

# Transport Topics **Online**

## Wal-Mart, UPS to Expand Carbon-Emissions Reporting

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Wal-Mart Stores and UPS Inc. have separately pledged to support enterprise-wide reporting of greenhouse gas emissions, underscoring the emerging relevance of the carbon accounting field to motor carriers.

Wal-Mart unveiled its vision for a “sustainable product index” on July 16. The index’s goal would be to create a rating system that shows consumers whether or not a product is environmentally friendly.

To begin, Wal-Mart is asking top product vendors for a complete accounting of annual greenhouse gas emissions — one that includes all emissions created by goods movement throughout the supply chain.

“Despite all the work that’s been done, we see only bits of information, but not the full picture across the supply chain,” said Mike Duke, Wal-Mart’s president. “The index will bring about a more transparent supply chain.”

Wal-Mart declined a request by Transport Topics for additional comment on the index.

The corporation has been striving to cut emissions and supply chain costs for years, but has until now focused mainly on its trucking fleet.

In 2005, Wal-Mart sought to double the fuel economy of its 7,200-truck fleet. Now, the company is using a different metric — miles traveled per “case” of freight delivered.

“Fuel efficiency is one part of the fleet efficiency goal, but it is just one part,” a Wal-Mart spokesman told TT. “We are routing our trucks better, loading them more efficiently and reducing the amount of empty miles we drive.”

Based on the metric, Wal-Mart said it improved fleet efficiency by 38% at the end of 2008 compared with 2005. The company has said it hopes to double efficiency by 2015.

The company has not disclosed the volume of the “case” it is using for the measurement, but said that in 2008, it traveled 87 million fewer miles while delivering 160,000 more cases than the year before.

Wal-Mart’s latest steps come on the heels of a report from UPS that details the carrier’s first complete accounting of its carbon footprint and calls on other major transporters to follow suit.

UPS pegged its global carbon emissions for 2008 at about 15.4 million metric tons (about 17 “short” or U.S. tons). That includes about 2.2 million metric tons of so-called scope 3 emissions — indirect emissions from purchased transportation, employee business travel and other sources.

That compares with worldwide CO2 emissions of about 15.2 million metric tons in 2007, UPS said.

Combined scope 1 and scope 2 emissions — those directly emitted by UPS plus those created as a result of the company’s electricity demands — fell by about 100,000 metric tons, UPS said.

However, UPS estimated that its scope 3 CO2 emissions in 2008 rose by about 300,000 metric tons compared with 2007 levels. UPS had not reported scope 3 emissions prior to releasing its 2009 corporate sustainability report.

Aircraft emissions accounted for about 53% of UPS' direct emissions. Diesel fuel from ground operations was the next biggest chunk of total emissions at about 33%.

A UPS executive said the decision to disclose all emissions was driven in large part by shipper and third-party interest.

"It's not only our suppliers who are asking us. . . . You're also starting to see third-party non-governmental organizations wanting visibility and transparency," said Bob Stoffel, UPS' senior vice president for supply chain, strategy, engineering, and sustainability.

Wal-Mart and UPS use a reporting framework developed by the United Kingdom-based Greenhouse Gas Protocol Initiative. UPS called GHG Protocol methods "the de facto standard" for carbon accounting.

By GHG Protocol standards, a company fully accounts for its footprint only if it includes indirect emissions, such as from its supply chain.

The GHG Protocol is working on standards specifically for supply chain emissions. Wal-Mart is a member of that steering committee and UPS is contributing.

Although these companies and others such as FedEx Corp. and Schneider National report to the Carbon Disclosure Project in London, which maintains a corporate emissions database, there is no standard for greenhouse gas accounting in the United States.

A climate bill that narrowly passed the House of Representatives earlier this month would establish a standard, but the bill's future appears uncertain, as a vote has been delayed in the Senate.

Regardless, UPS is unambiguous about its expectations for a U.S. carbon accounting system.

"At some point, there's going to be some vetting and some methodology for calculating carbon footprints," said Stoffel. "We know it's going in that direction."

For trucking, however, real work on carbon accounting has yet to begin, a representative of American Trucking Associations said.

"For a lot of companies, this is a new area, and they need clarification on what's actually being sought, what information to submit, what format to submit it in," said Glen Kedzie, ATA's environmental affairs counsel.

One large carrier said the lack of standardization has stopped it from adopting a carbon policy.

"Since there is today no common, accepted standard, approach or definition, we have not adopted a formal policy," said Randy Mullett, vice president of government relations for Con-way Inc., parent of less-than-truckload carrier Con-way Freight.