being a clear industry leader in environmentally certified space. In Europe, Panattoni is approaching 15 million sqm of certified space.

We conduct numerous activities that minimise our business's negative effects and go beyond the minimum required by law. We work for local communities by expanding the road infrastructure in the cities we operate, supporting access to education or supporting art and culture.

Our decisions consider three areas: the environment, society and corporate governance, each is important to us and our business partners. International guidelines and regulations applicable around the world concerning ESG investment have helped us in selecting the appropriate Sustainable Development Goals (SDG's) and EU objectives and compliance with taxonomy.

Our goal is to make a positive long-term impact. One of the many ways we do this, is by significantly reducing carbon emissions targeting net zero carbon in our new developments.

About us

Pledge is a UK-based sustainability software platform dedicated to helping businesses decarbonise their logistics supply chains. The company offers a cloud-based platform that automates the calculation, reporting and monitoring of carbon emissions across all major transport modes, including road, rail, air, sea, inland waterways and logistics sites. The platform delivers seamless integration with key supply chain stakeholders, ensuring logistics providers and shippers can accurately track their emissions in a timely manner, meeting both regulatory and voluntary climate disclosure requirements.

By collecting activity data directly from logistics suppliers, Pledge provides transparent and traceable emissions data that enhances operational insights while enabling informed decision-making. Pledge supports logistics service providers and supply chain leaders in understanding their emissions hotspots and helping identify opportunities to reduce emissions in order to improve sustainability performance.

Backed by a network of industry partnerships with supply chain technology vendors and global logistics associations, Pledge is trusted by industry leaders to drive impactful, scalable climate action in supply chains. Pledge's integration capabilities with Transportation Management Systems (TMS) ensure that clients benefit from emissions data on-demand with minimal friction.

Pledge is accredited by the Smart Freight Centre (SFC) to be in conformance with the Global Logistics Emissions Council (GLEC) framework and aligned with ISO 14083, further reinforcing its commitment to providing accurate and reliable emissions calculations. As businesses increasingly prioritise sustainability, Pledge remains at the forefront of helping the logistics industry achieve its net-zero goals.

Learn more at **Pledge.io**

Measuring ESG Sentiment

The insights recorded in our report take a dual perspective across the sector, with responses from logistics service providers (third party logistics providers, logistics operators or 3PLs) and also buyers, or potential buyers, of these services (manufacturers and retailers).

The research was conducted across Europe. Responses from 16 countries were received, an increase from 15 last year, including Belgium, Croatia, Czech Republic, Denmark, France, Germany, Hungary, Ireland, Italy, Netherlands, Poland, Portugal, Spain, Sweden, Switzerland and the UK.

Conducted across April, May and June, there were a total of 102 respondents to our 2024 research from two groups, of which 49% were from logistics service providers and 51% logistics buyers (33% manufacturers and 18% retailers).

On the logistics service providers' side, respondents were derived from operators of all sizes. The world's biggest companies, active across multiple countries, service sectors and industry verticals, took part in the research, alongside 'local heroes' or country specialists operating in either road transport, contract logistics, freight forwarding and/or the courier, express and eFulfilment sectors.

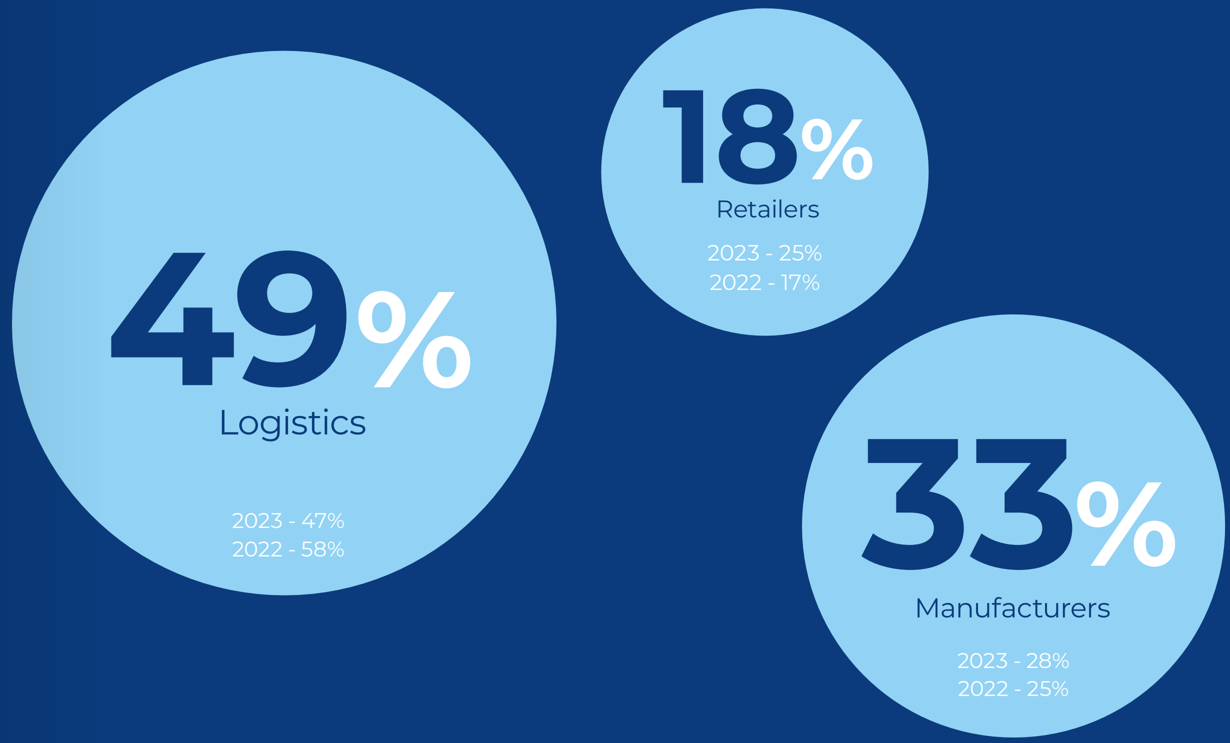
The manufacturing respondents were represented by companies from the automotive, fast moving consumer goods (FMCG), food and drink, industrial (engineering, chemicals etc), packaging, pharmaceuticals and healthcare sectors, whilst retailer participants included a mix of 'bricks and mortar' companies, together with omnichannel and online operators.

This report was once again supported by senior decision makers. 28% of respondents were classified as either CEOs, Managing Directors, CFOs or Finance Directors, while 26% of respondents were senior professionals in Sustainability roles. The remaining respondents included people at Director level in senior supply chain, logistics, operational and commercial roles.

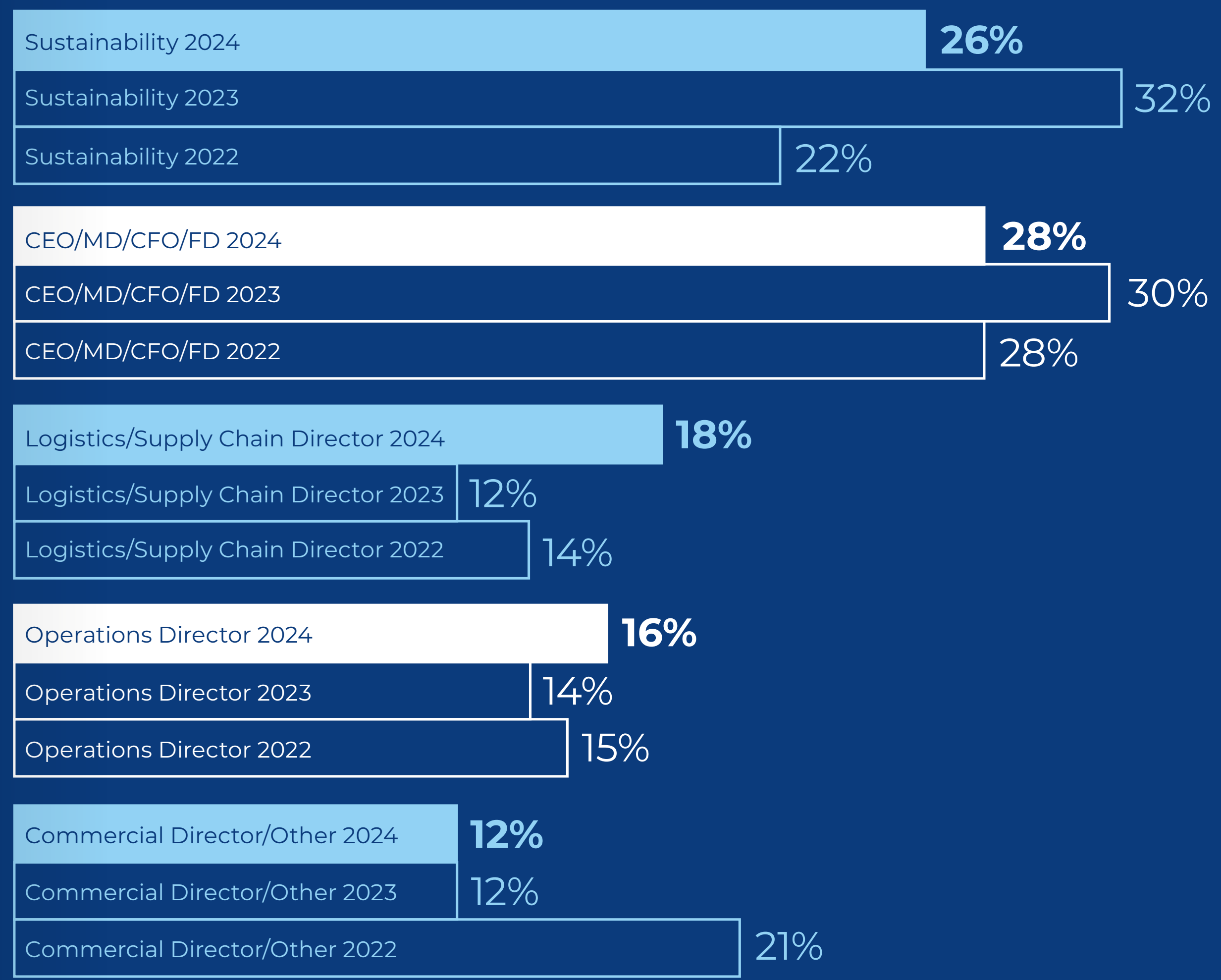
Our research collected hundreds of data points, from respondents. Limitations on space mean that we cannot cover them all. The Executive Summary highlights just seven metrics analysed in the report, the key headlines, before the main sections of the report identify important trends across 25 topics that formed the basis of our research. At the end of this report, an appendix provides comprehensive coverage of the complete data set identified during the research process.

We welcome your feedback, both on the data and its presentation in this report.

1. Sector of research respondents



2. Job titles of research respondents



Executive Summary

The third year of our research both reinforces important findings highlighted in our first two reports in 2022 and 2023, and highlights important shifts in behaviour whilst also introducing new areas of sustainability research for the supply chain.

A new era for supply chain sustainability?

The most important factor driving sustainability activity is the desire to make a positive environmental impact. The need to meet regulatory and legislative requirements is less of a driver of action, acknowledging that logistics operators, retailers and manufacturers are much more in step and aware of the sustainability requirements being made of their companies.

We see a significant reduction in the share of companies identifying a lack of resource (people) to implement sustainability solutions, a lack of skills or knowledge in their companies and a lack of support from leadership as an issue. This suggests that logistics and supply chain operations across Europe are increasingly utilising the skills and knowledge of people with sustainability credentials. Fewer respondents tell us that they are unable to quantify or measure the benefits of solutions, or that they do not understand regulations, or lack an understanding of reporting standards. Fewer respondents also require greater clarity of sustainability investment options to drive forwards their initiatives, suggesting that greater awareness and knowledge is filtering across supply chains.

Financial and cost pressures sit alongside a desire to be sustainable

Whilst inflationary pressures may be easing across Europe, a key theme of our research continues to place sustainability in the context of financial pressure on supply chains. Almost two-thirds of companies remain challenged by the financial cost of solutions, and over one-half, (including more than three-quarters of logistics operators) suggest that lower costs of implementation of solutions would improve their company's future sustainability efforts.

It is likely to be smaller companies, with fewer resources available to devote to such activity, that are less likely to have sustainability programmes in place, or an understanding of their obligations to report emissions or the emissions associated with their products or services.

The availability of financial incentives (grants, subsidies) is seen as an important factor to encourage companies to improve the future sustainability. We see that almost one-in-five companies state that they would be willing to pay extra for environmental certifications, because it adds value to their sales efforts and just 16% of respondents either do not know, or would not be willing to pay a rent premium to move operations to a 'green' building. Only 13% of respondents either do not know, or would not be willing to pay a premium to move transport operations to a 'green' fleet.

> ***"Despite financial constraints and the fact that sustainability measures often lead to higher investment costs, the challenge of defining or measuring financial returns has decreased. It may indicate progress in the ability to quantify the benefits of sustainability efforts or to understand the positive impact of the transition over the longer term."***
>
> **PANATTONI**

Contractual obligations are here to stay

There is an increasingly prominent role for sustainability in the commercial relationships between logistics operators and their customers, the manufacturers and retailers and the need to meet contractual requirements of customers, suppliers and/or service providers is increasingly driving sustainability activity.

The inclusion of sustainability targets in contracts as obligations for supply chain partners to meet is becoming more prominent. One-third of companies (up from 32% last year and from 28% in 2022) include sustainability targets as obligations, and 38% include them as aspirations (down successively from 41% and 44%). One clear trend that emerges from our data this year is the shift by manufacturers and retailers away from aspirations, to favour sustainability targets as obligations in several areas of supply chain activity.

This year, we observe a greater use of financial penalties as a consequence for failure to meet defined targets, and over one-half of respondents insist on 'the right to terminate' relationships if sustainability targets are not met.

Two-thirds of respondents request that vendors hold environmental ISO standard certification (e.g. ISO 14001). 44% of companies request that emissions calculations provided by vendors are accredited and in line with a recognised framework (e.g. SBTI, GLEC/ISO 14083/EN 1625).

> ***"We see shippers increasingly working with carriers on solutions to mitigate their Scope 3 emissions in contracts and in some cases willing to pay for this."***
>
> **HFW**

Technology can boost sustainability efforts

Measuring a company's environmental footprint can be an incredibly complex task, particularly where multiple logistics partners and modes of transport are used and where logistics operators are further sub-contracting all or part of their activities.

Regulatory requirements are seen as the main driving force behind companies' obligations to report emissions or the emissions associated with their products or services, though customer requirements, investor or board requirements and commitments to SBTi/carbon neutrality/net zero objectives or other voluntary pledges are all also strong reasons behind reporting activity.

Notably, since our first research in 2022, more companies are using technology to monitor compliance through notifications e.g. reaching targets/falling-behind targets, manage electric vehicle fleets and also gain access to subsidies, grants and other finance.

> ***"Harnessing technology for scope 3 emissions is key to achieving comprehensive sustainability goals, enabling precise measurement and impactful action to reduce emissions across the supply chain."***
>
> **PLEDGE**

Making a difference

Making a positive environmental impact by landscaping trees, lawns and biodiversity is notably more important amongst respondents this year, as is investing in battery storage (for onsite renewable energy generation), especially for logistics operators.

Energy-saving solutions remain the most important sustainability feature for a company's warehouse operations, whilst the provision of electric vehicle charging points, with many new warehouse specifications now incorporating these as 'standard', is seen as increasingly important.

Elements of uncertainty remain, however, and companies are still demanding greater clarity from both industry and at a government level regarding future fuel choices, new technologies and the cost of alternative solutions to facilitate decarbonisation targets of road fleet operations. The availability of grants for charging/refuelling infrastructure is an increasingly important factor as well.

From 2022 to 2024, the demand for such clarity regarding future fuel choices, new technologies and cost has been by far the most important factor for companies looking to achieve decarbonisation of their road fleet operations. Apart from that, in 2024, we see that rising fast in terms of importance is the need to invest in charging infrastructure and having proximity to charging points.

Headline numbers

40%

As sustainability practices become more widespread, fewer companies, although still over **40%** of all respondents, have won customers due to their actions, and fewer companies believe they have lost customers due to poor sustainability records.

Whilst meeting contractual requirements is an increasingly important factor driving companies' sustainability activities, we see a significant reduction in the share of companies identifying a lack of resource (people) to implement solutions, or a lack of skills or knowledge in their companies and a lack of support from leadership as an issue.

1/3

The inclusion of sustainability targets as obligations for supply chain partners to meet in contracts is increasing. **One-third** of companies (up from **32%** last year and from **28%** in 2022) include sustainability targets as obligations, and **38%** include them as aspirations (down successively from **41%** and **44%**).

2/3

Cost and financial considerations remain at the forefront of sustainability challenges. Almost **two-thirds** of companies (including **80%** of logistics operators) remain challenged by the cost of solutions, while more than **three-quarters** of logistics operators suggest that lower costs of implementation would improve their sustainability efforts.

42%

42% of companies would be willing to pay a rent premium equivalent to the total operating cost savings to move operations to a 'green' building from a standard 'non-green' building. As cost pressures persist, **33%** of respondents, up from **26%** last year, are willing to pay a premium equating to less than the total operating cost savings.

1/2

This year, we observe a greater use of financial penalties as a consequence for failure by service providers to meet defined sustainability targets. Additionally, **more than half** of respondents insist on 'the right to terminate' relationships if sustainability targets are not met.

Making a positive environmental impact by landscaping trees, lawns and increasing biodiversity, and investing in battery storage are both notably more important areas of future focus for sustainability operations in the year ahead.

Current Perspectives

Key findings

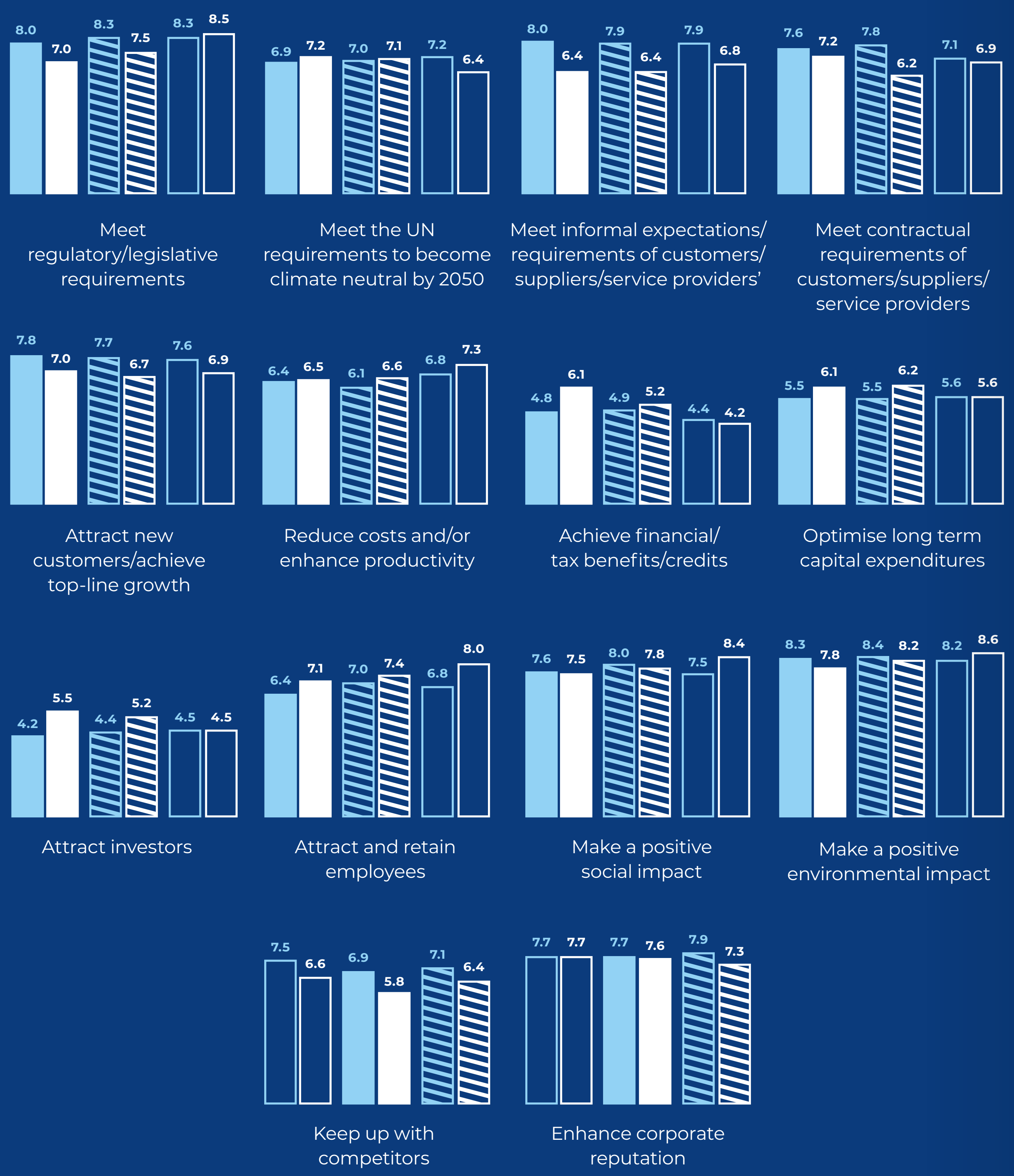
- As sustainability practices become more widespread, fewer companies, although still over 40% of all respondents, have won customers due their actions. Similarly, fewer respondents suggest that their sustainability actions result in improved employee motivation.
- Almost two-thirds of companies (including 80% of logistics operators) remain challenged by the financial cost of solutions, whilst over one-third see a lack of technology improving sustainable operations as a key challenge.
- Our research this year highlights a significant reduction in the share of companies identifying a lack of resource (people) to implement sustainability solutions, a lack of skills or knowledge in their companies and a lack of support from leadership.
- Meeting contractual requirements of customers, suppliers and/or service providers is an increasingly important factor driving companies' sustainability activities.

