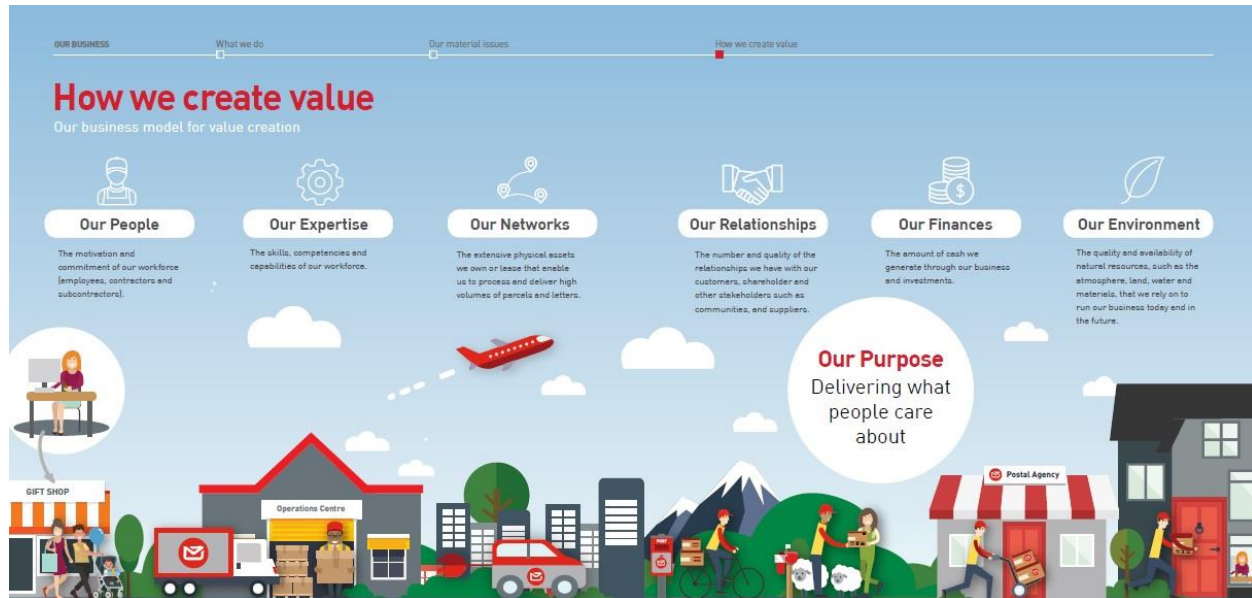




## Planning to reduce your emissions – where do you start?

Climate Leaders Coalition Case Study – New Zealand Post – November 2018



**Our Purpose:** Deliver what People care about

### The Problem

New Zealand Post has been around for 178 years, and we want to be here for at least another 178 more. Our challenge is to deliver value to all our stakeholders and integrate what they care about into our business. One thing in common to all is sustainability and reducing carbon emissions.

This makes sense as well as cents to us. In the shorter term, we understand that we need to anticipate potentially higher fuel costs and other Emissions Trading Scheme related costs. In the medium term, we can expect that there will be more disruption to our delivery networks from climate change-related weather events as well as changing customer preferences.

This might seem far enough away not to act but recent reports have shown the value of starting now, especially as the government starts to prepare the Zero Carbon Bill. To ensure we are prepared and are ready to make the most of the transition to a low carbon economy, we have taken a huge step up in our decarbonisation plans.

This is not going to be easy due to our emissions profile. This is dominated by our supply chain emissions from sources including international and domestic air freight, line haul services and courier delivery. In fact 95% of our carbon profile is made up of Scope 3 emissions. [More detail on our emissions profile and CEMARS certification.](#)

## What we did about it

We've set ourselves a big goal, [to be carbon neutral from 2030](#). It's an ambitious target, but we want to be leaders in this field and there are environmental, social and financial advantages in doing so. We also believe it will drive innovation and efficiencies across our business.

