



## PARCEL DELIVERY ON A WARMING PLANET

# DECARBONISING STREETS AND FLEETS BRIEFING

BASED ON RESEARCH BY SOMO

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The rapid decarbonisation of the transport sector is critical for protecting community health from air pollution, and for global warming to remain within 1.5 °C. The sector as a whole and in particular last mile fleets delivering consumer goods from businesses to consumers in major cities globally, have a significant environmental, health and social impact.

In the past decade, the “Amazon effect” has determined the features of the delivery sector: shipping and returns have to be fast and free.<sup>1</sup> After the e-commerce sector tripled in size between 2014 and 2019, restrictions related to the Covid-19 pandemic led to a further boom in parcel deliveries in 2020. This has resulted in more packages, more vehicles, more local pollution, more drivers, more waste, and, critically, more CO<sub>2</sub> emissions. The report aims to demonstrate the relevance of the decarbonization of last-mile parcel delivery and single out the role and responsibility of global companies and cities in achieving this objective.

“Parcel Delivery on a Warming Planet” was commissioned by several national campaign groups from around the world, coming together under an international network, and finds that the six major global logistics, e-commerce and retail companies (Amazon, Walmart, FedEx, UPS, Deutsche Post DHL Group, and FlipKart) studied for this report have all failed to set ambitious targets to decarbonize. In addition they do not provide clear and accessible data on the measures they are currently taking or any progress they have made. Whilst these companies acknowledge the climate crisis and the impact of last mile deliveries, they are falling short.

Our collective power can ensure that delivery methods put people first, that trucks of all sizes don't pollute, that companies respect our streets and stop contributing to climate and local pollution. These companies must put people over pollution and commit to actions that are in line with meeting the 1.5 °C limit.

## NETWORK'S CONCLUSIONS

- 2040 and certainly 2050 commitments are way too late.
- A “zero emissions” target is considered to be the most ambitious, as this target implies companies will fully eliminate all greenhouse gas emissions generated by their activities.
- A “net-zero emissions” target, on the other hand, allows companies to continue to generate greenhouse gas emissions, as long as they “offset” these emissions by investing in measures or projects that supposedly compensate for these emissions, such as renewable energy or forestation projects.
- In every case, these commitments are all insufficient to support the goals of meeting the 1.5 degree target.

### **The international network asks all companies in this study:**

- ★ To work with urgency towards making 100% of their fleets Zero Emissions by 2030.
- ★ To immediately cease the procurement of any fossil - fuel powered delivery vehicles.
- ★ To immediately supply (and then on a yearly basis) clear and comparable data on greenhouse gas emissions, the measures taken to address environmental impacts and the monitoring of the impact of these measures.

## REPORT FINDINGS

### **Companies' Current Commitments**

Five of the companies analysed in this report have committed to reducing their emissions to either zero or net zero emissions by either 2040 or 2050<sup>2</sup>, but the concrete translation of these commitments to companies' delivery operations is much less clear.

- Only one of the six companies plans to eliminate all emissions from its fleet (Walmart by 2040).

<sup>1</sup> FreightWaves (2020). Final Mile Report. Retrieved from <https://www.freightwaves.com/wp-content/uploads/2020/06/Final-mile-whitepaper.pdf>

<sup>2</sup> Walmart's ambitions appear to cover the entire company group, including subsidiaries such as Flipkart, in which Walmart has a controlling stake. Flipkart itself, however, has not communicated about a company-wide zero emissions goal or any other emissions target.

- Only two of the six companies have set a target date for the full electrification of their road vehicles (FedEx by 2040 and Flipkart by 2030), while
- One company has set a target year for the partial electrification of its fleet (Deutsche Post DHL Group, 60 per cent by 2030).
- One company has set a partial net-zero fleet emissions target (Amazon), and
- One company does not have a concrete fleet-related emissions goal at all (UPS)!

### **Companies' Status**

Large differences can be observed in the actions the six companies have taken to eliminate the climate impact of their fleets.

- By the end of 2020, the Deutsche Post DHL's fleet comprised just over 15,000 electric vehicles, equalling 14.5 percent of their entire fleet.
- Flipkart, Amazon and FedEx have stated they have deployed 2,000, 1,800 and 500 electric vehicles in their delivery fleets respectively (2021), but do not make clear how this relates to the total size of their fleets.
- Walmart has only reported on pilot projects, these include projects with electric vehicles, but the company has not yet announced any electric vehicle orders.
- Several companies have announced plans to purchase electric vehicles in the next five to ten years (e.g. Amazon, FedEx, UPS). However, given the small size of their current electric vehicle fleets and the expected growth of the global parcel delivery sector, most of the six companies in this report will need to substantially accelerate their efforts to achieve their fleet electrification or emissions targets.

*Ilona Hartlief, researcher at SOMO: "Most companies are currently only starting the rollout of their fleet electrification and will need to accelerate and upscale their efforts in order to achieve their own climate goals and realise sustainable last-mile delivery."*

### **FURTHER HIGHLIGHTS:**

- Cities can play a leading role in accelerating the last-mile emissions reduction efforts of e-commerce companies. Local governments can introduce local policies and regulations, facilitate more sustainable solutions, and engage with key players (such as community members and companies) to address air pollution and congestion issues. Place-based interventions are essential complements to the measures taken by companies themselves, such as electrifying fleets and using smaller delivery vehicles. It is therefore crucial that local authorities, in collaboration with local stakeholders, take up a leading role in addressing the negative environmental impacts of last-mile deliveries.
- Only one of the six companies in this report produces specific and accessible data on the size of its current fleet and the different types of vehicles therein (Deutsche Post DHL Group). The other companies fail to report on either the size of their entire vehicle fleet or the specific number of electric vehicles, or both. Companies often also did not provide these figures in dedicated reports or data files either, but rather publish them in press releases, website articles or communications to media outlets
- The reliance of companies on carbon offsetting to achieve net zero emissions targets is insufficient, as the sheer size of the six companies' emissions implies that offsetting realistically could only compensate for a relatively small portion of their emissions.
- Finally, the extensive use of subcontracting in the global delivery sector raises questions as to how the six companies' will achieve their sustainability goals both in their own operations and in outsourced activities and to what extent they will support these subcontractors to transition to zero emissions.

The last miles of the e-commerce supply chain contribute greatly to the fossil fuel pollution and other impacts that people experience every day, with Black Indigenous People of Colour (BIPOC) and lower

income neighborhoods disproportionately affected. Fast growing e-commerce supply chains running on fossil fuels are driving significant climate and local pollution. The new directed network wants to change that.

We believe that an international strategy targeting these companies can move them to set better commitments. The giant companies that are the biggest part of the problem are everywhere, that's why we must be everywhere too. A people centred economy can prioritise mobility that advances the health and wellbeing of our communities. Our cities will have clean air, safe transport and companies that are accountable for their impact. Together we will make sure streets are for people, not pollution.

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*Decarbonising Streets and Fleets is a directed network that is a joint venture by 3 organisations on 3 different continents. It's ambition is to become a global directed network that works to build and strengthen the international transport movement to shift key corporate and governmental decision-makers at all levels to adopt policies that hasten the just transition to zero emission vehicles.*

**Contact:**

Siddharth Sreenivas, Campaigner Asar, India - [siddharth@asar.co.in](mailto:siddharth@asar.co.in)

Victoria Leistman, Campaigner Stand.Earth, North America - [victoria@stand.earth](mailto:victoria@stand.earth)