3. Why do you undertake sustainability activity?

We undertake ESG activity to...

Rate the importance of the following factors that drive sustainability activity in your business. (1=not at all important – 10 = very important)

Logistics Operators 2024 | Logistics Operators 2023 | Logistics Operators 2022
Manufacturers and Retailers 2024 | Manufacturers and Retailers 2023 | Manufacturers and Retailers 2022



> "We haven't really encountered any challenges apart from it being complicated. Deciding how far one wants to delve into data determines how difficult it can be."

RESPONDENT QUOTE

To better understand the reasons behind the increasing prominence of sustainability across the 'business landscape', we began our research by asking respondents to identify the contributory factors behind this trend. Respondents were asked to assess 14 categories and rate their importance from one to ten, with ten being the highest level.

The most important factor driving sustainability activity is the desire to make a positive environmental impact, closely followed by enhancing a company's reputation, making a positive social impact and the need to meet regulatory and legislative requirements, which ranked fourth this year, down from joint second place in 2023 and joint first place in 2022. This reflects a theme running through this year's research that identifies logistics operators, retailers and manufacturers as being much more in step and aware of the requirements being made of their companies.

This year's research also highlights that the need to meet contractual requirements of customers, suppliers and/or service providers is increasingly driving sustainability activity as is a desire to keep up with competitors, which is particularly important for logistics operators. Whilst pressure on costs for both groups of respondents remains across their wider businesses, undertaking sustainability activities to achieve financial or tax benefits has increased in importance for the second consecutive year, particularly for manufacturers and retailers.

"Often the investment in sustainability measures does not bring a positive ROI, meaning operating costs are higher."

RESPONDENT QUOTE

To review the full category list and their ratings, please refer to the Appendix at the end of this report.

Manufacturers, retailers and logistics service providers face challenges when they introduce, enhance or expand sustainability activity into their operations, though our research this year identifies that some of these challenges may be easing somewhat.

Almost two-thirds of companies (including 80% of logistics operators) remain challenged by the financial cost of solutions, while over one-third see a lack of technology improving sustainable operations as a key challenge; manufacturers and retailers also see this as an increasingly difficult challenge to overcome. 14% of our research respondents (a share almost identical across both groups), believe that freight emissions are too difficult to measure.

Across the three years of our research, it is also clear to see that logistics operators, especially, are finding it more difficult to align sustainability with their growth targets.

It is positive to note that our research this year highlights a significant reduction in the share of companies identifying a lack of resource (people) to implement sustainability solutions, a lack of skills or knowledge in their companies and a lack of support from leadership. This suggests that logistics and supply chain operations across Europe are increasingly utilising the skills and knowledge of people with sustainability credentials.

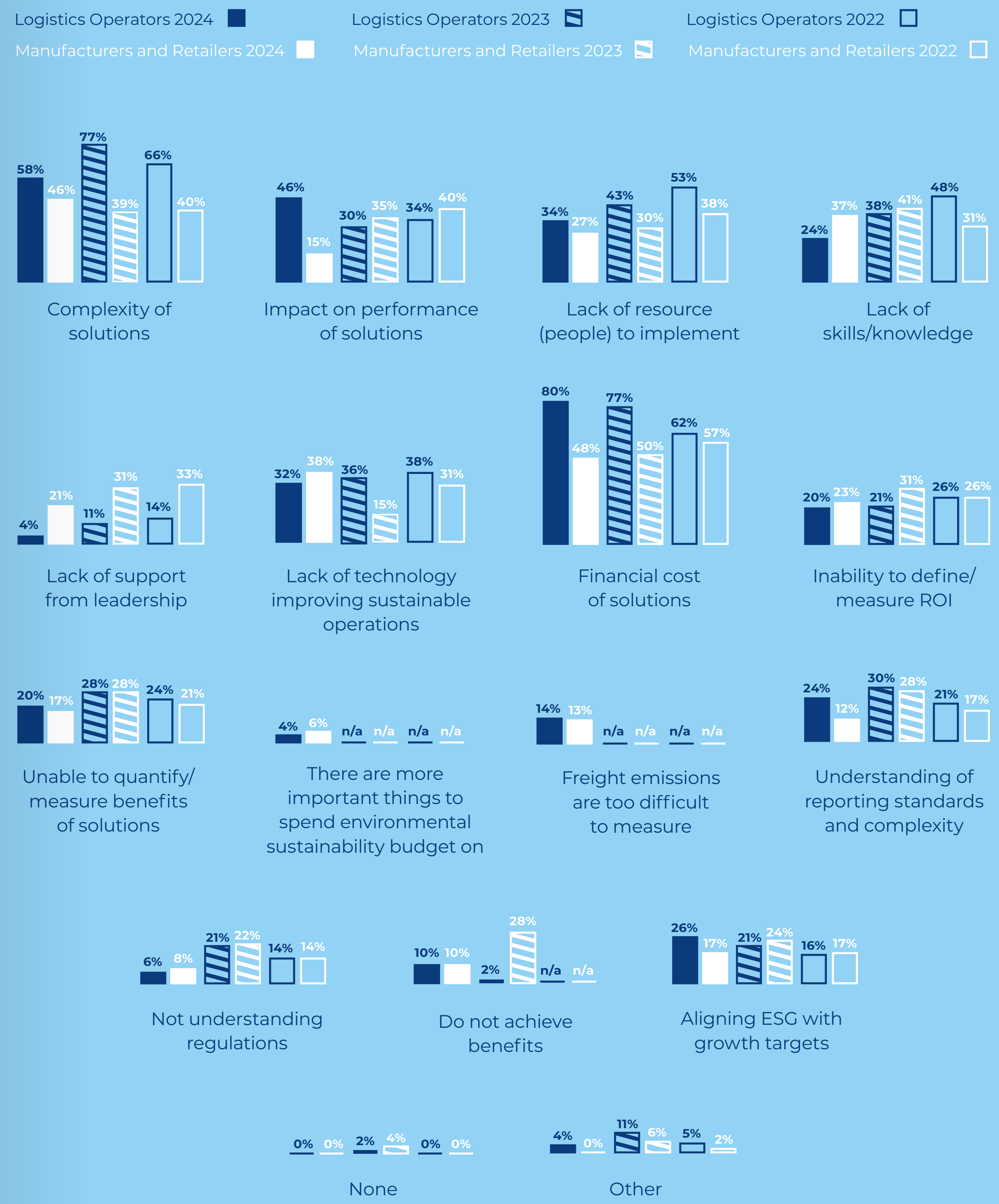
This is borne out by the lower shares of respondents this year stating they are unable to quantify or measure the benefits of solutions, or that they do not understand regulations, or lack an understanding of reporting standards.

For the first time in our research series, we identified that 85% of respondents have corporate sustainability policies in place at their companies, whilst more than four-in-ten companies, including almost one-half of logistics operators, have budgets in place for sustainability, with an additional 20% of all respondents expecting to have a budget in place in the next 12 months.

4. What challenges does your company encounter in its attempts to introduce/enhance more sustainable solutions for your supply chain operations?

Share of respondents encountering each challenge (%)

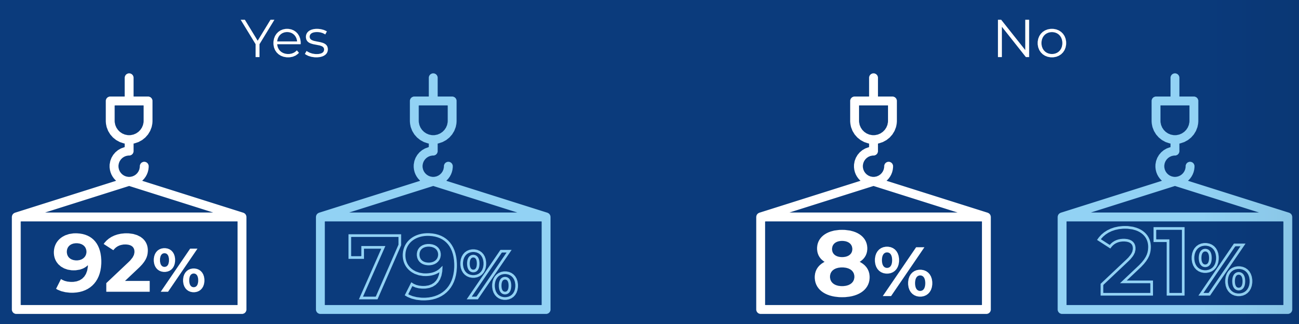
(*) Note that this the share of respondents selecting each category, so answers will not sum to 100%



5. Does your company have a corporate sustainability policy?

Corporate sustainability policies

Logistics Operators ■ Manufacturers and Retailers □



“We have improved our reputation with existing customers as we support their scope 3 target achievements.”

RESPONDENT QUOTE

Having identified the challenges of introducing or enhancing a company’s sustainability activity, we once again sought to gain more insight into the benefits, or challenges, that companies recognise once their sustainability programmes are in place.

Analysing trends across the three years of our research, it is interesting to note that as sustainable solutions are more widely implemented, and become less of a differentiator for service providers, fewer companies are claiming to have won customers due to strong sustainability practices. That said, over 40% of all respondents and one-half of logistics operators are winning business as a result of their sustainable operations. Similarly, fewer respondents suggest that their sustainability actions result in improved employee motivation. This may be an indication that such practices are more widely accepted and a perception by employers that employees afford less value to sustainability.

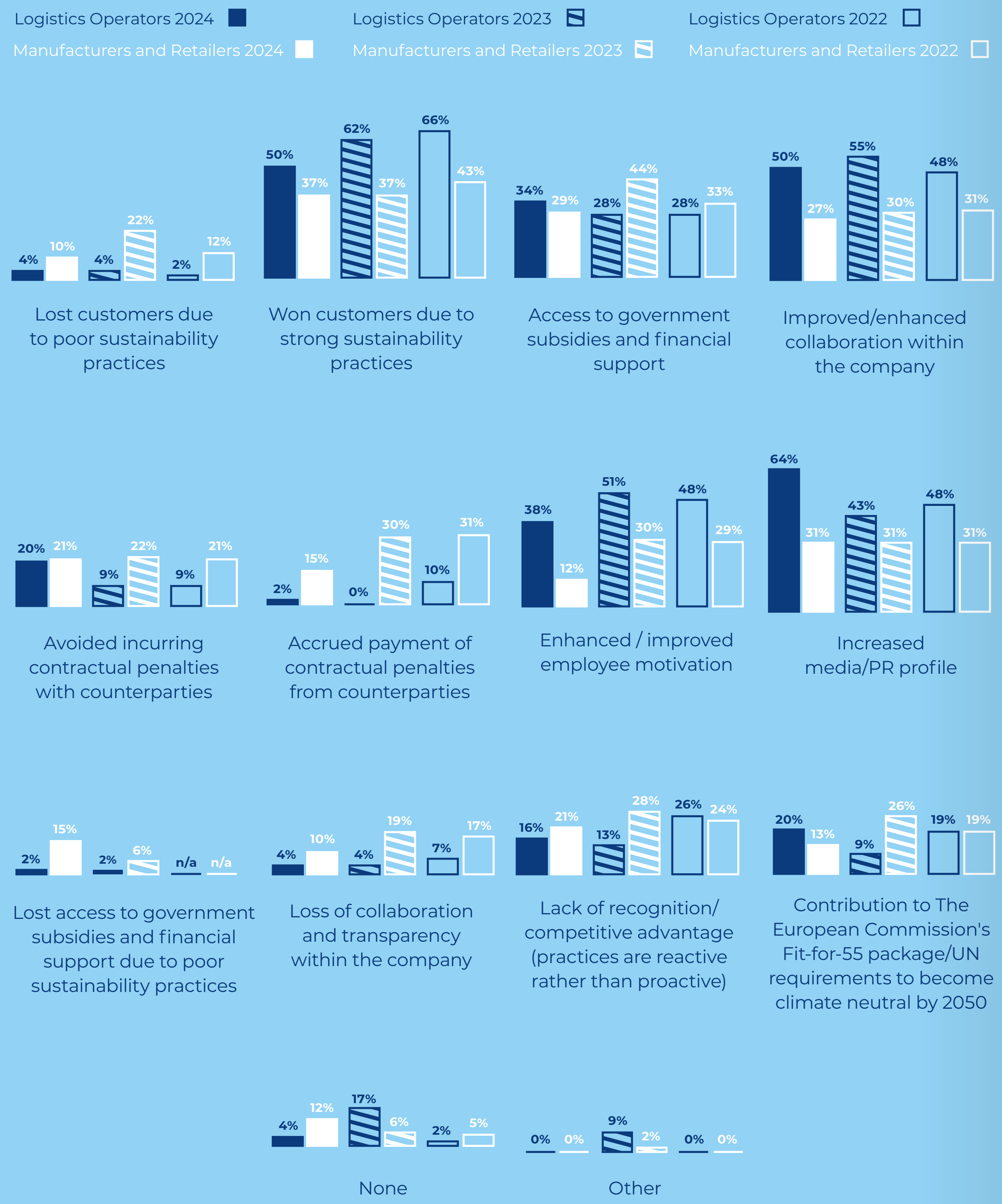
Logistics operators, especially, are benefitting from a higher profile as a result of their sustainability activities. In line with our research in 2022, fewer companies believe that they have lost customers due to poor sustainability practices and, at the same time, meeting contractual requirements of customers/suppliers/service providers ranks with a slight increase in importance from last year. This may be attributable to improvements made by service providers, but could also be interpreted as customers seeing sustainability as less crucial when compared to other factors that they are considering

We have seen that logistics and supply chain operations are increasingly utilising the expertise of employees with the right credentials and this may also explain why more companies are avoiding incurring contractual penalties with counterparties, as they become more familiar and comfortable with the sustainability-linked obligations included in their contracts.

6. Which of the following challenges or benefits has your company's sustainability programme directly contributed to?

Share of respondents selecting each benefit/challenge (%)

(*) Note that this the share of respondents selecting each category, so answers will not sum to 100%



In the first two editions of our research, we identified that companies of differing shapes and sizes, with varied geographical and industry sector exposure, are at different stages of their sustainability journeys.

When asked to identify the extent to which companies calculate and report supply chain emissions, it is clear that larger companies are more likely to have more sophisticated processes in place to undertake such activity across Scopes 1, 2 & 3.

Overall, almost four out of ten respondents stated that they only calculate Scope 1&2 emissions. Over one-third of companies, led by larger companies, highlighted that some high-level Scope 3 calculation and reporting takes place now, mostly based on spend-based calculations. 18% of respondents, a similar share across both groups, identified that no Scope 3 calculation and reporting is taking place right now, but they plan to start in the next 12 months.

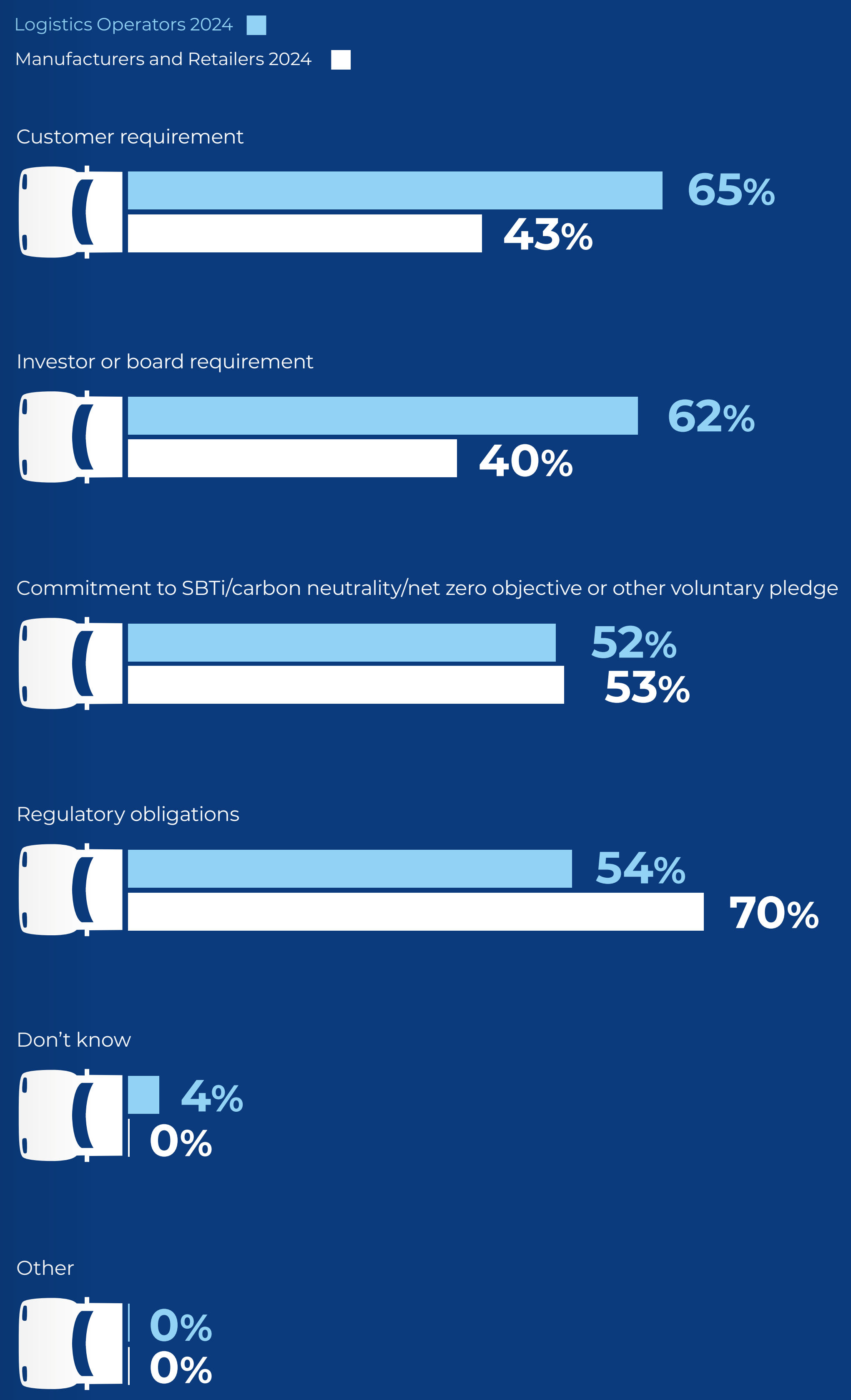
It still remains the case that it is likely to be smaller companies, with fewer resources available to devote to such activity, that are less likely to have sustainability programmes in place, or an understanding of their obligations to report emissions or the emissions associated with their products or services. Overall, 80% of respondents' companies currently have (or will have within the next 12 months) an obligation to report their emissions or the emissions associated with their products or services, a share similar across the two respondent groups.

Regulatory requirements are seen as the main driving force behind companies' obligations to report emissions or the emissions associated with their products or services, though customer requirements, investor or board requirements and commitments to SBTi/carbon neutrality/net zero objectives or other voluntary pledges are all strong reasons behind reporting activity, with customer requirements being a particularly significant factor for logistics operators.

7. What drives (or will drive within the next 12 months) your company's obligation to report its emissions or the emissions associated with its products or services?

Factors driving reporting obligations...

(*) Note that this the share of respondents selecting each category, so answers will not sum to 100%



Looking ahead

Key findings

- Cost and financial considerations remain at the forefront of sustainability. More than three-quarters of logistics operators (as opposed to just 29% of manufacturers and retailers), suggest that lower costs of implementation of solutions would improve their company's future sustainability efforts.
- As markets become increasingly accustomed to sustainability practices, it is interesting to note that pressure and demands from stakeholders (be they customers, shareholders or investors) is less likely to encourage more sustainable operations.
- One-half of companies forecast a weighting of 15% or more for sustainability in contract awards, in three years' time, compared to 40% of respondents that are allocating the same weighting for current contract awards.
- Making a positive environmental impact by landscaping trees, lawns and biodiversity etc and investing in battery storage are both notably more important areas of future focus amongst respondents.

8 & 9. Which are the key focus areas for your company's environmental initiatives?

Share of respondents with each 'focus area'.... (%)

(*) Note that this the share of respondents selecting each category, so answers will not sum to 100%

Despite the challenges faced by logistics operators, manufacturers and retailers, supply chains will continue to enhance and improve their sustainability credentials. The key focus area for over two-thirds companies, in terms of their environmental initiatives, is reducing carbon dioxide (CO^2) emissions in the next five years, though for the second successive year, fewer respondents indicated this as being a key area of focus. This is, perhaps, a reflection that for around one-third of companies, such initiatives have already been implemented.

Warehouse energy and heat-saving solutions (such as solar panels, lighting sensors, LED lighting, heat exchangers next to refrigerating appliances etc) are also an important focus amongst our respondents, particularly amongst logistics operators who are likely to be more directly involved in such operations.

Making a positive environmental impact by landscaping trees, lawns and biodiversity etc is notably more important amongst respondents than it has been in 2022 and 2023, as is investing in battery storage (for onsite renewable energy generation), especially for logistics operators. Whilst introducing or expanding the number of alternative energy vehicles in their fleet operations is also important for over 40% of companies, only 11% of respondents, again weighted more towards logistics operators, will be focussing on hydrogen as an alternative fuel for their fleet operations. In line with our 2022 research, just under one-half of respondents will be focussing on electric vehicle charging points as part of their sustainability initiatives.

When asked which factors would encourage their company to improve the future sustainability of its supply chain operations, the availability of financial incentives (grants, subsidies) rated highest for both audience groups, in line with our 2022 findings, but given significantly more importance this year by manufacturers and retailers.

As markets become increasingly accustomed to more sustainability practices, it is interesting to note that pressure and demands from stakeholders (be they customers, shareholders or investors) are less likely to encourage more sustainable operations. It is encouraging to note that for the second successive year, few respondents believe greater clarity of sustainability investment options is required to drive forwards their initiatives, suggesting that greater awareness and knowledge is filtering across supply chains.