Secondly, we've created a decarbonisation fund to help drive emission reduction initiatives. This shows that we are serious about achieving our reduction goals. The annual fund value is linked to the cost of being carbon neutral now (i.e. purchasing voluntary carbon credits to offset our emissions). For the FY19 year, the value of the fund will be nearly \$1.5 million and will be used to invest in technology and innovation projects which will lower our carbon emissions.

We are aiming to reduce our emissions as much as possible through to 2030, and to purchase carbon offsets for any remaining emissions from that date. With the help of [Enviro-Mark Solutions](#) we are setting our reduction targets through the [Science Based Targets Initiative](#).

## The solutions

We have committed to a Science-Based Target (SBT), which is what we need to meet as our contribution to keeping temperature rise to less than 2 degrees. While this number is still to be confirmed, we anticipate a 30-40% reduction in emissions is needed from 2019 to 2030. This has been broken into 3-year chunks to help us measure progress.

It won't be a linear reduction pathway. It might take us a few years to research where to put our efforts and prepare for new technology (such as large electric vans, hydrogen trucks and electric planes).

To assist our path finding we have developed a 'decarbonisation roadmap' that will help guide actions across the business – not just in operations – but in the way the whole organisation thinks about reducing carbon. From People teams to IT to Procurement, everyone will need to be involved.

There is no silver bullet and reduction efforts will be needed across the business. These could include continuing to invest in electric vehicles, improving the energy efficiency of our buildings, increasing first time delivery rates, reducing our waste to landfill, ensuring we have good network utilisation, and collaborating with suppliers and customers on low carbon initiatives.

## Examples

### *Electric Vans*

We have a trial underway of electric vans in our metro courier and delivery fleets to assess if these are capable of becoming operational vehicles in our fleet. This is part funded by the [EECA LEV Contestable Fund](#). As part of this project we are also giving our contractors a chance to try them out and get comfortable with the technology.



### *Energy Efficiency*

We are investing in lighting upgrades in some of our biggest facilities. This upgrade will save us over \$100,000 per annum and is expected to reduce our emissions by 168 tonnes per year.

## The outcomes

The SBT setting process helped us understand how realistic an emissions reductions pathway could be, what might happen under business-as-usual and where we need to get more proactively involved.

Our decarbonisation roadmap has helped us identify several initial decarbonisation projects that can be implemented across the business. Some of these are operationally focused, some will require staff engagement and others are collaboration projects with customers and other stakeholders. Once we started looking, opportunities begun appearing.

The decarbonisation investment fund will help get some started while others relate to process improvement and won't require any capital to get underway. Our next challenge is to begin looking beyond the obvious and identify more projects for FY20 and beyond.

## What we learnt

- You need an overall plan – what reductions you are aiming for and, where are you aiming to achieve them.
- Mapping out carbon reductions pathway over the next 5-15 years can help you understand where to put your efforts. Break this down into 'bite sized' pieces. For us this meant 3-year chunks.
- It is important to ensure all parts of the business will be involved. It will be too easy for one part of the business to say it doesn't apply to them. To achieve our reduction everyone needs to be involved. Culture change is required so the involvement of our People and Communications teams is crucial.
- Need to develop a pipeline of projects across the business so you are always looking ahead.
- It won't be easy and it won't be a linear reduction pathway
- We need to embed the carbon mandate in operating practice through regular reporting, assessment of carbon impacts at key decision points and other engagement techniques.
- Carbon reduction projects should align to business case planning:
  - Be business unit centric – i.e. focus on the business units with the biggest carbon generation, and be aware that the business runs on cycles and has peak periods
  - Be transparent internally and externally – internally, both in the process and in the carbon accounting.
  - Be agile - design a process that 'cuts' projects quickly, if need be. (Keeping in mind that this requires a robust pipeline of ideas!)

### *Find out more*

Coalition members are welcome to contact Sam Bridgman, Sustainability Specialist to discuss NZ Post's experiences so far.

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