Cost and financial considerations continue to remain important themes in sustainability, as over one-half of respondents, including more than three-quarters of logistics operators (as opposed to just 29% of manufacturers and retailers), suggest that lower costs of implementation of solutions would improve their company's future sustainability efforts. The availability of solutions that also enhance financial performance would encourage 60% of logistics operators to improve the sustainability of their operations.

With a view to encouraging greater support from company leadership, a consistent share of respondents (34% in 2024, 34% in 2023 and 37% in 2022) believe that linking executive compensation to sustainability targets would encourage their company to improve the sustainability of their operations.

To measure future gains and improvement in sustainability, companies must first understand their impact on the environment. Respondents were asked to identify the key performance indicators (KPIs) that their companies are using.

Similar to last year, across nine of the 15 KPIs, logistics operators are more likely to be measuring their impact than manufacturers and retailers, specifically around carbon footprints, emissions and energy use. Manufacturers and retailers are more likely to be tracking supply chain miles, the use of renewable materials and supplier environmental sustainable indices.

It is interesting to note a reduction this year in the share of logistics operators that have energy consumption/fuel efficiency for their transport and distribution operations as a KPI, though this is perhaps offset by a higher share that are tracking emissions (to air, sea, land). This will be a key data point to track in subsequent editions of or research.

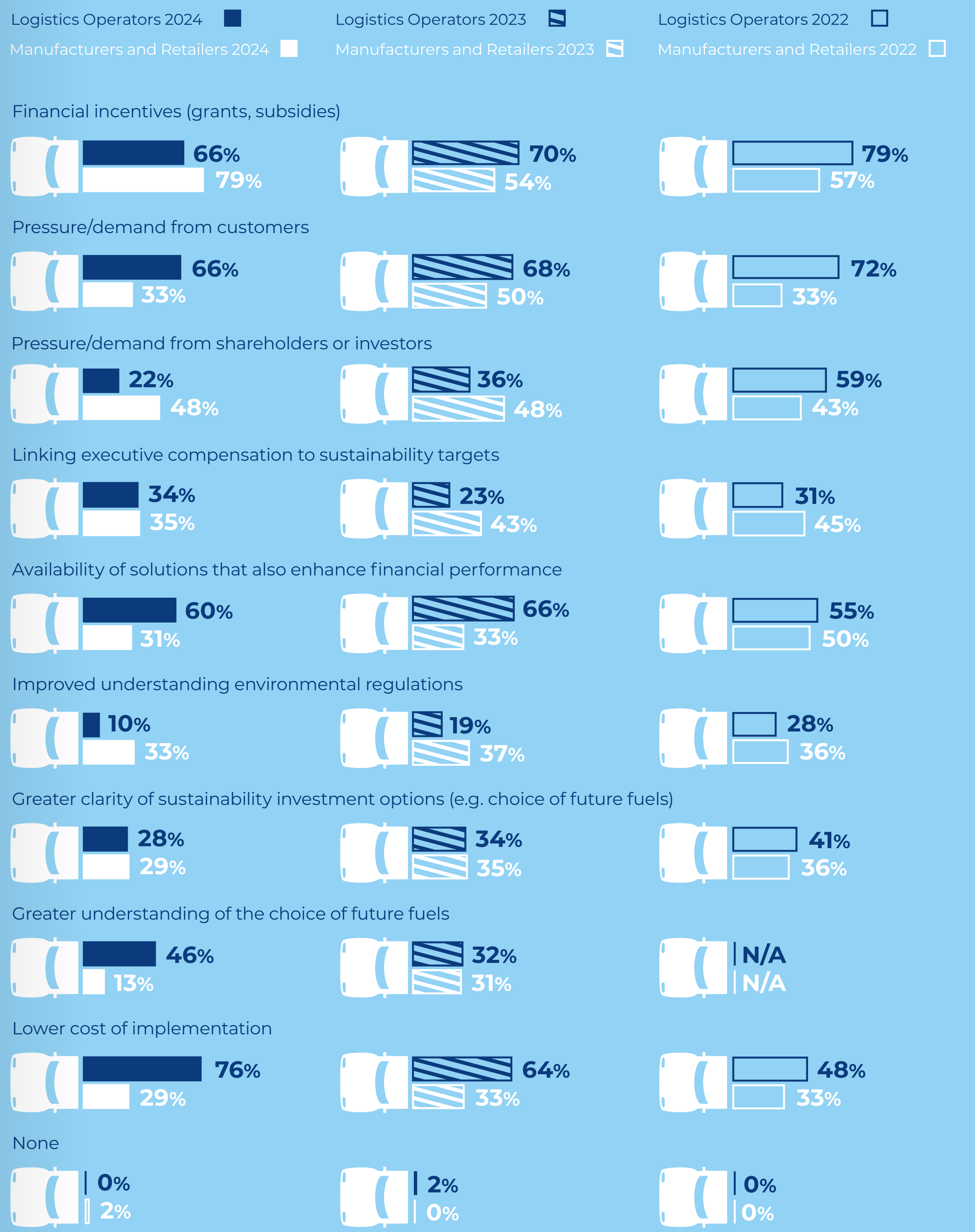
Similarly, our research highlighted a significant decrease in the share of logistics operators tracking supply chain miles. As we noted in last year's report, the shortening of supply chains to increase resilience (near-shoring) and the increasing use of lower emission fuels, such as sustainable aviation fuels (SAF) or green methanol for ocean shipping, may mean that the length of supply chains now provides less of a relevant measure of environmental 'friendliness' than it did previously. It should also be noted that geo-political issues beyond the control of logistics operators have seen many supply chains lengthen in recent months, as some ocean freight is re-routed to avoid potential disruption in the Middle East.

Just 4% of our respondents, down from 11% last year, stated that as part of their sustainability journey, they are yet to formally measure any of our 15 KPIs, though one-half of this group suggest they are planning to define sustainability KPIs for their business in the next 12 months.

10. Which factors would encourage your company to improve the sustainability of your supply chain operations?

Share of respondents selecting each factor (%)

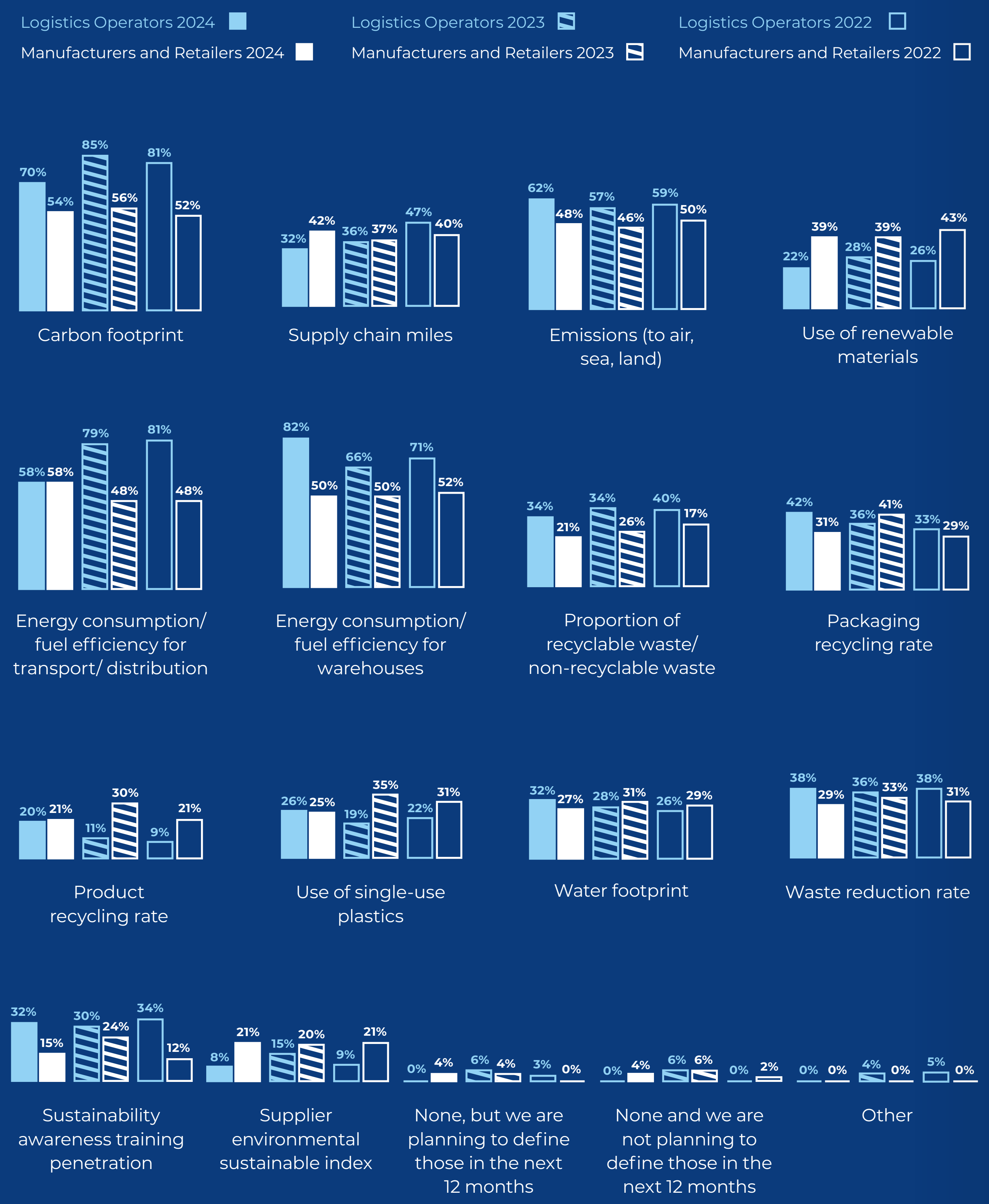
(*) Note that this the share of respondents selecting each category, so answers will not sum to 100%



11 & 12. Which of the following defined and formalised sustainability KPI measurements does your company have in place?

Share of respondents with each KPI (%)

(*) Note that this the share of respondents selecting each category, so answers will not sum to 100%



Measuring a company's environmental footprint can be an incredibly complex task, sourcing data across manufacturing processes (which are likely to be in different countries), transport and distribution (which itself may be across different modes), warehousing and storage through to retail and final mile logistics. Complexity is increased where multiple logistics partners may be used and where logistics operators may further sub-contract all or part of their activities.

Our respondents were once again asked to rate the difficulties they face in obtaining the data needed to analyse sustainability measures in their supply chains.

Across 11 potential elements of supply chain activity, companies confirmed that identifying data across all elements of supply chains remains challenging, though as a 'whole', these challenges appear to be easing when compared to our previous research. Getting sustainability data for procurement, a similar finding to last year, and the international road transport elements of supply chains is seen as the most challenging.

Conversely, it is perceived as less challenging to obtain data for many transport modes, including domestic road freight, air and sea freight and, increasingly less challenging over the last three years, for warehouse and storage operations.

In 2024, supply chains were anticipated to 'normalise' but capacity challenges have persisted and uncertainty remains as freight rates remain volatile. Whilst inflationary pressures have reduced, a cautiously optimistic economic outlook remains, which in turn makes forecasting any upturn in the levels of future demand more difficult.

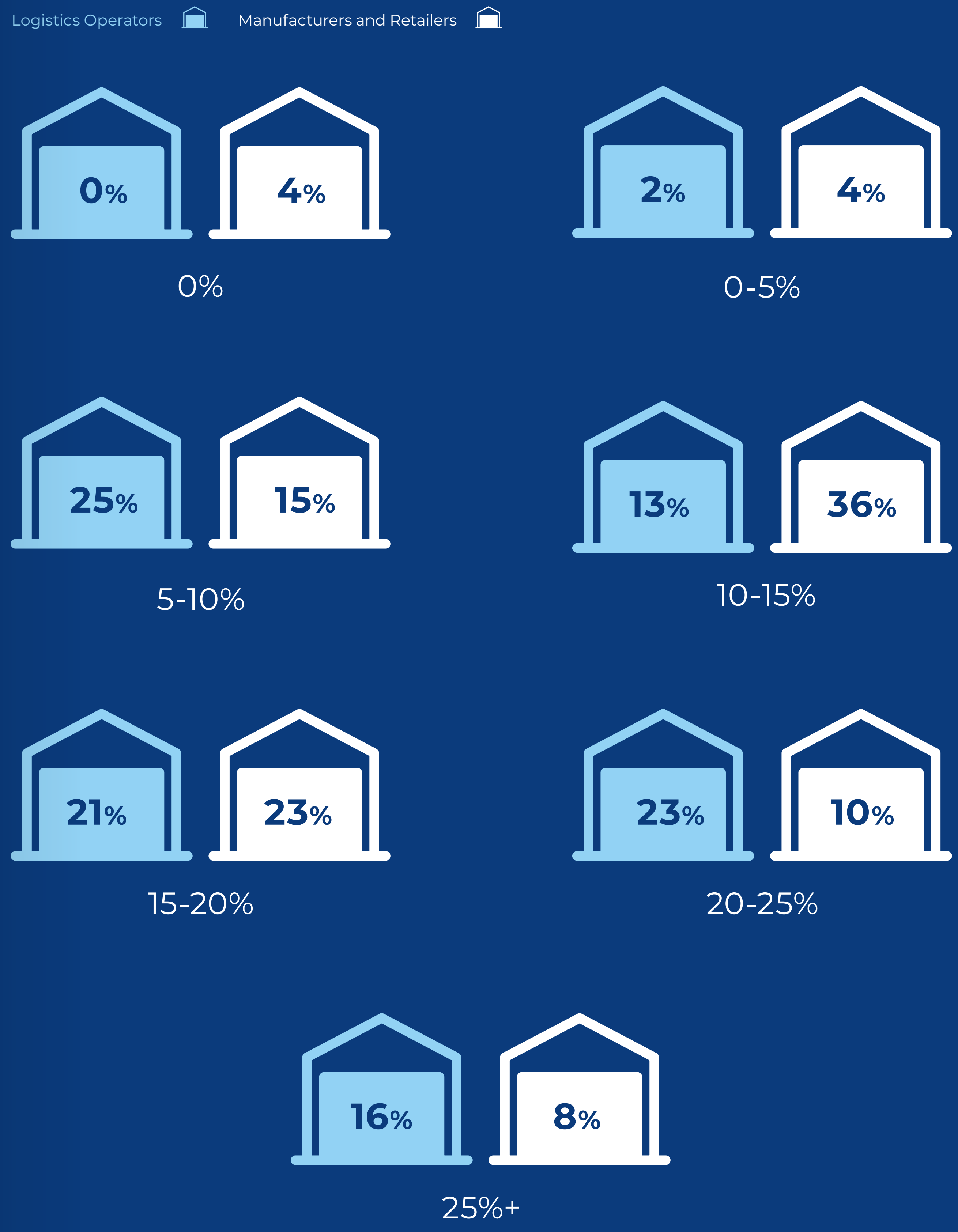
Looking to the future, our research once again highlights an increasingly prominent role for sustainability in the commercial relationships between logistics operators and their customers, the manufacturers and retailers. Asking our respondents how much 'weight' they expect sustainability to carry in their contract awards in three years' time, 39% of logistics operators expect sustainability to carry a weight of 20% or more in contract awards, compared to 27% of logistics companies expressing the same view last year. One-half of companies forecast a weighting of 15% or more for sustainability in three years' time, compared to 40% of respondents that are allocating the same weighting for current contract awards.

For the second successive year, we also note some 'catching up' being undertaken by logistics operators in this regard. In the current climate, it is manufacturers and retailers that are allocating sustainability with a higher weighting in contract awards, but by 2027-2028, logistics operators are expected to exceed the importance attached to sustainability than that given by manufacturers and retailers.

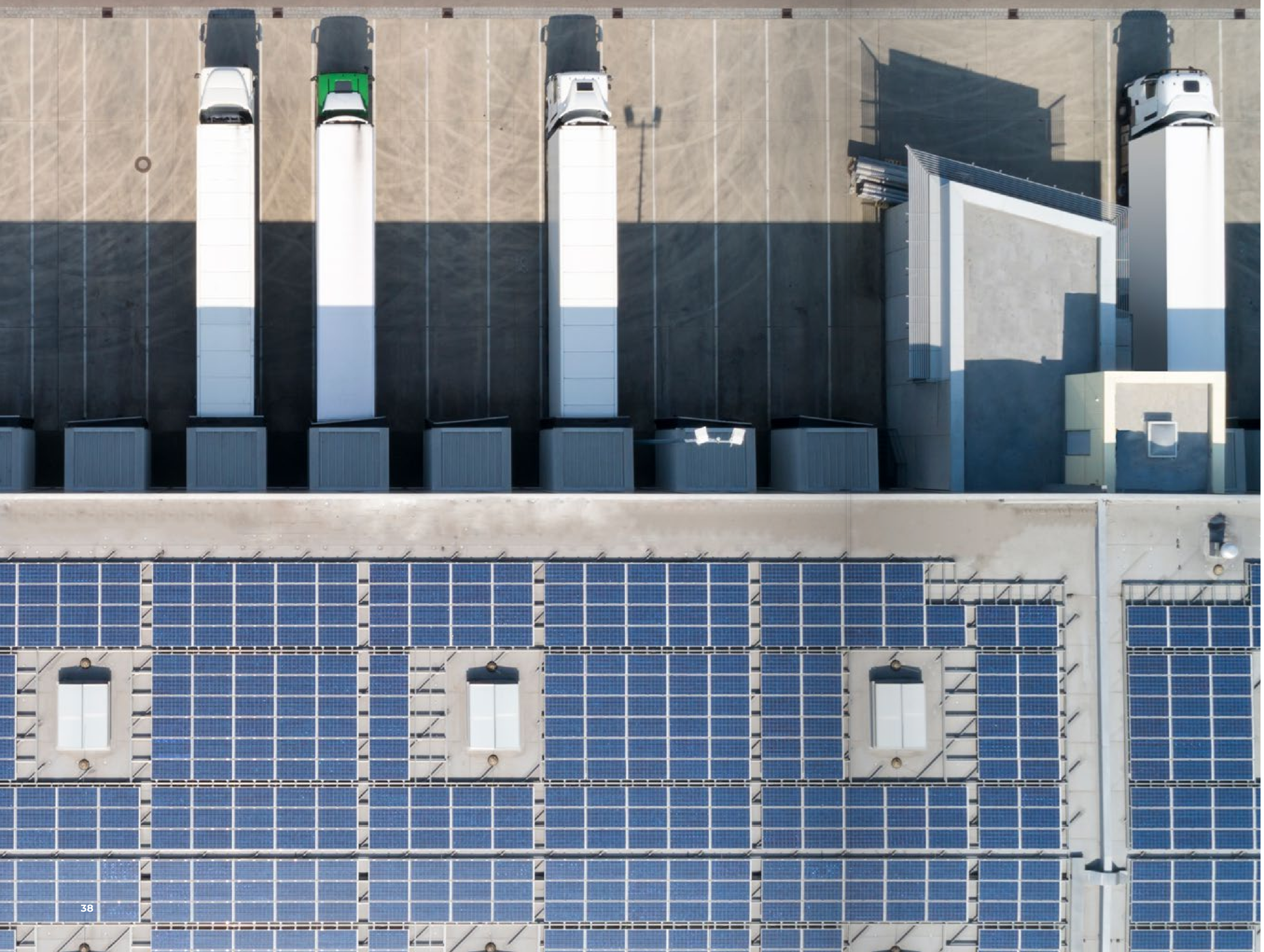
More detailed analysis of the current weightings given to sustainability contract awards is provided in the next chapter.

13. In three years' time, how much 'weight' do you expect sustainability to carry in the contract award?

Weight given to sustainability targets in RFP in 2027/28



Focus on Legal and Contractual



Key findings

- 37% of companies apply minimum sustainability pre-qualification criteria in their tenders, whilst 54% of respondents, up from 43% last year, do not include such minimum criteria in their tenders now, but will do in the future.
- The inclusion of sustainability targets as contractual obligations for supply chain partners is increasing. One-third of companies (marginally up from 32% last year up and from 28% in 2022) include sustainability targets as contractual obligations, and 38% include them as aspirations (down successively from 41% and 44%).
- This year, we observe a greater use of financial penalties as a consequence for failure to meet defined targets. Additionally, more than half of respondents insist on 'the right to terminate' relationships if sustainability targets are not met.
- Warehouse operators are now more likely to meet the sustainability targets demanded of them. It is positive to see that a lower share of companies, 9% down from 13% last year, have either lost or not renewed a warehouse contract because of a failure to meet sustainability targets, whilst in sea freight, 12% of companies, up from 10% last year, have had a similar experience.

In 2023, the EU Corporate Sustainability Reporting Directive (CSRD) entered into force. EU law requires all large companies and all listed companies (except listed micro-enterprises) to disclose information on what they see as the risks and opportunities arising from social and environmental issues, and on the impact of their activities on people and the environment. Companies subject to the CSRD will have to report according to European Sustainability Reporting Standards (ESRS). The CSRD requires Scope 3 reporting, which includes the collection of sustainability information across a company's value chain or supply chain. The first companies will have to apply the new rules for the first time in the 2024 financial year, for reports published in 2025.

A unique focus of our series of reports is to understand how the commercial dynamics and relationships between logistics operators and their customers, the manufacturers and retailers, impacts sustainability activity. To do this, we assess the role that sustainability criteria plays during the full contract life cycle, starting from the early stages of customer – service provider engagement, through a request for proposal (RFP) or request for quote (RFQ), up to the signing of contracts to undertake services and the performance of the services and reasons for contract termination or non-renewal.

Sustainability targets as part of the RFP process when tendering for new business are certainly here to stay. In line with our 2022 research, over two-thirds of companies use such targets as part of their RFP process. Consistently across the three editions of our report, we see a higher proportion (now 71%) of manufacturers and retailers incorporating them.

The 'weighting' or level of importance the two groups attach to these targets in the contract award continues to vary considerably between the respondent groups, with manufacturers and retailers much more likely to assign sustainability targets greater importance than logistics operators. This is a theme we have recorded across all three years of our research.

Broadly in line with last year's numbers, 27% of respondents give sustainability a 'weighting' of 10-15% in the contract award, while a further 22% allocate it a weighting of 15-20% and 26% weight it at between 5-10%.

14. Are sustainability targets a part of your company's RFP process when tendering for new business?

Is sustainability a part of RFP?

Logistics Operators 2024 | Logistics Operators 2023 | Logistics Operators 2022

Manufacturers and Retailers 2024 | Manufacturers and Retailers 2023 | Manufacturers and Retailers 2022

	Yes	No
Logistics Operators 2024	64%	36%
Manufacturers and Retailers 2024	71%	29%
Logistics Operators 2023	69%	31%
Manufacturers and Retailers 2023	74%	26%
Logistics Operators 2022	64%	36%
Manufacturers and Retailers 2022	76%	24%

Analysis by respondent type illustrates that in contract awards, 40% of logistics operators will ‘weight’ sustainability at up to 10%, as opposed to 25% of manufacturers and retailers. At the upper-end of the weighting scales, 35% of logistics operators will award a weighting of more than 15% to sustainability (up from 27% last year). Almost one-half (46%) of manufacturers and retailers will apply the same weighting, broadly unchanged from last year, but with a higher proportion of them (10%) allocating a weighting of more than 25%.

For the second year, we asked respondents if they apply minimum sustainability pre-qualification criteria in their tenders. 37% of companies (2023: 41%) and 36% of logistics operators and 39% of manufacturers and retailers) stated that they already include them.

These data points are marginally below those recorded last year, but as we establish trend analysis, it is clear that the inclusion of such criteria is ‘here to stay’.

54% of respondents, up from 43% last year, observed that they do not include minimum sustainability pre-qualification criteria in their tenders now, but will do in the future. Once again, the split between the two respondent groups making this observation was similar.

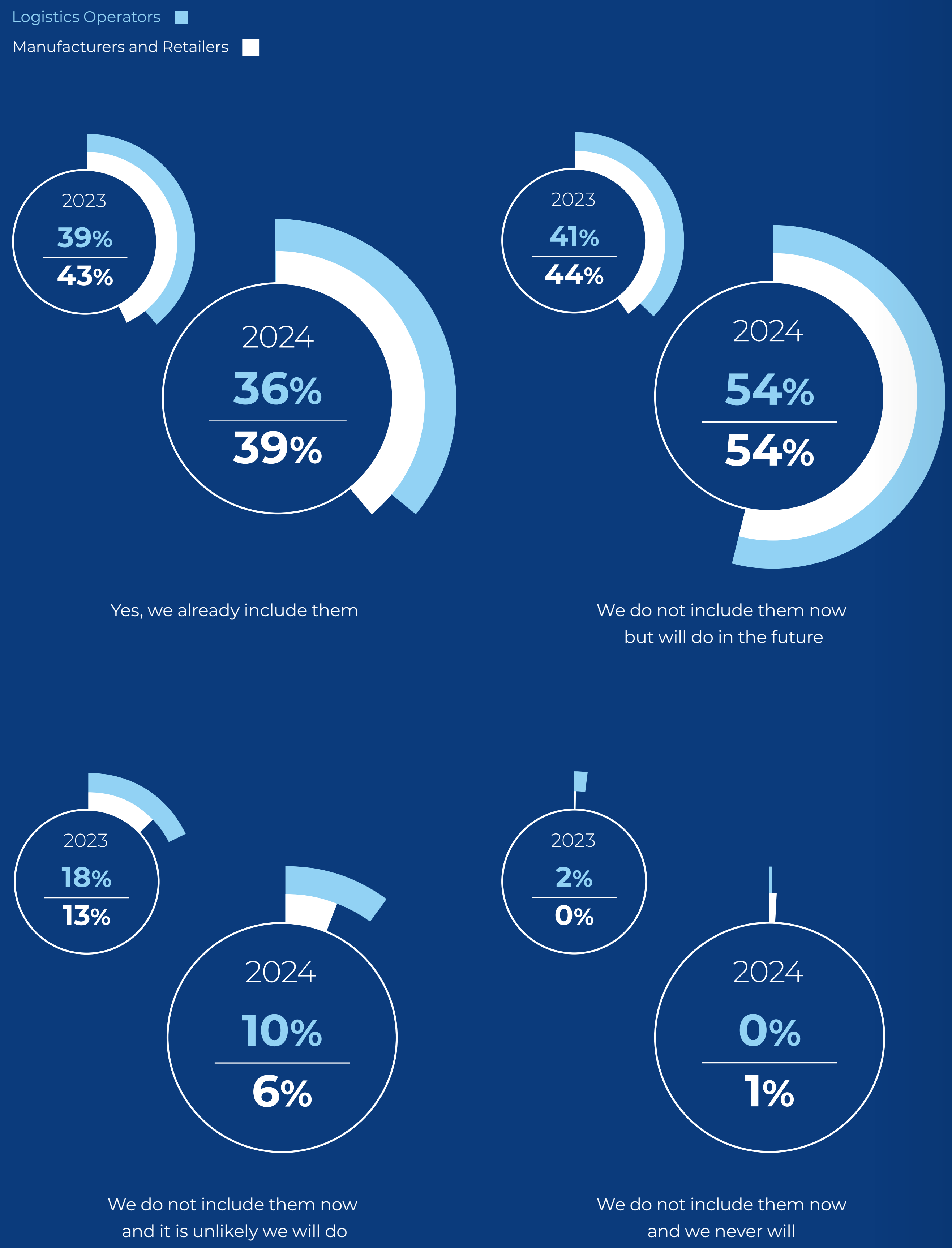
This leaves less than one-in-ten (9%) of our respondents, down from 16% last year. 8% noted that they do not currently include minimum sustainability pre-qualification criteria in their tenders and stated that it is unlikely that they will do, whilst just 1% believe they never will include them.

15 & 16. If sustainability targets are a part of your company’s RFP process when tendering for new business, how much of weight does sustainability carry in the contract award?

Weight given to sustainability targets in RFP

17. Do you include minimum sustainability pre-qualification criteria in tenders?

Minimum sustainability pre-qualification criteria in tenders...



> "New warehouse negotiations include specialist diligence for landlords to contractually rectify poor energy compliance or use of green energy sources."

RESPONDENT QUOTE

New to our research this year, we delved deeper with our respondents to identify what typical minimum sustainability pre-qualification criteria are in place. Two-thirds of respondents (and 77% of logistics operators against 55% of manufacturers and retailers) request that vendors hold environmental ISO standard certification (e.g. ISO 14001). 44% of respondents. and more typically those working at 'larger' organisations, state that their companies request that emissions calculations provided by vendors are accredited and in line with a recognised framework (e.g. SBTI, GLEC/ISO 14083/ EN 1625). Almost one-third of respondents, and more heavily weighted towards manufacturers and retailers, request that a vendor holds CDP/Ecovadis or equivalent certifications, whilst 18% seek ESG reports under regulatory frameworks e.g. CSRD.

Also, for the first time this year, we asked respondents if they have ever refused or stopped working with a vendor or supplier because of a lack of sustainability credentials. It is interesting to note that almost one-quarter of respondents have taken such action, highlighting the significant consequences to service providers that may lack sufficient credentials. As regulatory frameworks tighten, this will be an important data point to track in future editions.

Having selected a preferred supply chain partner via their tender process, we once again sought to identify how companies then treat the achievement of sustainability targets in contracts.

One-third of companies (marginally up from 32% last year up and from 28% in 2022) include sustainability targets as obligations for supply chain partners to meet in their contracts. 38% include them as aspirations (down successively from 41% and 44%), whilst the remaining 29% do not include them at all.

In line with our previous research, there remains a clear difference in approach between manufacturers and retailers, and logistics operators. It is the more traditional 'buyers' of logistics services that are more likely to make use of sustainability targets in their contracts. Overall, 43% of manufacturers and retailers include sustainability targets as obligations, up from 40% last year and 37% in 2022. This contrasts with 21% of logistics operators (a figure up marginally from last year).

A further 40% of manufacturers and retailers include them as aspirations, compared to 36% of logistics operators, and 17% of manufacturers and retailers do not include them at all, contrasting sharply to the 43% of logistics operators which take this approach (in line with 2023).

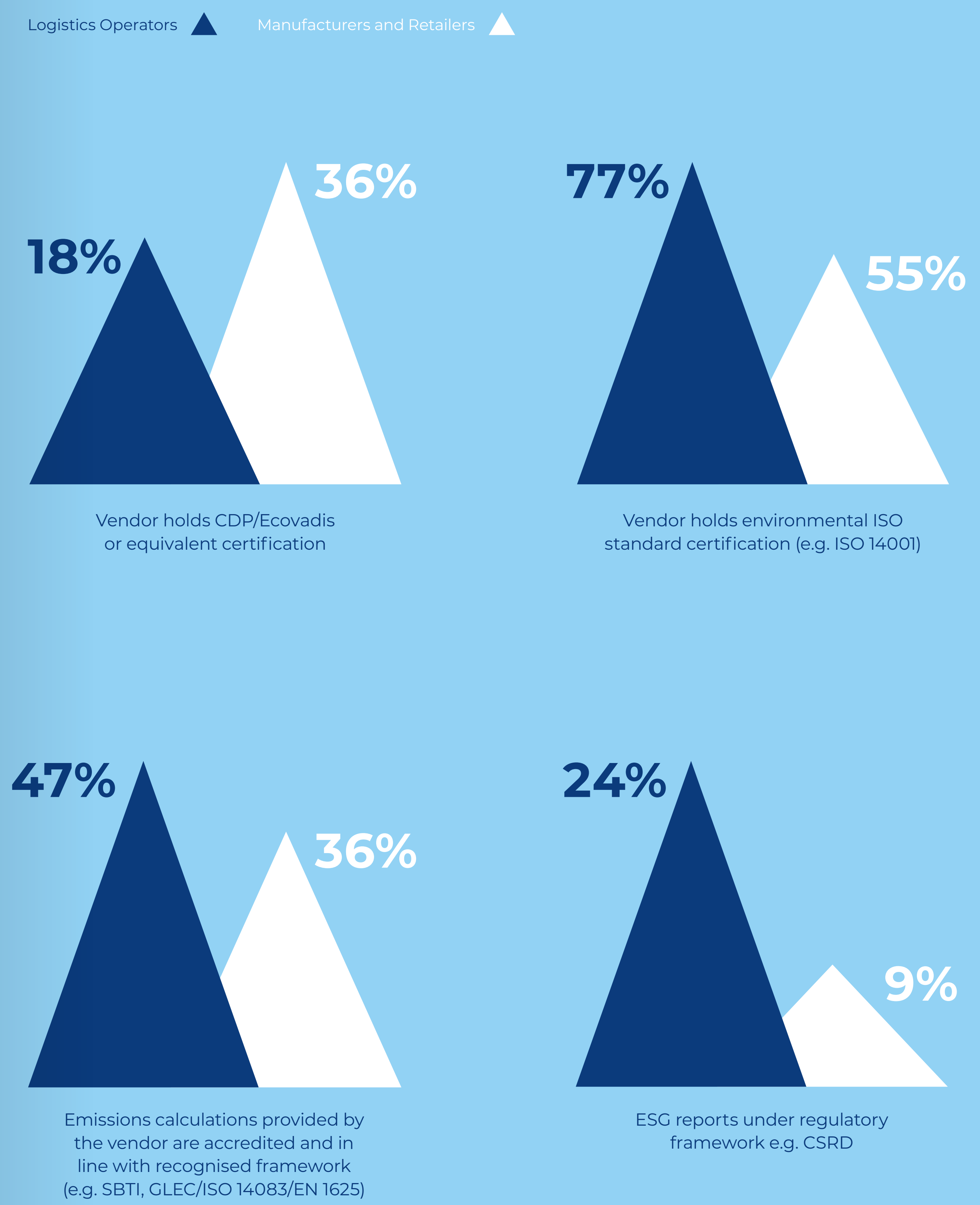
Respondents acknowledged that a consistent approach to the use of sustainability targets in contracts is not always the highest priority, and they will vary their use to fit specific circumstances.

The use of such targets as obligations in contract awards will be reflective of a company's own approach. One respondent noted that they ask all those tendering to provide their services in line with their own net zero targets (Net zero 2025 for scope 1 and 2 and net zero or defined scope 3 by 2030). Others look to set targets in terms of emissions, carbon reduction, or even the characteristics of the transport fleet that will perform activities on their behalf.

18. What typical minimum sustainability pre-qualification criteria are in place?

Minimum sustainability pre-qualification criteria

(*) Note that this the share of respondents selecting each category, so answers will not sum to 100%



“Sustainability and environmental impact of services are quoted within tenders, but ultimate success will be strongly dependent on price and operational performance.”

RESPONDENT QUOTE

Across 11 elements of supply chain activity, we have once again identified whether sustainability targets are included as obligations or aspirations for supply chain partners to meet and fulfil, also tracking the difference in approach between manufacturers and retailers, and logistics operators.

Between 30% and 40% of companies include sustainability targets as obligations for their supply chain partners, across eight of the 11 categories, including domestic road transport (39%), international road transport (38%), warehousing (36%) and courier/express/B2C last mile transport (36%). Sustainability targets as obligations also feature prominently along the supply chain, particularly in retail (34%), manufacturing (37%) and procurement (36%).

Across all supply chain categories, manufacturers and retailers are especially more demanding of their supply chain partners than logistics operators. One clear trend that emerges from our data this year is the shift by manufacturers and retailers away from aspirations, to favour sustainability targets as contractual obligations in several areas of supply chain activity. This is particularly of note in manufacturing, air freight, road transport (both domestic and international) and courier/express and B2C last mile transport solutions.

Refer to the Appendix at the end of this report for a comprehensive breakdown of the analysis behind each element of supply chain activity.

19 & 20. Are sustainability targets included in contracts as obligations or aspirations for logistics service providers to meet/fulfil?

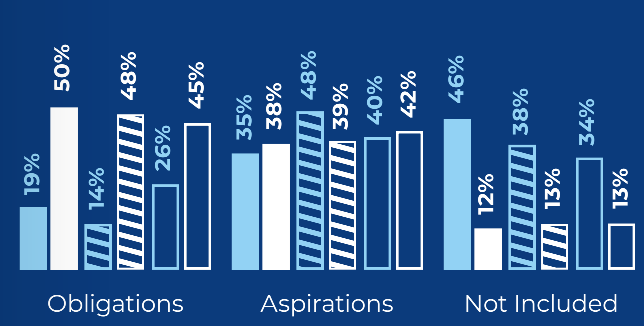
Sustainability targets and contracts

Logistics Operators 2024 | Logistics Operators 2023 | Logistics Operators 2022

Manufacturers and Retailers 2024 | Manufacturers and Retailers 2023 | Manufacturers and Retailers 2022

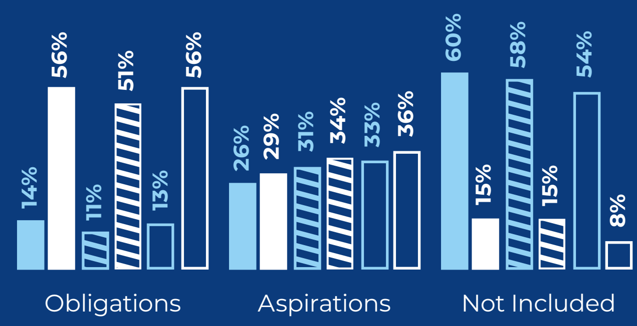
Procurement of goods/materials

Sustainability targets are...



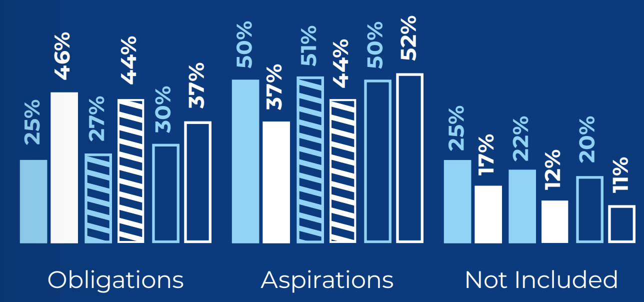
Manufacturing of goods/materials

Sustainability targets are...



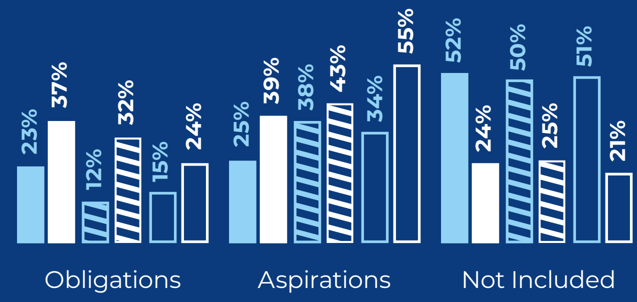
Warehouse/storage

Sustainability targets are...



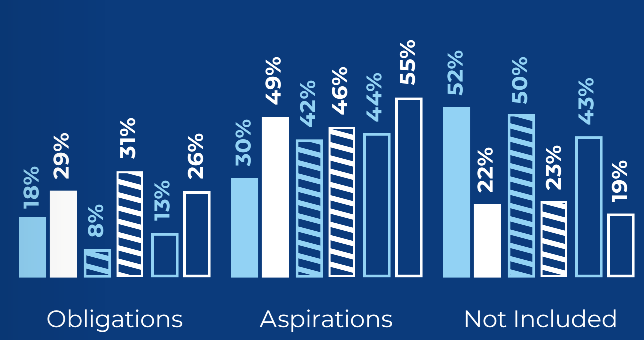
Air freight

Sustainability targets are...



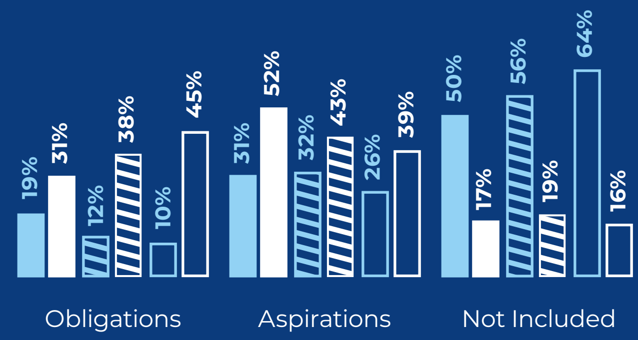
Intermodal freight

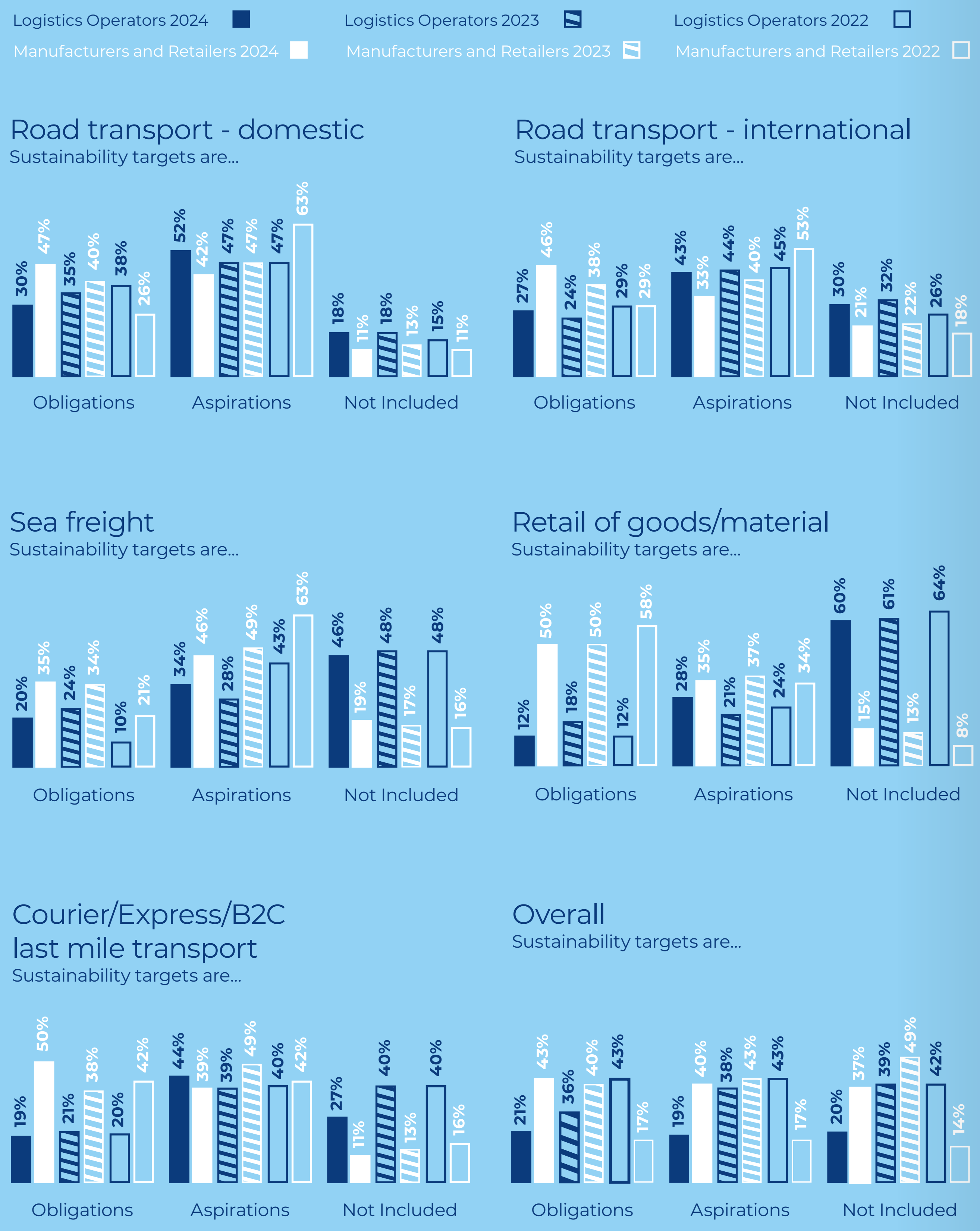
Sustainability targets are...



Rail freight

Sustainability targets are...





Our research also identifies how compliance with sustainability contractual requirements is managed. Whilst companies can, and do, take multiple approaches to tracking compliance, from the use of self-reporting to audit rights and independent verification, our respondents' approach this year aligned closely with our 2022 research. The use of self-reporting as a form of compliance monitoring is the most common approach used by 70% of respondents, with just under one-half (48%) using of audit rights to verify performance claims. Overall, 22% of companies use independent verification, a share consistent across both logistics operators and manufacturers and retailers.

Following the inclusion of obligatory sustainability targets in contracts, and their monitoring, we then look to the responses regarding the consequences in place for failure to meet defined targets, and we observe a greater use of financial penalties, by 48% of respondents, up from 45% in 2022.

More than half of respondents (55%) insist on 'the right to terminate' relationships if sustainability targets are not met. 64% of logistics operators and 51% of manufacturers and retailers take this approach with some, or all, of their supply chain partners.

Fewer respondents (39% of companies, down from 53% last year and 41% in 2022), including 59% of logistics operators and 28% of manufacturers and retailers, have excluded supply chain partners from future tenders.

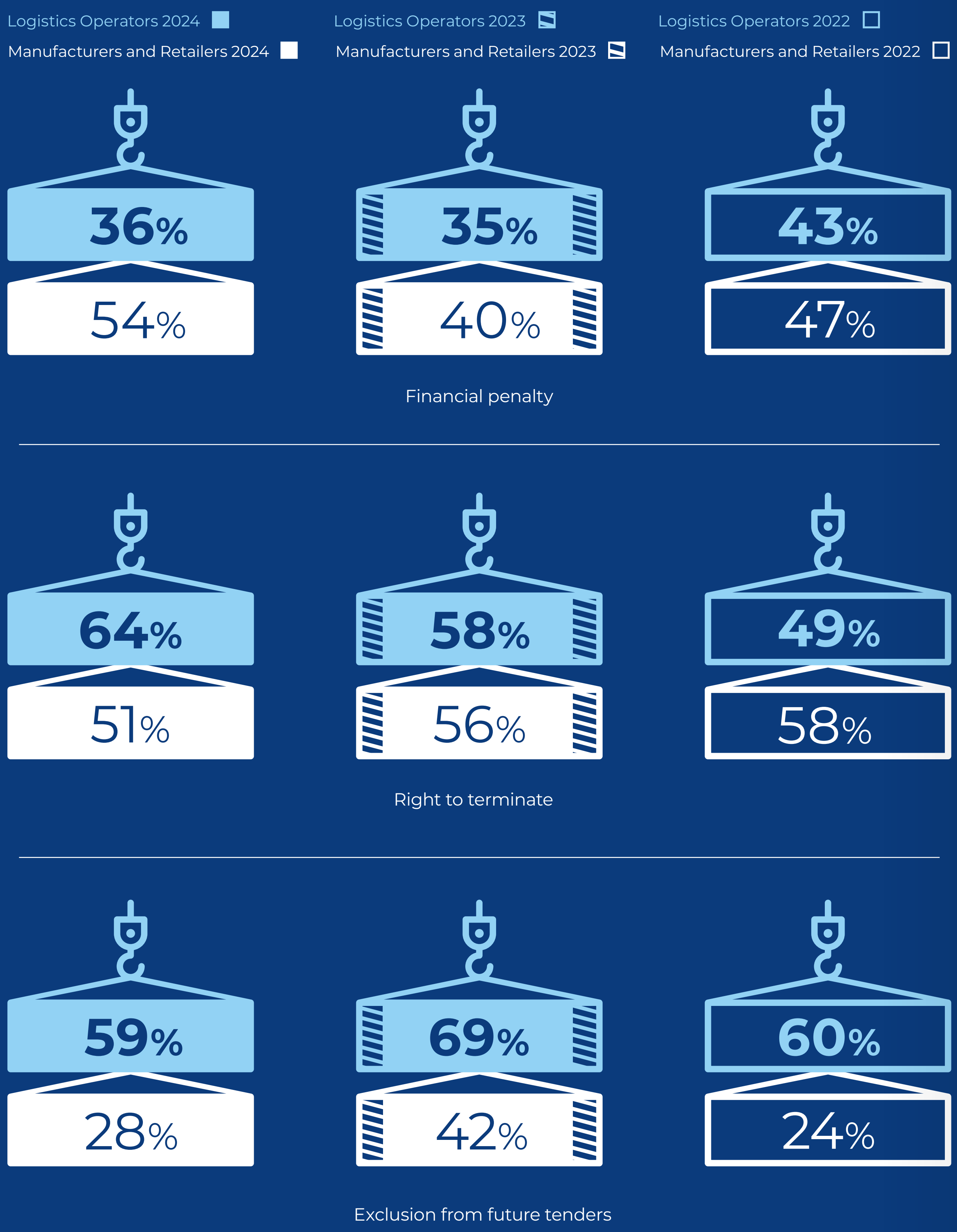
Building upon last year's research, for the second time, we asked our respondents if they have ever lost a contract from a customer or had not renewed a contract with a service provider or customer because of a failure to meet sustainability targets.

9% of companies, down from 13% last year, have either lost or not renewed a warehouse contract because of a failure to meet sustainability targets. In sea freight, 12% of companies, up from 10% last year have either lost a contract from a customer or have not renewed a contract with a service provider or customer. Similar to last year's findings, the loss of contracts is most likely to have occurred within procurement or manufacturing processes (each with 14%), and least likely to have occurred in air freight, rail freight or retail.

21. If sustainability targets are included as contractual aspirations or obligations for logistics service providers to meet, please describe the consequences.

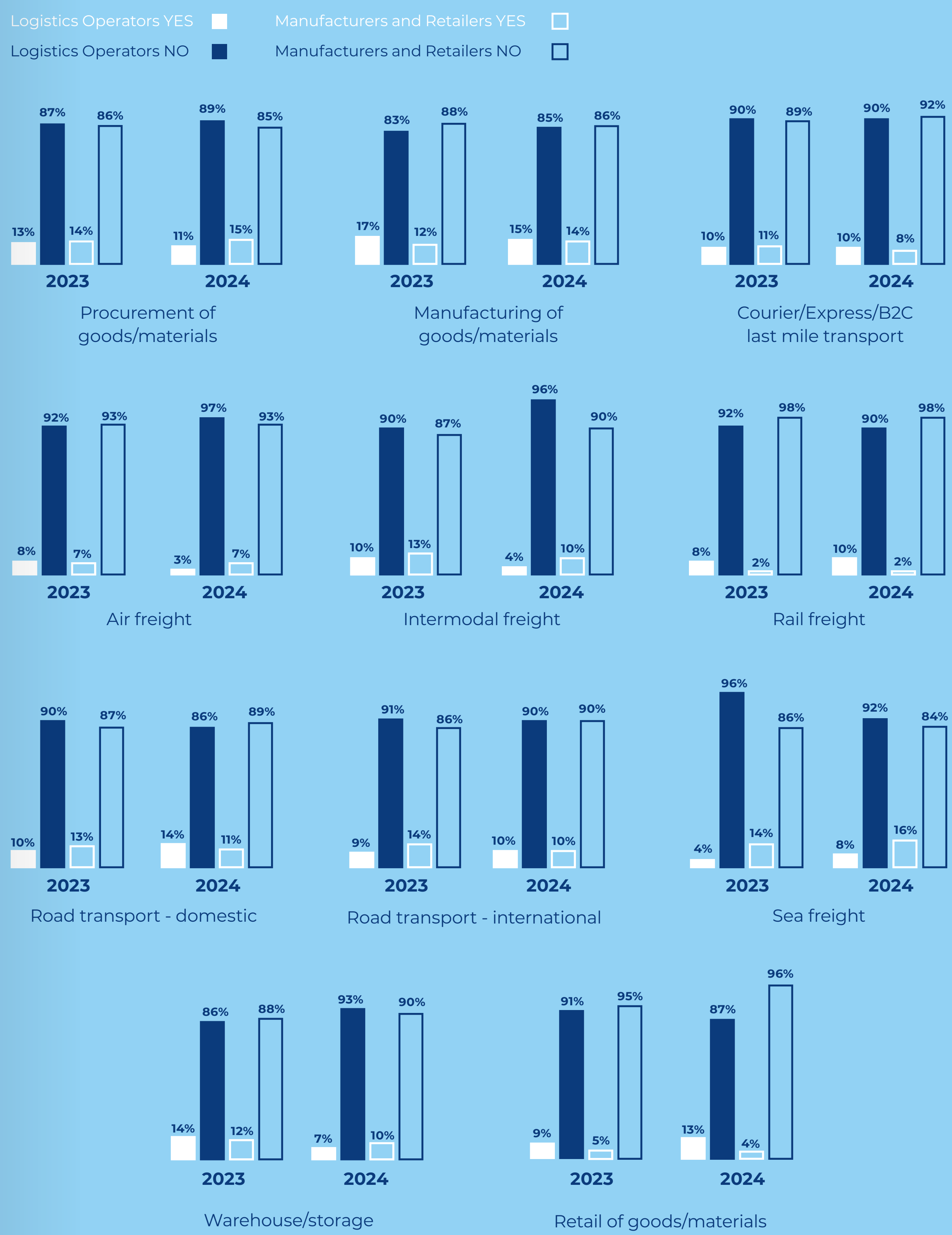
Share of respondents using each ‘consequence’.... (%)

(*) Note that this the share of respondents selecting each category, so answers will not sum to 100%



22. Have you ever lost a contract from a customer/not renewed a contract with a service provider or customer because of a failure to meet sustainability targets?

Share of respondents losing/terminating contracts.... (%)



Focus on Warehousing and Transport

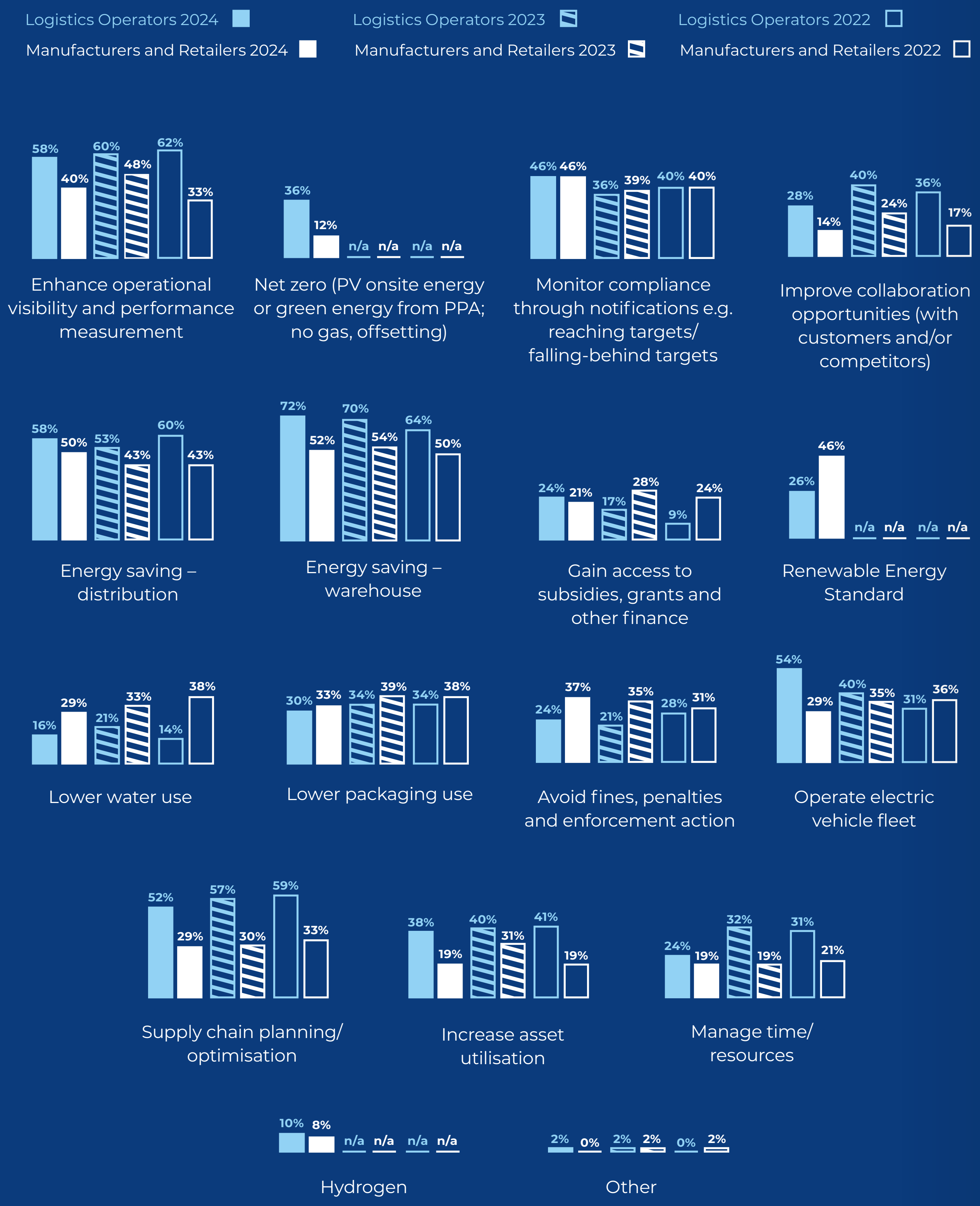
Key findings

- 42% of companies would be willing to pay a rent premium equivalent to the total operating cost savings to move operations to a 'green' building from a standard 'non-green' building. As cost pressures persist, 33% of respondents, up from 26% last year, are willing to pay a premium equating to less than the total operating cost savings.
- 19% of respondents would be willing to pay extra for environmental certifications, because they believe that they add value to their company's sales efforts, 17% would do so because it adds value to their marketing efforts and 16% would do so because it adds value to their company's brand as an employer.
- Companies are still demanding greater clarity from both industry and at a government level regarding future fuel choices, new technologies and the cost of alternative solutions to decarbonise their fleet operations. Rising fast in terms of importance is the need to invest in charging infrastructure and have proximity to charging points.
- When considering the use of external tools to calculate Scope 3 carbon emissions (e.g. transport & logistics), key requirements are that tools must produce accurate calculations (beyond the default industry standard), they must be transparent and be easy and simple to use.

23. What are the most important solutions in your supply chain to contribute towards sustainability targets/goals?

Share of respondents using technology to... (%)

(*) Note that this the share of respondents selecting each category, so answers will not sum to 100%



Across a company's operations, inclusion of warehouse and transport activities, we asked respondents to identify how the use of technology contributes towards sustainability targets and goals. In line with our previous research, the most important solutions contribute to savings in energy within the warehouse, as highlighted by 62% of respondents, up from 58% in 2022. More than half of respondents use technology to drive sustainability objectives in their transport and distribution operations, as 49% boost their sustainability efforts by enhancing operational visibility and performance measurement using technology.

Notably, since our first research in 2022, more companies are using technology to monitor compliance through notifications e.g. reaching targets/falling-behind targets, manage electric vehicle fleets and also gain access to subsidies, grants and other finance. Fewer companies rate the use of technology for supply chain optimisation, to increase asset utilisation, to manage time and resources, lower packaging use or to improve collaboration opportunities as being important to their sustainability goals.

Whilst inflationary pressures may be easing across Europe, a key theme of our research continues to place sustainability in the context of financial pressure on supply chains. Set against this backdrop, we asked respondents if they would be willing to increase their costs in order to have environmental certifications for logistics/supply chain operations and assets.

A reluctance to increase costs is clear amongst respondents as, overall, just under one-fifth (19%) of respondents stated that they would be willing to pay extra for environmental certifications, because they believe that they add value to their company's sales efforts, 17% would do so because it adds value to their marketing efforts and 16% would do so because it adds value to their company's brand as an employer.

A further 36% stated that they would consider paying extra charges, but it depends on the size of the cost increase.

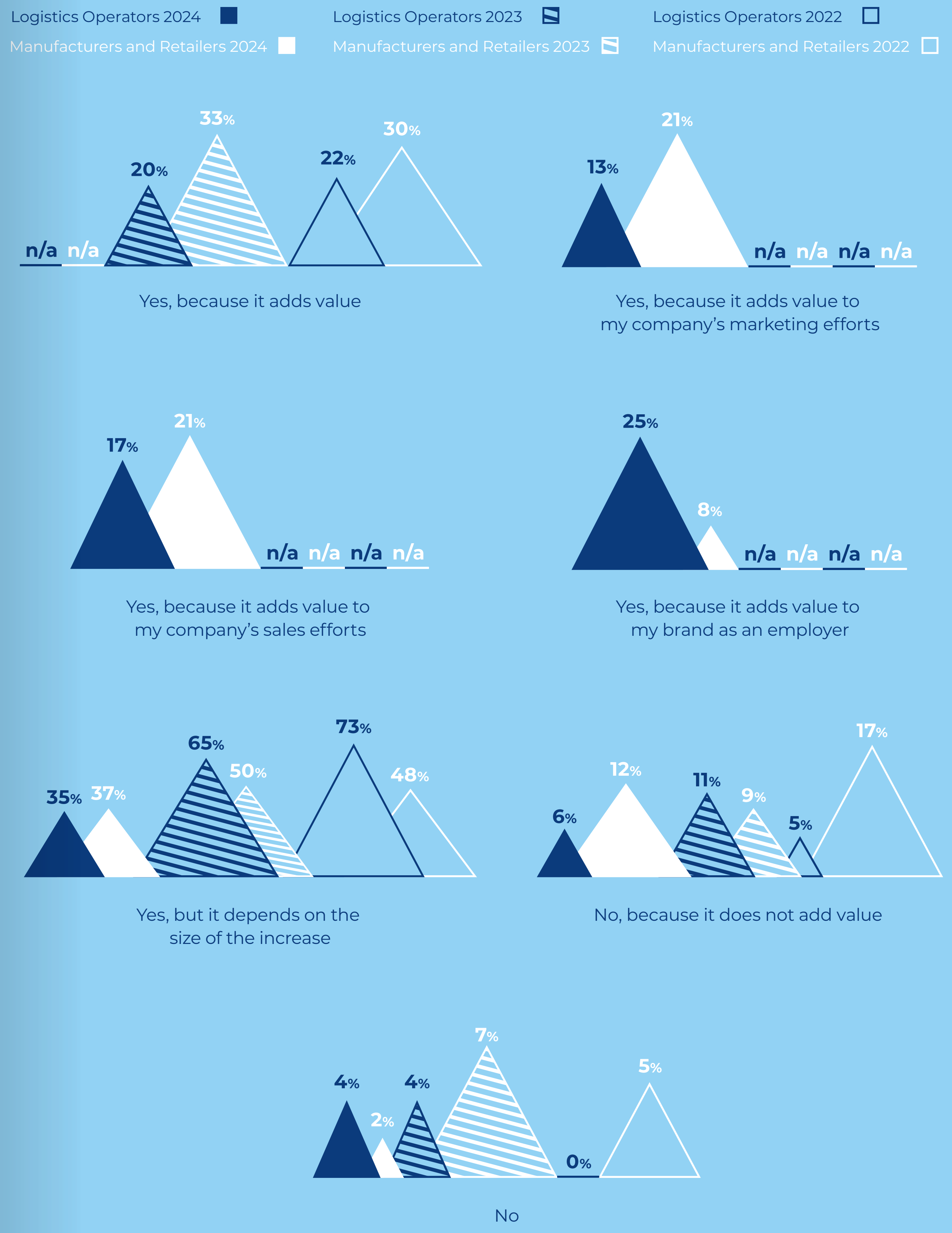
12% of respondents, down from 16% last year, suggest that they would not be willing to pay extra for environmental certifications. 9% stated that this was the case because they do not add value to their business, backed by a continued perception that such certifications add value for property investors, but not the occupiers of warehouse facilities.

For the first time in our research series, this year we asked respondents to rate their experiences of using, or perceptions of using external providers to calculate Scope 3 carbon emissions (e.g. transport & logistics).

Most importantly, tools must produce accurate calculations (beyond the default industry standard) and they must be transparent, i.e. so that users can see how calculations are broken down, including an audit-trail. Rating third in terms of importance is that a tool must be easy and simple to use. Opinions differed somewhat between our audience groups. For logistics operators, importance was placed on such tools being transparent, whereas manufacturers and retailers place greater importance on such tools not being too costly to implement.

24. Would you be willing to increase your costs in order to have environmental certifications for your logistics/supply chain operations and assets?

Willingness to pay for environmental certifications.... (%)

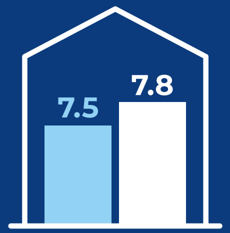


25. When it comes to using an external provider to calculate Scope 3 carbon emissions (e.g. transport & logistics), rate the importance of the following factors to you:

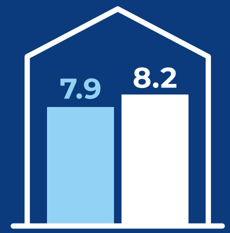
Using an external provider to calculate Scope 3 carbon emissions...

Rate the importance of the following factors that drive sustainability activity in your business. (1=not at all important – 10 = very important)

Logistics Operators ■ Manufacturers and Retailers □



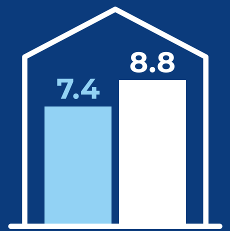
The tool is easy and simple to set up



The tool is easy and simple to use

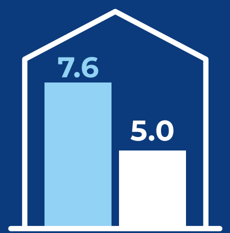
The tool produces accurate calculations (beyond the default industry standard)

The tool is accredited to internationally recognised standards

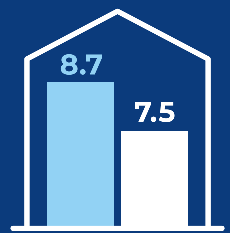


The tool is not too expensive

The tool offers active customer support/problem resolution



The tool also allows you to measure multiple categories of scope 3 emissions (i.e. one-stop shop vs point solution)



The tool is transparent, i.e. you can see how calculations are broken down, including an audit-trail

Continuing our investigation into the relationship between financial costs and sustainability, for the second year, we asked respondents if they would be willing to pay a rent premium to move operations to a 'green' building over a standard 'non-green' building.

The concept is understood by warehouse occupiers to a great extent in 2024, as evidenced by just 9% of respondents not knowing their position in this regard, down from 16% last year. 42% of companies (2023: 45%) would be willing to pay a rent premium equivalent to the total operating cost savings to move operations to a 'green' building from a standard 'non-green' building. This was the case for 50% of logistics operators and 35% of manufacturers and retailers.

33% of respondents, up from 26% last year, suggested that they would be willing to pay a premium equating to less than the total operating cost savings, including a greater share of logistics operators selecting this option this year than that of in the previous year. 9% (up from 6%) of the respondents would pay a premium over the total operating cost savings.

As an addition to our research this year, we posed a similar question to respondents, asking what premium their company would be willing to pay to move transport operations to a 'green' fleet over a standard 'non green' fleet.

87% of companies, including similar shares of both logistics operators and manufacturers and retailers, would be willing to pay a premium to move transport operations to a 'green' fleet over a standard 'non green' fleet. 46% would be willing to pay a premium equivalent to the total operating cost savings (e.g., fuel), an option favoured more highly by manufacturers and retailers, whilst 23% would pay a premium over the total operating cost savings, with logistics operators favouring this option.

We saw that 12% of respondents suggest that they would not be willing to pay extra for environmental certifications, and 16% of respondents either do not know, or would not be willing to pay a rent premium to move operations to a 'green' building. 13% of respondents either do not know, or would not be willing to pay a premium to move transport operations to a 'green' fleet.

26. What rent premium would your company be willing to pay to move operations to a 'green' building over a standard 'non green' building?

Willingness to pay rent premium.... (%)

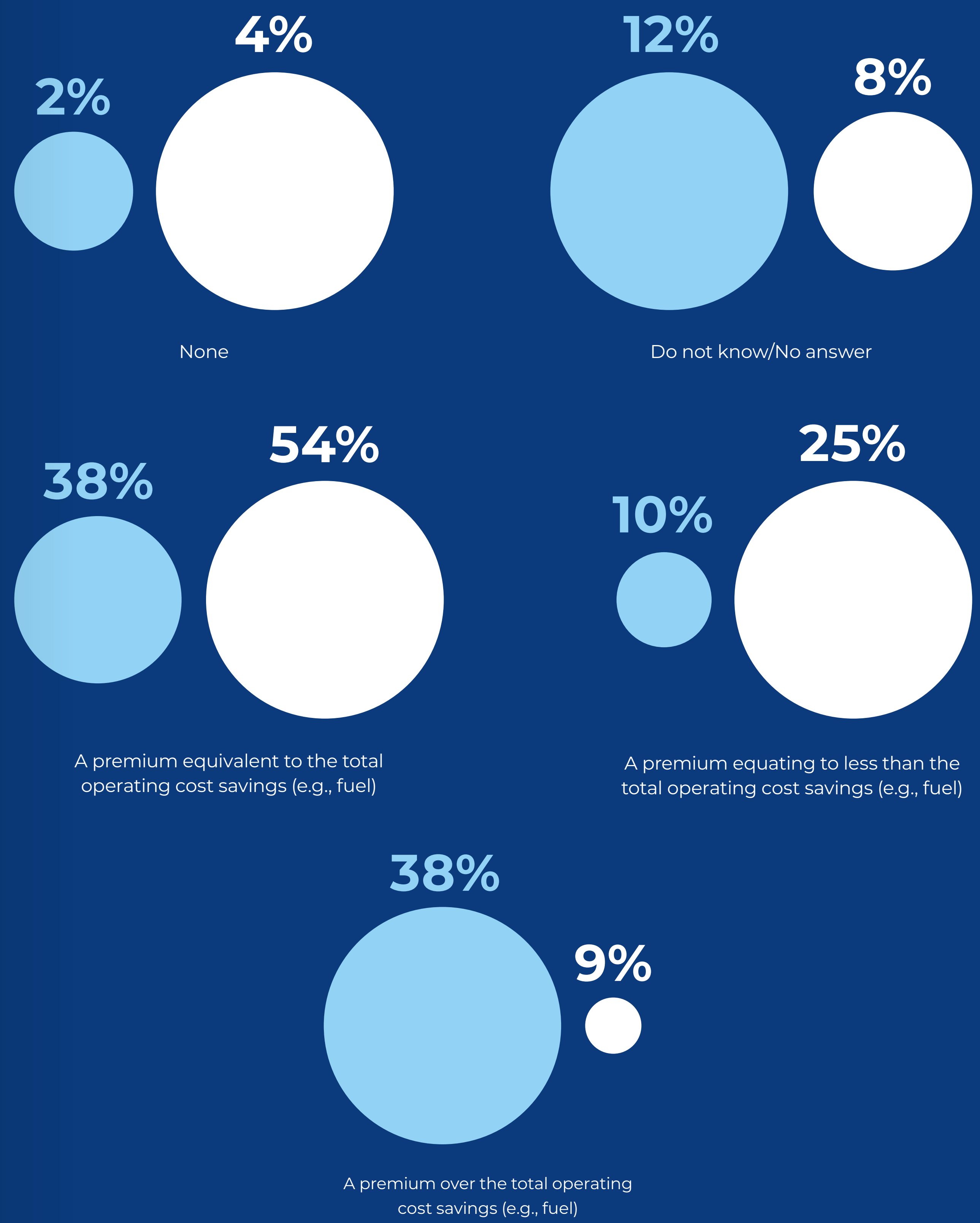
Logistics Operators | Manufacturers and Retailers

	2023 Logistics Operators	2023 Manufacturers and Retailers	2024 Logistics Operators	2024 Manufacturers and Retailers
None	4%	9%	2%	11%
A premium equating to less than the total operating cost savings (e.g., electricity bills)	20%	30%	33%	33%
A premium equivalent to the total operating cost savings (e.g., electricity bills)	51%	40%	50%	35%
A premium over the total operating cost savings (e.g., electricity bills)	4%	8%	6%	11%
Do not know/No answer	20%	12%	9%	10%
Sub-total	100%	100%	100%	100%

27. What premium would your company be willing to pay to move transport operations to a 'green' fleet over a standard 'non green' fleet?

Willingness to pay premium.... (%)

Logistics Operators | Manufacturers and Retailers



Having identified once again that obtaining environmental certifications is somewhat dependent upon the financial cost of doing so, we asked occupiers of distribution centres to rate on, a sliding scale, various sustainability related features in terms of their importance to their operations.

Energy-saving solutions remain the most important sustainability feature for a company's warehouse operations, rated as either 'very important' or 'important' by 80% of respondents, in line with last year's research.

The provision of electric vehicle charging points, with many new warehouse specifications now incorporating these as 'standard', is rated as either 'very important' or 'important' by 59% of respondents. This is followed by preserving water resources, rated by 55% of the respondents. In fourth, 49% of respondents, up from 39% in 2022 suggest that making a positive environmental impact is either 'very important' or 'important' to the sustainability of their warehouse operations. It is interesting to note that the importance of staff initiatives is rated somewhat lower in terms of its importance, though marginally below our 2022 research.

Similarly, we also asked respondents to rate the importance of factors that assist their companies to achieve decarbonisation targets in road fleet operations. In line with our previous research, companies are still demanding greater clarity from both industry and at a government level regarding future fuel choices, new technologies and the cost of alternative solutions.

In 2022 and 2023, this demand had been by far the most important factor for companies looking to achieve decarbonisation of their road fleet operations. However, in 2024, we see that rising fast in terms of importance is the need to invest in charging infrastructure and having proximity to charging points, this latter factor being rated as either 'very important' or 'important' by 82% of respondents, up from 66% last year, as companies increasingly consider investment in their own charging infrastructure.

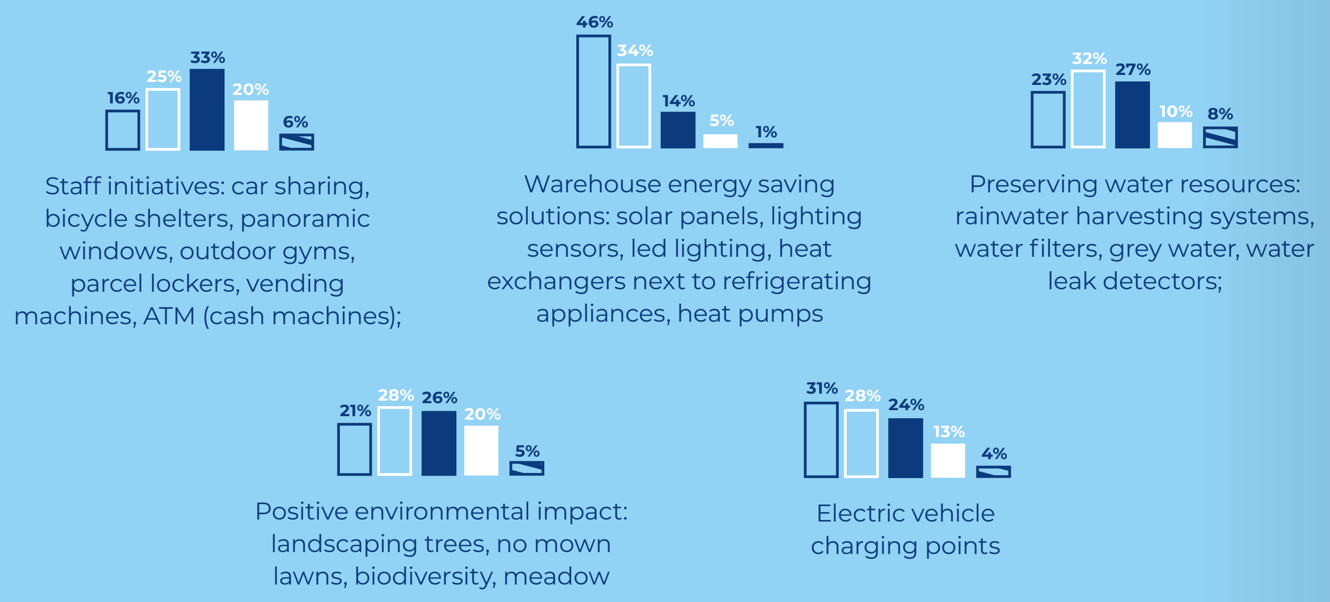
The availability of grants for charging/refuelling infrastructure is also viewed as an increasingly important factor to facilitate decarbonisation targets of road fleet operations, whilst facilitating a longer implementation period, to allow companies to achieve decarbonisation of their road fleet operations before they are obliged to by legislation, is seen as a vitally important factor by 50% of companies. This share of respondents is, however, down from 55% last year and 70% in 2022, with more supply chain professionals acknowledging that sustainability initiatives continue to gain pace and momentum, and cannot be postponed.

As 'range anxiety' eases and greater awareness and understanding of the operational capabilities of alternatively fuelled vehicles increases, respondents perceive that it is less important than it was to consider business locations in close proximity to cities.

28. Rate the following warehouse/real estate sustainability features in terms of their importance to your operation:

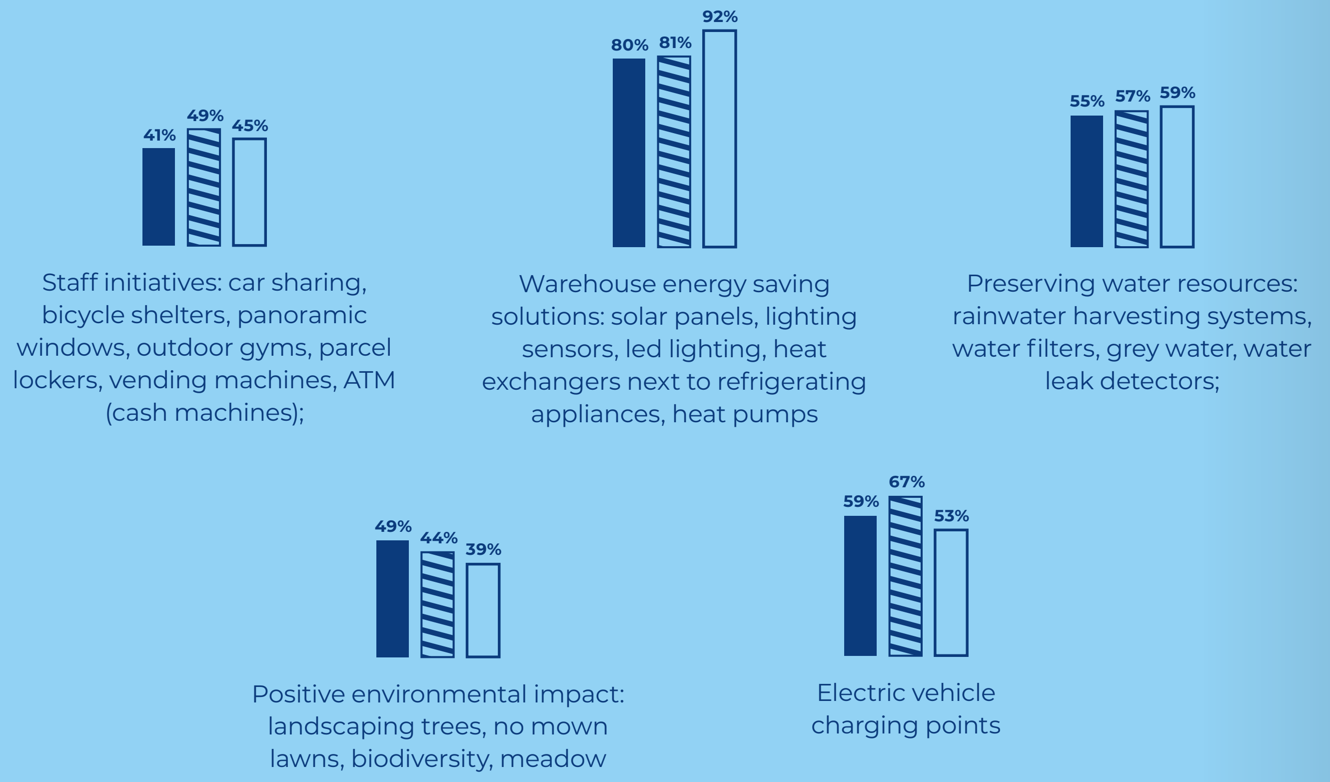
Importance of warehouse sustainability features 2024: 'Overall'

Very Important Moderately important Not important
Important Slightly important



Ranking Importance by Share of 'Very Important' + 'Important'

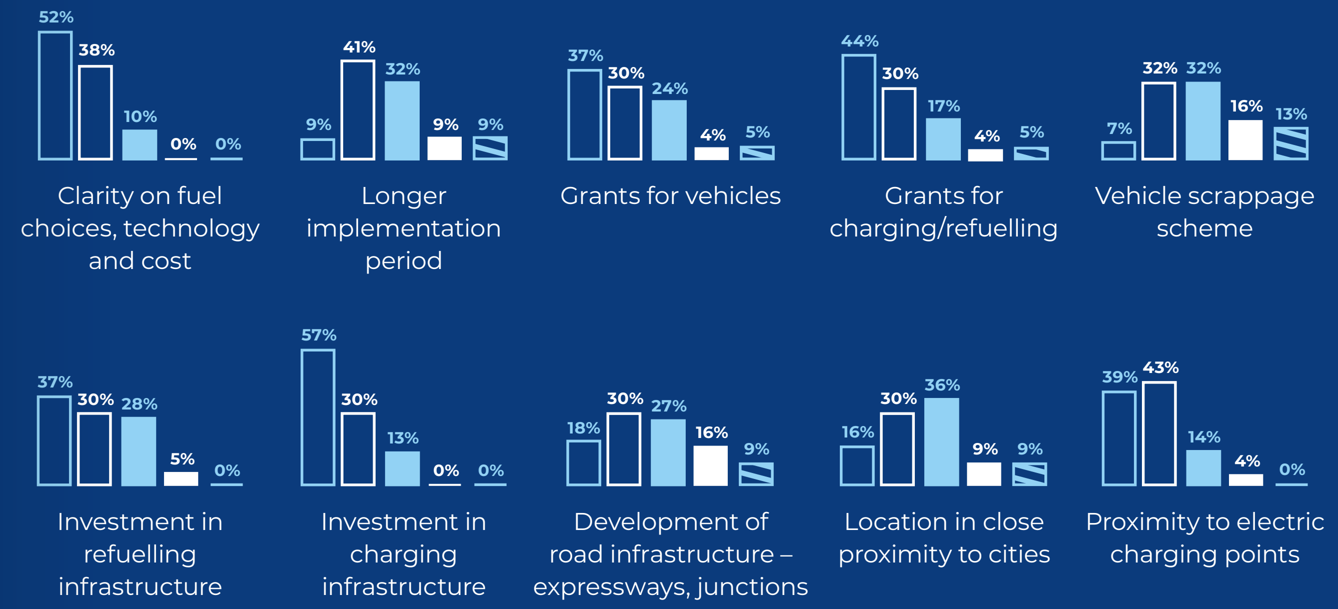
2024 2023 2022



29. Regarding your road fleet operations, how important are the following factors to assist you to achieve decarbonisation targets?

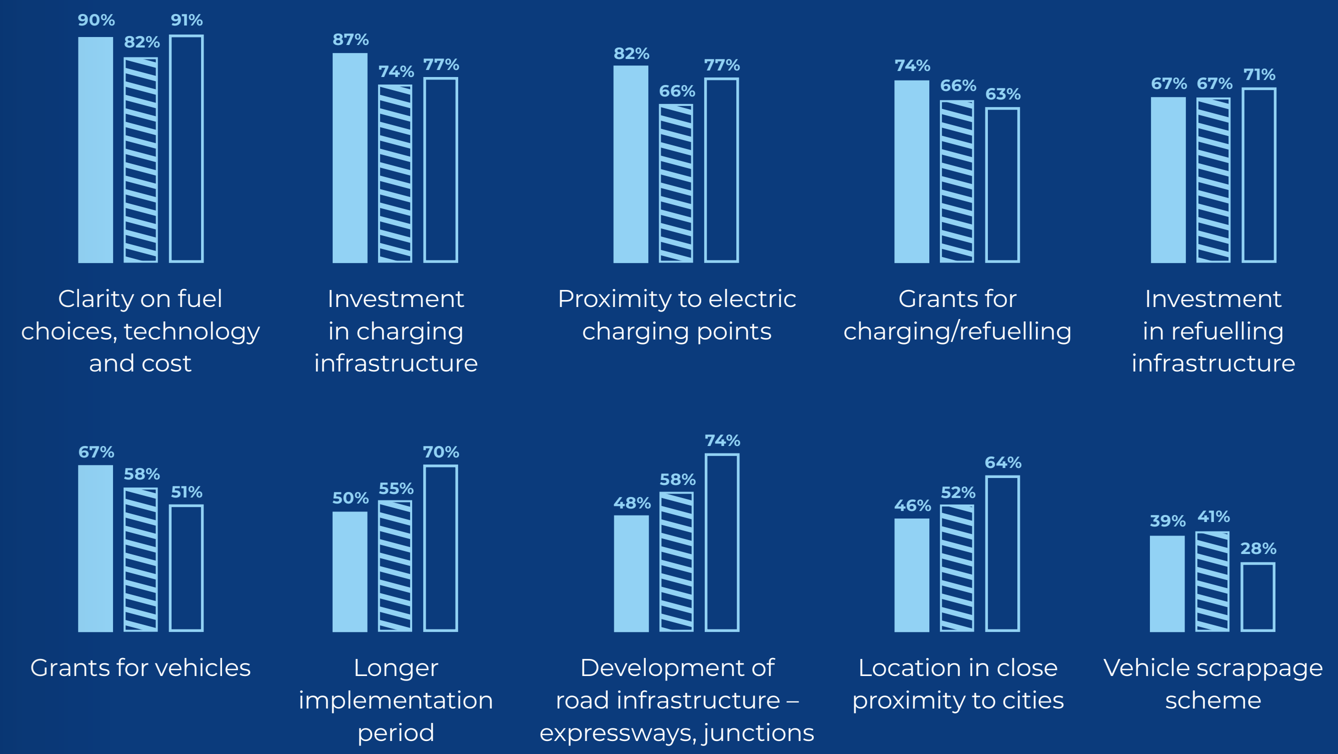
Importance of factors to support transport decarbonisation 2024: 'Overall'

Very Important Moderately important Not important
Important Slightly important



Ranking Importance by Share of 'Very Important' + 'Important'

2024 2023 2022



Case Study: Coyote Logistics

Coyote Logistics chooses Pledge to enhance sustainability and customer satisfaction.

Coyote Logistics, a leading third-party logistics provider (3PL) headquartered in Chicago with its European headquarters in Amsterdam, has integrated Pledge's leading carbon emissions reporting platform into its operations. Coyote Logistics leverages innovative technology and comprehensive services to streamline transportation processes for customers. Highlights include:

- 10,000 global loads per day
- 14,000 global shippers
- 20 offices worldwide
- 7,500 European network carriers

This case study explores the challenges Coyote Logistics faced, the solutions Pledge provided and the transformative results achieved through this collaboration.

Challenges

Meeting Increased Customer Demand for Sustainability

Coyote Logistics faced mounting pressure from its customers to provide transparent and accurate emissions data. Richard Finch, Vice President of Sales at Coyote Logistics, reflects on this:

"Eighteen months ago, sustainability was just a tickbox. Now it's much more than that, it's a must-have for our customers."

Emissions Calculation Initiatives Before Pledge

Before choosing Pledge, Coyote had yet to implement a dedicated tool for calculating emissions. As customer expectations for instant, accurate and transparent emissions reporting grew, Coyote recognised the need for a robust, scalable solution to provide customers with streamlined carbon reporting capabilities.

Solution

Coyote Logistics Integrates Pledge's Carbon Reporting Platform

With Pledge, Coyote Logistics has seamlessly integrated an industry-leading carbon reporting solution into their existing systems, enabling a smooth and continuous data flow without disrupting current operations. This integration has provided Coyote with a solution that is:

1. Instant and Accurate: Pledge's platform enables Coyote to provide instant results that are both auditable and transparent, enhancing credibility with customers.
2. Scalable Across the Business: Pledge is designed to scale, allowing Coyote to implement it across all operations seamlessly.
3. User-Friendly: The platform is accessible to everyone on the Coyote team, including non-technical staff.
4. Multimodal: Pledge provides comprehensive emissions data across all transport modes, offering a complete picture of the environmental impact of logistics operations.

Results

Rapid Implementation for Instant Customer Satisfaction

Coyote Logistics quickly integrated Pledge's carbon reporting platform into its operations, enabling them to meet customer expectations swiftly. Richard Finch, noted: "It really is effortless! We are less than a week in and already seeing the benefit of using Pledge and the value that we can then, in turn, offer to our customers."

Accredited to Industry Standards

Pledge is accredited by the Smart Freight Centre to be in conformance with the Global Logistics Emissions Council (GLEC) Framework and aligned with ISO 14083. This ensures standardised and reliable emissions calculations which are crucial for customers' sustainability reporting.

Transparent Calculations that Build Trust With Customers

Pledge's platform provides auditable and transparent results via its Accuracy™ and Clarity™ features, enhancing Coyote's credibility and customer confidence in reported emissions data.

Joep Kusters, SVP Head of Europe at Coyote Logistics, said: "Pledge has thought of everything that we need in a carbon reporting solution, making it easy for us to demonstrate to our customers exactly how their emissions are calculated and where carbon reductions can be made".

Enhanced Market Position

Integrating Pledge's technology has reinforced Coyote's image as a forward-thinking, environmentally responsible logistics provider, appealing to customers who prioritise green logistics solutions.

Improved Internal Efficiency

The integration of Pledge's platform significantly streamlined operations at Coyote Logistics, reducing operational overhead and allowing for a more effective allocation of resources. This internal boost has allowed Coyote to focus more on strategic initiatives and customer engagement, further driving their growth and competitive advantage.

Conclusion

Working with Pledge has successfully tackled Coyote Logistics' challenge by providing customers with reliable emissions reports. By adopting Pledge's accredited technology, Coyote has boosted customer satisfaction, built trust by providing carbon transparency and solidified its position as a leader in sustainable logistics.

Joep Kusters emphasised how Pledge is helping Coyote Logistics shape a greener future:

"We do more than just dream of a more sustainable future; we are actively building it. Our work with Pledge demonstrates our shared commitment to caring for the environment. This is a significant step towards creating a healthier planet for future generations."

CHRISTOF THESINGA
Vice President, Marketing Europe, Coyote Logistics

Sustainability in the Noerpel Group

Carbon footprint and long-term goals:

- Climate neutrality by 2050.
- 30% reduction in CO^{2}e emissions per tonne-kilometer by 2030.
- 60% reduction in CO^{2}e emissions by 2040, administration and logistics will be climate neutral by 2040.
- Goals are aligned with the Science Based Targets Initiative (SBTI), ensuring that they follow scientifically backed methodologies for reducing emissions.
- Regular monitoring and analysis of the carbon footprint within the company and supply chain (scope 1, 2, and 3 emissions).

Sustainable buildings:

- Use of renewable energy sources, 100% green electricity.
- Buildings meet DGNB Gold Standard.
- Energy efficiency optimization, including heat pumps, photovoltaic systems, and LED lighting.
- New buildings consume 40% less energy than reference buildings.

Mobility and vehicle fleet:

- Transitioning fleet to electric engines (passenger and industrial vehicles).
- Introduction of electric trucks and optimized lithium-ion batteries.
- Charging infrastructure in new buildings (stations for electric cars and bikes).

Energy efficiency:

- Energy audits in accordance with DIN EN 16247
- Intelligent lighting systems with motion and daylight sensors

Alignment with UN Goals:

- Focus on 12 out of the 17 UN Sustainable Development Goals that are most relevant to the company.

Our Sustainability Strategy

As a traditional, family-operated company, now managed by the fourth and fifth generations, we at Noerpel are always looking towards the future. That is why, we want our actions to be sustainably successful and are preparing ourselves for future-proof development.

Taking the many challenges of the current era into account, from climate change to demographic changes and the associated lack of skilled labor, we want to ensure a sustainable value creation chain and fulfill our responsibility toward the environment and society. We are also aware that we work in an industry that poses a particular challenge regarding climate change.

Sustainability is therefore a major, permanent component of our corporate strategy. A holistic view and our binding, voluntary commitment will help us achieve our ambitious sustainability goals. We would like our entire company to be climate neutral by 2050.

Regular accounting and analysis of our carbon footprint within the company and along the supply chain creates transparency and keeps us on track. To successfully be able to implement effective reduction measures, we are willing to be innovative and are open to new technologies. By regularly communicating with our customers and partners, we cooperate to develop concepts to achieve our goals together.

Our Sustainability Goals

Our corporate carbon footprint is the starting point for our sustainability measures and projects. We determine and calculate the greenhouse gas emissions we generate that have an impact on the environment. We derive our goals and measures from these calculations in order to reduce our corporate footprint long-term. By regularly monitoring and reviewing our measures, we ensure the efficacy of our actions.

When setting our strategic goals, we commit ourselves to follow the scientifically recognised principle of "science-based targets" and set medium-term and long-term goals on a scientific basis. As part of this, we apply the guidelines of the Science Based Targets Initiative (SBTI). Therefore, our goals are aligned with the objective of limited global warming to a maximum of 1.5°C and protecting our environment. As a corporate group, we are aiming to be climate neutral by 2050 at the latest. We are advancing towards this goal in the following phases: By 2030, we will reduce our emissions per tonne-kilometre by 30 percent in comparison to 2021. Within the next ten years, we will set up our administration and logistics in a climate-neutral manner and reduce emissions by 60 percent by 2040. The calculations include all of the Noerpel Group's direct and indirect emissions (scope 1, 2 and 3).

In addition to the climate-related goals, the UN 2030 Sustainable Development Goals are also important to us in order to promote sustainability in a holistic manner. We are focused on 12 of 17 goals on which we, as a logistics company, have a strong impact.

Our Main Sustainability Issues

We are working on our major issues collectively based on the trinity of sustainability (ecology, social affairs and economy). Within these issues, four areas of activity were defined:

- Mobility and vehicle fleet
- Sustainable properties and energy efficiency
- Dedicated to our staff
- Active on behalf of the community

Measures will be derived and implemented in each of these areas of activity in order to achieve our sustainable goals.

Area of Activity - Properties and Energy Efficiency

The core of the "sustainable properties and energy efficiency" area of activity is our sustainable property concept.

With regard to our existing buildings, we are concerned about energy efficiency and are optimising our energy consumption. Regularly carrying out energy audits according to DIN EN 16247 helps us review our energy efficiency and identify optimisation measures. All Noerpel sites are slated to use renewable energy sources and, in the future, will cover their electricity consumption with 100% green electricity. To increase our energy efficiency, we are, in particular, retrofitting LED lighting and relying on the increased use of motion sensors.

In cooperation with Panattoni, logistics properties were built within the framework of our sustainable property concept at our sites in Elsdorf, Heidenheim, Odelzhausen, Singen and Giengen. Our new buildings are characterised by several environmentally friendly and future-oriented features. All new Noerpel buildings will be built according to the DGNB Gold Standard. In cooperation with Panattoni, we also developed internal guidelines for sustainable building which exceeds the statutory requirements:

We use recyclable or recycled, alternative building materials to reduce the ecological footprint of the buildings. The focus is on optimised energy demand and the use of renewable energy sources for electricity and heating. To heat the offices, we will use efficient air-to-water heat pumps which reduce CO^2 emissions. An intelligent light control system with motion sensors and daylight sensors ensure lights are only on when they are needed, which reduces energy consumption. The roofs are statically designed for the installation of photovoltaic systems or are already equipped with photovoltaic systems, which promotes the use of renewable energy.

As a result, the new buildings only require 40% of the energy of a reference building. These features emphasise our commitment to sustainable building and innovative solutions.

Area of Activity - Mobility and Vehicle Fleet

Alternative propulsion options and fuels are important key factors to successfully achieving our long-term climate goals. A part of the passenger vehicle fleet has already been converted to electric engines. Our electricity-powered fleet of industrial trucks will be further optimised: Lead batteries will be successively replaced with efficient lithium-ion batteries. This year, the on-site yard logistics at two sites will be switched to electricity-powered which will save around 40 tons of greenhouse gas emissions annually per site. Our first electric truck will also be added to our fleet this year and will be used for local transport and on the night line, saving around 110 tons of greenhouse gas emissions per year. As part of this, our headquarters in Ulm will be upgraded as the flagship site for eMobility within the Noerpel Group.

Our sustainable property concept plays a significant role in achieving our goals in the area of eMobility and creating the necessary charging infrastructure. All new buildings are equipped with charging stations for electric cars and electric bicycles. Empty pipes for additional electric vehicles, passenger and utility alike, will be laid so additional charging stations can be easily installed after completion. Thus, we ensure that our new buildings are also prepared for the medium-term and long-term implementation of our sustainability strategy.

VIKTORIA WESSEL
Head of Sustainability,
Noerpel Group

Case Study: GL events

How GL events streamlined scope 3 data collection and reporting with Pledge.

GL events UK is part of the global GL events Group, a leader in providing integrated solutions and services for live events, conferences, venues and exhibitions. With a presence in nearly 100 international offices across 20 countries and five continents, and supporting events that welcome 12 million visitors annually, GL events' logistics infrastructure is vast and complex, requiring immense coordination and efficiency.

Sustainability has emerged as a key priority for GL events in recent years. With scope 3 emissions from logistics operations within its supply chain contributing a large proportion of its carbon footprint, there's an increasing need to streamline operations and accurately report greenhouse gas (GHG) emissions. This case study explores the key challenges GL events faced and how Pledge's carbon accounting solution helped its supply chain team save time, ensure consistent data calculations and meet climate disclosure regulations.

Challenges

GL events UK faced several key challenges. One of the primary issues was dealing with disparate data across their supply chain, which made emissions reporting both time-consuming and unreliable.

"Our suppliers range from small local operators to large international hauliers, so collecting standardised data was never easy," said Jamie Connolly, Sustainability Specialist at GL events UK. "We often received data in different formats, and consolidating it into something usable was a real challenge."

Each of GL events UK's seven business units manages its own supply chain, spanning a range of logistics partners, from international hauliers to small, independent operators. This diversity in suppliers created significant difficulties in consolidating transportation data into a standardised format. Gathering, organising and interpreting data for scope 3 emissions — covering both upstream and downstream transportation and logistics — was particularly demanding. Each supplier provided data in various formats, creating an added layer of complexity that made it difficult to create accurate, uniform reports.

Additionally, recalculating the company's carbon emissions baseline was a complex and time-intensive process. Calculating scope 3 emissions required extensive manual calculations using the UK DEFRA emission factors. But, without standardised data from suppliers, GL events struggled to produce consistent results.

"We were spending hours manually crunching the numbers, and there were always concerns about the accuracy of the data," Connolly explained. "Data quality issues were a constant frustration, which really slowed down our reporting process."

GL events required a solution that could not only simplify data collection but also ensure trustworthy, auditable results for regulatory compliance and internal reporting.

The demand for sustainable solutions as well as accurate and reliable data is continuing to change the way in which traditional business transactions are being conducted. Scott Jameson, GL events UK CEO remarked, "We are beginning to witness a real shift in client demands. Demands range from alternative sustainable solutions across our whole product range beginning at the first start of our value chain right up until post-delivery with the requirement to provide a carbon impact analysis of the event we have delivered. Pledge plays a pivotal role in capturing this data."

Solution

Recognising the need for a streamlined, scalable emissions reporting solution, GL events UK partnered with Pledge. Pledge provided a solution designed to automate and standardise emissions data collection, calculation and reporting, offering several key benefits:

1. Time savings by automating data collection and consolidation across suppliers

Pledge's platform consolidated logistics data across all suppliers, regardless of size or location, significantly reducing the time spent gathering and formatting information. Instead of manually sorting through disparate data sets, GL events could now collect transportation data in an automated way with a consistent format.

2. Accredited calculations

Pledge's platform ensures that emissions calculations are reliable and adhere to industry standards. Its Global Logistics Emissions Council (GLEC)-accredited and ISO 14083-aligned platform calculates and reports emissions using an auditable and transparent process. This enabled the company to make meaningful comparisons between suppliers and track their carbon emissions with confidence.

3. Scalable across the business

The flexibility of Pledge's solution made it easy to scale across GL events UK's multiple business units. Whether a shipment was handled by an international haulier or a local logistics provider, Pledge's platform supported all transport modes and provided comprehensive emissions data for each. This allowed GL events to gain a complete picture of its environmental impact.

4. Data-driven decision-making for emissions reductions

With Pledge, GL events could not only gather emissions data but also leverage it to make informed decisions. The detailed insights into the environmental impact of its supply chain helped the company identify areas for improvement and implement targeted emissions reductions across its operations.

5. Seamless onboarding and support

Pledge's user-friendly platform and dedicated support made onboarding smooth and efficient. GL events quickly integrated the solution into their existing processes, with guidance available at every step of the way.

"Pledge has been fantastic to work with. The platform covers everything we need, and their team was incredibly supportive during onboarding. It's great to know we're in the hands of experts," Connolly said.

Results

Partnering with Pledge delivers measurable benefits for GL events UK, both in terms of sustainability and operational efficiency.

1. Transparent calculations that build trust

Pledge's Accuracy™ and Clarity™ features ensure GL events can provide fully transparent emissions data to its stakeholders. This transparency helps build trust both within the company and with customers and suppliers throughout the supply chain. Stakeholders can now clearly see how emissions are calculated and the quality of the data provided, making the company's sustainability reporting more robust and credible.

2. Reliable data for impactful emissions reductions

The data collected through Pledge allows GL events to produce detailed reports on carbon emissions for each shipment. These insights are crucial for calculating the company's overall carbon footprint and identifying areas for improvement. With trustworthy data at their fingertips, GL events can confidently pursue emissions reduction initiatives within their supply chain.

3. Improved efficiency

By automating the carbon accounting process, Pledge eliminated many of the manual steps that previously bogged down GL events' supply chain team. Data collection, calculation and reporting are now all automated, reducing the risk of human error and freeing up valuable time for other strategic initiatives. This not only improves internal efficiency but also increases the reliability of the company's emissions data.

"As carbon accounting becomes a necessity for businesses, it is exciting to see a company like GL events putting in place a scalable, robust and audit-proof process for supply chain emissions calculation and reporting " said David de Picciotto, CEO and Co-Founder of Pledge. "We're pleased to be supporting them on their sustainability journey as they look to reduce the environmental impact of their supply chain."

Conclusion

Looking forward, GL events UK plans to continue its sustainability journey, leveraging Pledge's solution to further refine its emissions calculation and reporting processes and implement effective emissions reductions across its supply chain. By partnering with Pledge, GL events has made significant strides in creating a more transparent, efficient and sustainable logistics operation.

As the company grows and the demand for environmentally conscious events increases, GL events is well-positioned to meet regulatory demands, reduce logistics supply chain emissions and achieve its long-term sustainability goals.

JAMIE CONNOLLY
Sustainability Specialist, GL events

Index of Charts

Where table percentage data does not sum to 100%, this represents the share of respondents selecting each category.

Appendix

The following section provides access to the full data set of questions and responses (2024) recorded as part of the European Logistics and Supply Chain Sustainability Report.

Measuring ESG Sentiment

1. Sector of research respondents

Sector	Overall
Logistics	49%
Manufacturers	33%
Retailers	18%
Total	**100%**

2. Job titles of research respondents

Job titles	Overall
Sustainability	26%
CEO/MD/CFO/FD	28%
Logistics/Supply Chain Director	18%
Operations Director	16%
Commercial Director/Other	12%
Sub-total	**100%**

Current Perspectives

3. Why do you undertake sustainability activity? Rate the importance of the following factors that drive sustainability activity in your business.

(Score each factor 1 = not at all important – 10 = very important)	Overall	Logistics Operators	Manufacturers and Retailers
Meet regulatory/legislative requirements	7.5	8.0	7.0
Keep up with competitors	7.0	7.5	6.6
Meet informal expectations/requirements of customers/suppliers/ service providers'	7.2	8.0	6.4
Meet contractual requirements of customers/suppliers/service providers	7.4	7.6	7.2
Attract new customers/achieve top-line growth	7.3	7.8	7.0
Reduce costs and/or enhance productivity	6.5	6.4	6.5
Achieve financial/tax benefits/credits	5.4	4.8	6.1
Optimise long term capital expenditures	5.9	5.5	6.1
Attract investors	4.9	4.2	5.5
Attract and retain employees	6.7	6.4	7.1
Make a positive social impact	7.6	7.6	7.5
Make a positive environmental impact	8.1	8.3	7.8
Enhance corporate reputation	7.7	7.7	7.7
Meet the UN requirements to become climate neutral by 2050	7.1	6.9	7.2

4. What challenges does your company encounter in its attempts to introduce/enhance more sustainable solutions for your supply chain operations? (Select all that apply)

Share of respondents encountering each challenge (%)	Overall	Logistics Operators	Manufacturers and Retailers
Complexity of solutions	52%	58%	46%
Impact on performance of solutions	30%	46%	15%
Lack of resource (people) to implement	30%	34%	27%
Lack of skills/knowledge	30%	24%	37%
Lack of support from leadership	13%	4%	21%
Lack of technology improving sustainable operations	35%	32%	38%
Financial cost of solutions	64%	80%	48%
Inability to define/measure ROI	22%	20%	23%
Unable to quantify/measure benefits of solutions	19%	20%	17%
Do not achieve benefits	10%	10%	10%
Not understanding regulations	7%	6%	8%
Understanding of reporting standards and complexity	18%	24%	12%
Freight emissions are too difficult to measure	14%	14%	13%
Aligning ESG with growth targets	22%	26%	17%
There are more important things to spend environmental sustainability budget on	5%	4%	6%
None	0%	0%	0%
Other	2%	4%	0%

5. Does your company have a corporate sustainability policy? (Select one)

Corporate sustainability policies	Overall	Logistics Operators	Manufacturers and Retailers
Yes	85%	92%	79%
No	15%	8%	21%
Sub-total	**100%**	**100%**	**100%**

Do you have a sustainability budget in place?

Sustainability budgets	Overall	Logistics Operators	Manufacturers and Retailers
Yes, we do have a budget in place	42%	48%	37%
No, but we will have a budget in place in the next 12 months	20%	17%	23%
No, but we will have a budget in place in the next 3 years	26%	23%	29%
No, we do not have a budget in place and we most likely never will	6%	8%	4%
Don't know	6%	4%	7%
Sub-total	**100%**	**100%**	**100%**

6. Which of the following challenges or benefits has your company's sustainability programme directly contributed to? (Select all that apply)

Share of respondents selecting each benefit/challenge (%)	Overall	Logistics Operators	Manufacturers and Retailers
Lost customers due to poor sustainability practices	7%	4%	10%
Won customers due to strong sustainability practices	43%	50%	37%
Access to government subsidies and financial support	31%	34%	29%
Lost access to government subsidies and financial support due to poor sustainability practices	9%	2%	15%
Avoided incurring contractual penalties with counterparties	21%	20%	21%
Accrued payment of contractual penalties from counterparties	9%	2%	15%
Lack of recognition/competitive advantage (practices are reactive rather than proactive)	19%	16%	21%
Increased media/PR profile	47%	64%	31%
Improved/enhanced collaboration within the company	38%	50%	27%
Loss of collaboration and transparency within the company	7%	4%	10%
Enhanced/improved employee motivation	25%	38%	12%
Contribution to The European Commission's Fit-for-55 package/ UN requirements to become climate neutral by 2050	17%	20%	13%
None	8%	4%	12%
Other	0%	0%	0%

Does your company have (or will have within the next 12 months) an obligation to report its emissions or the emissions associated with its products or services?

Obligations to report	Overall	Logistics Operators	Manufacturers and Retailers
Yes	80%	80%	81%
No	20%	20%	19%
Sub-total	**100%**	**100%**	**100%**

7. What drives (or will drive within the next 12 months) your company's obligation to report its emissions or the emissions associated with its products or services?

Share of respondents reporting each factor (%)	Overall	Logistics Operators	Manufacturers and Retailers
Customer requirement	55%	65%	43%
Investor or board requirement	53%	62%	40%
Commitment to SBTi/ carbon neutrality/ net zero objective or other voluntary pledge	53%	52%	53%
Regulatory obligations	63%	54%	70%
Don't know	2%	4%	0%
Other	0%	0%	0%

To what extent does your company calculate and report its supply chain emissions?

Share of respondents taking each approach (%)	Overall	Logistics Operators	Manufacturers and Retailers
No emissions calculation & reporting across any Scope	8%	12%	4%
No supply chain emissions calculation & reporting, but we report on Scope 1 and Scope 2	12%	6%	17%
Only Scope 1&2	38%	34%	42%
No Scope 3 calculation & reporting right now and no immediate plans to do so	18%	12%	23%
No Scope 3 calculation & reporting right now but we plan to start within the next 3 years	17%	20%	13%
No Scope 3 calculation & reporting right now but we plan to start in the 12 months	18%	18%	17%
Some high-level Scope 3 calculation & reporting takes place now, mostly based on spend-based calculations	34%	42%	27%
Scope 3 calculation & reporting in place with emissions data directly provided by our supplier	14%	4%	23%

Looking ahead

8/9. Which are the key focus areas for your company's environmental initiatives?

Share of respondents with each 'focus area'.... (%)	Overall	Logistics Operators	Manufacturers and Retailers
Reducing carbon dioxide (CO^2) emissions in the next five years	68%	80%	56%
Offset green energy from PPA	24%	20%	27%
Optimising fuel use of existing fleet	55%	68%	42%
Electric vehicle charging points	47%	56%	38%
Hydrogen fleet	11%	16%	6%
Battery storage (for onsite renewable energy generation)	26%	34%	19%
Introducing/expanding number of alternative energy vehicles	43%	52%	35%
Warehouse energy and heat saving solutions (solar panels, lighting sensors, led lighting, heat exchangers next to refrigerating appliances)	60%	76%	44%
Preserving water resources (rainwater harvesting systems, water filters)	29%	28%	29%
Positive environmental impact (landscaping trees, lawns, biodiversity etc)	36%	42%	31%
Staff initiatives (car sharing, bicycle shelters, panoramic windows, outdoor gyms etc)	32%	38%	27%
Employee sustainability training initiatives	45%	58%	33%
Recycling initiatives	48%	58%	38%
Procurement initiatives	29%	32%	27%
Circular economy practices	24%	26%	21%
Utilising technology/digital tools to drive environmental objectives	34%	46%	23%
Extending and measuring environmental initiatives to suppliers/ sub-contractors	41%	42%	40%

10. Which factors would encourage your company to improve the sustainability of your supply chain operations? (Select all that apply)

Share of respondents selecting each factor (%)	Overall	Logistics Operators	Manufacturers and Retailers
Financial incentives (grants, subsidies)	73%	66%	79%
Pressure/demand from customers	49%	66%	33%
Pressure/demand from shareholders or investors	35%	22%	48%
Linking executive compensation to sustainability targets	34%	34%	35%
Availability of solutions that also enhance financial performance	45%	60%	31%
Improved understanding environmental regulations	22%	10%	33%
Greater clarity of sustainability investment options (e.g. choice of future fuels)	28%	28%	29%
Greater understanding of the choice of future fuels	29%	46%	13%
Lower cost of implementation	52%	76%	29%
None	1%	0%	2%

11/12. Which of the following defined and formalised sustainability KPI measurements does your company have in place?

Share of respondents with each KPI (%)	Overall	Logistics Operators	Manufacturers and Retailers
Carbon footprint	62%	70%	54%
Supply chain miles	37%	32%	42%
Emissions (to air, sea, land)	55%	62%	48%
Energy consumption/fuel efficiency for warehouses	66%	82%	50%
Energy consumption/fuel efficiency for transport/distribution	58%	58%	58%
Water footprint	29%	32%	27%
Use of renewable materials	30%	22%	39%
Packaging recycling rate	36%	42%	31%
Product recycling rate	21%	20%	21%
Use of single-use plastics	25%	26%	25%
Proportion of recyclable waste/non-recyclable waste	27%	34%	21%
Waste reduction rate	33%	38%	29%
Sustainability awareness training penetration	24%	32%	15%
Supplier environmental sustainable index	15%	8%	21%
None, but we are planning to define those in the next 12 months	2%	0%	4%
None and we are not planning to define those in the next 12 months	2%	0%	4%
Other	0%	0%	0%

Across different stages of your supply chain, how difficult/easy is it to obtain the data needed to measure sustainability? (Score each 1=significant challenges – 5 = not at all difficult)

Average score (lower = more challenging to get data)	Overall	Logistics Operators	Manufacturers and Retailers
Procurement of goods/materials	2.7	2.6	2.9
Manufacturing of goods/materials	3.1	2.8	2.3
Warehouse/storage	3.4	3.5	3.4
Air freight	3.3	3.5	3.2
Intermodal freight	3.0	3.1	3.0
Rail freight	3.1	3.6	2.8
Road transport - domestic	3.2	3.1	3.2
Road transport - international	2.9	2.8	3.0
Sea freight	3.3	3.3	3.3
Courier/Express/B2C last mile transport	3.0	2.8	3.1
Retail of goods/materials	3.1	2.9	3.2
Average	3.1	3.1	3.0

13. In three years' time, how much 'weight' do you expect sustainability to carry in the contract award?

Weight given to sustainability targets in RFP (2027/28 expectations, given in 2024)	Overall	Logistics Operators	Manufacturers and Retailers
0%	2%	0%	4%
0-5%	3%	2%	4%
5-10%	20%	25%	15%
10-15%	25%	13%	36%
15-20%	22%	21%	23%
20-25%	16%	23%	10%
>25%	12%	16%	8%
Sub-total	**100%**	**100%**	**100%**

Weight given to sustainability targets in RFP (2026/27 expectations, given in 2023)	Overall	Logistics Operators	Manufacturers and Retailers
0%	2%	2%	2%
0-5%	3%	2%	4%
5-10%	11%	18%	4%
10-15%	30%	22%	37%
15-20%	28%	29%	28%
20-25%	13%	11%	15%
>25%	13%	16%	11%
Sub-total	**100%**	**100%**	**100%**

Focus on Legal and Contractual

14. Are sustainability targets a part of your company's RFP process when tendering for new business? (Select one)

Is sustainability a part of RFP?	Overall	Logistics Operators	Manufacturers and Retailers
Yes	68%	64%	71%
No	32%	36%	29%
Sub-total	**100%**	**100%**	**100%**

15/16. If sustainability targets are a part of your company's RFP process when tendering for new business, how much of weight does sustainability carry in the contract award? (Select one)

Weight given to sustainability targets in RFP	Overall	Logistics Operators	Manufacturers and Retailers
0-5%	7%	9%	4%
5-10%	26%	31%	21%
10-15%	27%	25%	29%
15-20%	22%	16%	29%
20-25%	10%	13%	7%
>25%	8%	6%	10%
Sub-total	**100%**	**100%**	**100%**

17. Do you include minimum sustainability pre-qualification criteria in tenders? (Select one)

Minimum sustainability pre-qualification criteria in tenders	Overall	Logistics Operators	Manufacturers and Retailers
Yes, we already include them	37%	36%	39%
We do not include them now but will do in the future	54%	54%	54%
We do not include them now and it is unlikely we will do	8%	10%	6%
We do not include them now and we never will	1%	0%	1%
Sub-total	**100%**	**100%**	**100%**

18. What typical minimum sustainability pre-qualification criteria are in place?

Minimum sustainability pre-qualification criteria	Overall	Logistics Operators	Manufacturers and Retailers
Vendor holds CDP/Ecovadis or equivalent certification	31%	18%	36%
Vendor holds environmental ISO standard certification (e.g. ISO 14001)	67%	77%	55%
Emissions calculations provided by the vendor are accredited and in line with recognised framework (e.g. SBTI, GLEC/ ISO 14083/ EN 1625)	44%	47%	36%
ESG reports under regulatory framework e.g. CSRD	18%	24%	9%

Have you ever refused or stopped working with a vendor or supplier because of a lack of sustainability credentials?

Consequences of a lack of sustainability credentials	Overall	Logistics Operators	Manufacturers and Retailers
Yes	23%	12%	33%
No	77%	88%	67%
Sub-total	**100%**	**100%**	**100%**

19/20. Are sustainability targets included in contracts as obligations or aspirations for logistics service providers to meet/fulfil? (Answer Obligations, Aspirations or Not Included for each category)

Sustainability targets and contracts	Overall	Logistics Operators	Manufacturers and Retailers
Procurement of goods/materials - Sustainability targets are.... - Obligations	36%	19%	50%
Procurement of goods/materials - Sustainability targets are.... - Aspirations	37%	35%	38%
Procurement of goods/materials - Sustainability targets are.... - Not Included	27%	46%	12%
Sub-total	**100%**	**100%**	**100%**

Sustainability targets and contracts	Overall	Logistics Operators	Manufacturers and Retailers
Manufacturing of goods/materials - Sustainability targets are.... - Obligations	37%	14%	56%
Manufacturing of goods/materials - Sustainability targets are.... - Aspirations	28%	26%	29%
Manufacturing of goods/materials - Sustainability targets are.... - Not Included	35%	60%	15%
Sub-total	**100%**	**100%**	**100%**

Sustainability targets and contracts	Overall	Logistics Operators	Manufacturers and Retailers
Warehouse/storage - Sustainability targets are.... - Obligations	36%	25%	46%
Warehouse/storage - Sustainability targets are.... - Aspirations	43%	50%	37%
Warehouse/storage - Sustainability targets are.... - Not Included	21%	25%	17%
Sub-total	**100%**	**100%**	**100%**

Sustainability targets and contracts	Overall	Logistics Operators	Manufacturers and Retailers
Air freight - Sustainability targets are.... - Obligations	30%	23%	37%
Air freight - Sustainability targets are.... - Aspirations	33%	25%	39%
Air freight - Sustainability targets are.... - Not Included	37%	52%	24%
Sub-total	**100%**	**100%**	**100%**

Sustainability targets and contracts	Overall	Logistics Operators	Manufacturers and Retailers
Intermodal freight - Sustainability targets are.... - Obligations	24%	18%	29%
Intermodal freight - Sustainability targets are.... - Aspirations	40%	30%	49%
Intermodal freight - Sustainability targets are.... - Not Included	36%	52%	22%
Sub-total	**100%**	**100%**	**100%**

Sustainability targets and contracts	Overall	Logistics Operators	Manufacturers and Retailers
Rail freight - Sustainability targets are.... - Obligations	25%	19%	31%
Rail freight - Sustainability targets are.... - Aspirations	43%	31%	52%
Rail freight - Sustainability targets are.... - Not Included	32%	50%	17%
Sub-total	**100%**	**100%**	**100%**

Sustainability targets and contracts	Overall	Logistics Operators	Manufacturers and Retailers
Road transport - domestic - Sustainability targets are.... - Obligations	39%	30%	47%
Road transport - domestic - Sustainability targets are.... - Aspirations	47%	52%	42%
Road transport - domestic - Sustainability targets are.... - Not Included	14%	18%	11%
Sub-total	**100%**	**100%**	**100%**

Sustainability targets and contracts	Overall	Logistics Operators	Manufacturers and Retailers
Road transport - international - Sustainability targets are.... - Obligations	38%	27%	46%
Road transport - international - Sustainability targets are.... - Aspirations	37%	43%	33%
Road transport - international - Sustainability targets are.... - Not Included	25%	30%	21%
Sub-total	**100%**	**100%**	**100%**

Sustainability targets and contracts	Overall	Logistics Operators	Manufacturers and Retailers
Sea freight - Sustainability targets are.... - Obligations	26%	20%	35%
Sea freight - Sustainability targets are.... - Aspirations	41%	34%	46%
Sea freight - Sustainability targets are.... - Not Included	33%	46%	19%
Sub-total	**100%**	**100%**	**100%**

Sustainability targets and contracts	Overall	Logistics Operators	Manufacturers and Retailers
Courier/Express/B2C last mile transport - Sustainability targets are.... - Obligations	36%	19%	50%
Courier/Express/B2C last mile transport - Sustainability targets are.... - Aspirations	41%	44%	39%
Courier/Express/B2C last mile transport - Sustainability targets are.... - Not Included	23%	27%	11%
Sub-total	**100%**	**90%**	**100%**

Sustainability targets and contracts	Overall	Logistics Operators	Manufacturers and Retailers
Retail of goods/materials - Sustainability targets are.... - Obligations	34%	12%	50%
Retail of goods/materials - Sustainability targets are.... - Aspirations	31%	28%	35%
Retail of goods/materials - Sustainability targets are.... - Not Included	35%	60%	15%
Sub-total	**100%**	**100%**	**100%**

Sustainability targets and contracts	Overall	Logistics Operators	Manufacturers and Retailers
Overall - Obligations	33%	21%	43%
Overall - Aspirations	38%	36%	40%
Overall - Not Included	29%	43%	17%
Sub-total	**100%**	**100%**	**100%**

If sustainability targets are included as contractual aspirations or obligations for logistics service providers to meet, how is compliance with these obligations monitored? (Select all that apply)

Share of respondents nominating each monitoring category.... (%)	Overall	Logistics Operators	Manufacturers and Retailers
Self reporting	70%	67%	71%
Audit rights	48%	47%	49%
Independent verification	22%	22%	22%

21. If sustainability targets are included as contractual aspirations or obligations for logistics service providers to meet, please describe the consequences in place for failure to meet the targets. (Select all that apply)

Share of respondents using each 'consequence'.... (%)	Overall	Logistics Operators	Manufacturers and Retailers
Financial penalty	48%	36%	54%
Right to terminate	55%	64%	51%
Exclusion from future tenders	39%	59%	28%

22. Have you ever lost a contract from a customer/ not renewed a contract with a service provider or customer because of a failure to meet sustainability targets? (Select yes, no or n/a for each category)

Overall			
Share of respondents losing/terminating contracts.... (%)	Yes	No	Sub-total
Procurement of goods/materials	14%	86%	100%
Manufacturing of goods/materials	14%	86%	100%
Warehouse/storage	9%	91%	100%
Air freight	5%	95%	100%
Intermodal freight	7%	93%	100%
Rail freight	6%	94%	100%
Road transport - domestic	11%	89%	100%
Road transport - international	10%	90%	100%
Sea freight	12%	88%	100%
Courier/Express/B2C last mile transport	10%	90%	100%
Retail of goods/materials	7%	93%	100%

Logistics			
Share of respondents losing/terminating contracts.... (%)	Yes	No	Sub-total
Procurement of goods/materials	11%	89%	100%
Manufacturing of goods/materials	15%	85%	100%
Warehouse/storage	7%	93%	100%
Air freight	3%	97%	100%
Intermodal freight	4%	96%	100%
Rail freight	10%	90%	100%
Road transport - domestic	14%	86%	100%
Road transport - international	10%	90%	100%
Sea freight	8%	92%	100%
Courier/Express/B2C last mile transport	10%	90%	100%
Retail of goods/materials	13%	87%	100%

Manufacturers and Retailers			
Share of respondents losing/terminating contracts.... (%)	Yes	No	Sub-total
Procurement of goods/materials	15%	85%	100%
Manufacturing of goods/materials	14%	86%	100%
Warehouse/storage	10%	90%	100%
Air freight	7%	93%	100%
Intermodal freight	10%	90%	100%
Rail freight	2%	98%	100%
Road transport - domestic	11%	89%	100%
Road transport - international	10%	90%	100%
Sea freight	16%	84%	100%
Courier/Express/B2C last mile transport	8%	92%	100%
Retail of goods/materials	4%	96%	100%

Focus on Warehousing and Transport

23. What are the most important solutions in your supply chain to contribute towards sustainability targets/goals?

Share of respondents using technology to.... (%)	Overall	Logistics Operators	Manufacturers and Retailers
Enhance operational visibility and performance measurement	49%	58%	40%
Monitor compliance through notifications e.g. reaching targets/ falling-behind targets	46%	46%	46%
Avoid fines, penalties and enforcement action	30%	24%	37%
Energy saving – warehouse	62%	72%	52%
Energy saving – distribution	54%	58%	50%
Net zero (PV onsite energy or green energy from PPA; no gas, offsetting)	24%	36%	12%
Hydrogen	9%	10%	8%
Renewable Energy Standard	36%	26%	46%
Lower water use	23%	16%	29%
Lower packaging use	31%	30%	33%
Gain access to subsidies, grants and other finance	23%	24%	21%
Operate electric vehicle fleet	41%	54%	29%
Supply chain planning/optimisation	40%	52%	29%
Increase asset utilisation	28%	38%	19%
Manage time/resources	22%	24%	19%
Improve collaboration opportunities (with customers and/or competitors)	21%	28%	14%
Other	1%	2%	0%

24. Would you be willing to increase your costs in order to have environmental certifications for your logistics/supply chain operations and assets?

Willingness to pay for environmental certifications.... (%)	Overall	Logistics Operators	Manufacturers and Retailers
Yes, because it adds value to my company's marketing efforts	17%	13%	21%
Yes, because it adds value to my company's sales efforts	19%	17%	21%
Yes, because it adds value to my brand as an employer	16%	25%	8%
Yes, but it depends on the size of the increase	36%	35%	37%
No, because it does not add value	9%	6%	12%
No	3%	4%	2%
Sub-total	**100%**	**100%**	**100%**

25. When it comes to using an external provider to calculate Scope 3 carbon emissions (e.g. transport & logistics), rate the importance of the following factors to you: (Score each factor 1=not at all important – 10 = very important).

Using an external provider to calculate Scope 3 carbon emissions	Overall	Logistics Operators	Manufacturers and Retailers
The tool is easy and simple to set up	7.5	7.5	7.8
The tool is easy and simple to use	8.0	7.9	8.2
The tool is accredited to internationally recognised standards	7.9	8.1	6.8
The tool produces accurate calculations (beyond the default industry standard)	8.5	8.5	8.2
The tool is transparent, i.e. you can see how calculations are broken down, including an audit-trail	8.5	8.7	7.5
The tool is not too expensive	7.6	7.4	8.8
The tool offers active customer support/problem resolution	6.1	6.2	5.8
The tool also allows you to measure multiple categories of scope 3 emissions (i.e. one-stop shop vs point solution)	7.2	7.6	5.0

26. What rent premium would your company be willing to pay to move operations to a 'green' building over a standard 'non green' building?

Willingness to pay rent premium.... (%)	Overall	Logistics Operators	Manufacturers and Retailers
None	7%	2%	11%
A premium equating to less than the total operating cost savings (e.g., electricity bills)	33%	33%	33%
A premium equivalent to the total operating cost savings (e.g., electricity bills)	42%	50%	35%
A premium over the total operating cost savings (e.g., electricity bills)	9%	6%	11%
Do not know/No answer	9%	9%	10%
Sub-total	**100%**	**100%**	**100%**

27. What premium would your company be willing to pay to move transport operations to a 'green' fleet over a standard 'non green' fleet?

Willingness to pay premium.... (%)	Overall	Logistics Operators	Manufacturers and Retailers
None	3%	2%	4%
A premium equating to less than the total operating cost savings (e.g., fuel)	18%	10%	25%
A premium equivalent to the total operating cost savings (e.g., fuel)	46%	38%	54%
A premium over the total operating cost savings (e.g., fuel)	23%	38%	9%
Do not know/No answer	10%	12%	8%
Sub-total	**100%**	**100%**	**100%**

28. Rate the following warehouse/real estate sustainability features in terms of their importance to your operation: (Rate either Very important/Important/Moderately important/ Slightly important/Not important for each category).

Importance of warehouse sustainability features: 'Overall'	Very important	Important	Moderately important	Slightly important	Not important
Electric vehicle charging points	31%	28%	24%	13%	4%
Warehouse energy saving solutions: solar panels, lighting sensors, led lighting, heat exchangers next to refrigerating appliances, heat pumps,	46%	34%	14%	5%	1%
Preserving water resources: rainwater harvesting systems, water filters, grey water, water leak detectors;	23%	32%	27%	10%	8%
Positive environmental impact: landscaping trees, no mown lawns, biodiversity, meadow;	21%	28%	26%	20%	5%
Staff initiatives: car sharing, bicycle shelters, panoramic windows, outdoor gyms, parcel lockers, vending machines, ATM (cash machines);	16%	25%	33%	20%	6%

Ranking Importance by Share of 'Very Important' + 'Important'	2024	2023	2022
Warehouse energy saving solutions: solar panels, lighting sensors, led lighting, heat exchangers next to refrigerating appliances, heat pumps,	80%	81%	92%
Electric vehicle charging points	59%	67%	53%
Preserving water resources: rainwater harvesting systems, water filters, grey water, water leak detectors;	55%	57%	59%
Positive environmental impact: landscaping trees, no mown lawns, biodiversity, meadow;	49%	44%	39%
Staff initiatives: car sharing, bicycle shelters, panoramic windows, outdoor gyms, parcel lockers, vending machines, ATM (cash machines);	41%	49%	45%

29. Regarding your road fleet operations, how important are the following factors to assist you to achieve decarbonisation targets? (Rate either Very important/Important/Moderately important/Slightly important/Not important for each category)

Importance of factors to support transport decarbonisation: 'Overall'	Very important	Important	Moderately important	Slightly important	Not important
Clarity on fuel choices, technology and cost	52%	38%	10%	0%	0%
Longer implementation period	9%	41%	32%	9%	9%
Grants for vehicles	37%	30%	24%	4%	5%
Grants for charging/refuelling	44%	30%	17%	4%	5%
Vehicle scrappage scheme	7%	32%	32%	16%	13%
Investment in refuelling infrastructure	37%	30%	28%	5%	0%
Investment in charging infrastructure	57%	30%	13%	0%	0%
Location in close proximity to cities	16%	30%	36%	9%	9%
Development of road infrastructure – expressways, junctions	18%	30%	27%	16%	9%
Proximity to electric charging points	39%	43%	14%	4%	0%

Ranking Importance by Share of 'Very Important' + 'Important'	2024	2023	2022
Clarity on fuel choices, technology and cost	90%	82%	91%
Investment in charging infrastructure	87%	74%	77%
Proximity to electric charging points	82%	66%	77%
Grants for charging/refuelling	74%	66%	63%
Investment in refuelling infrastructure	67%	67%	71%
Grants for vehicles	67%	58%	51%
Longer implementation period	50%	55%	70%
Development of road infrastructure – expressways, junctions	48%	58%	74%
Location in close proximity to cities	46%	52%	64%
Vehicle scrappage scheme	39%	41%	28%

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