

Environment Working Group Minutes

Thursday 14 September 2023, 10:30 – 12:30

Via Teams

1. WELCOME, MEETING CONDUCT AND COMPETITION LAW COMPLIANCE

The meeting was chaired by Dr Nicholas Head (NH), Environmental & Sustainability Lead at XPO Logistics, who welcomed members and colleagues from Logistics UK.

Denise Beedell (DB) reminded members about the competition law compliance guidance and to avoid sharing any sensitive information not currently in the public domain.

2. MINUTES AND MATTERS ARISING

- The minutes of the last meeting held on 15 June 2023 were agreed.
- All matters arising were completed or ongoing.

3. PLANNING YOUR ROUTE TO ESG – PRESENTATION AND DISCUSSION

Simon Colvin (SC), Partner, and Nick Barker (NB), Principal Associate from Weightmans LLP gave a presentation exploring the Environment, Social and Governance (ESG) landscape and what it means for members.

The session looked at some of the easy wins for all organisations irrespective of where they are on their ESG journey. This included key issues to be aware of in the year ahead, including supply chain sustainability, greenwashing and reporting. Points discussed:

- ESG is much wider than net zero.
- There are often misunderstandings around ESG. Whilst net zero is becoming much more commonly known, ESG also includes natural, circularity and biodiversity, contributing to a more holistic approach.
- The EU is seen to be at the forefront of ESG and pushing the boundaries.
- Whilst the UK isn't moving particularly quickly in this space, it is relevant to many businesses with activities taking place across other jurisdictions and operating across supply chains.
- Supply chain regulation and procurement requirements can have a trickle-down effect.
- ESG – no one size fits all. Different members will be at different stages of their journey and maturity.
- 14 members out of 25 on call had an ESG strategy in place; 9 of those 14 had played a role in developing that strategy.
- Steps to take and topics to include when developing an ESG policy.
- Changes to ESG investments in the markets.
- ESG policies and political party stances.

4. ENVIRONMENTAL COMMODITY AND CARBON CREDIT TRADING - PRESENTATION

Soomin Chung (SC), Corporate Account Manager for Voluntary Carbon & Renewable Energy Markets at ACT Commodities talked about the approach to decarbonisation in the transport & logistics sector and the role of renewable energy and carbon credits to aid that journey. The discussion covered:

- An explanation of what carbon credits are, how they work and the role of carbon offsetting.
- Environmental commodities come in four different pillars – renewable energy, emissions, energy efficiency and renewable fuels and feedstock.
- Different routes to market.
- The Science Based Targets initiative (SBTi) has led to tremendous growth in voluntary corporate climate action around the globe.
- Recent media attention and attitudes to the carbon credits market.
- Need for robust due diligence processes and additional quality assurance with third-party rating agencies.
- The 5-step decarbonisation process.
- Appropriate time and ways to use carbon offsetting.

5. ENVIRONMENT AND UK POLICY UPDATE

DB gave an update on key public policy activities, including:

- **Biomass strategy published** – covers transport and points to the importance of Low Carbon Fuel (LCFs).
- **LCF strategy** – now thought to be due early next year, but the delay is massively stifling investment. Logistics UK is pushing for this to be published as soon as possible.
- **Changes to global biomethane reporting standards** – there are recent proposals and the new reporting standards are concerning members. Logistics UK is engaging with ministers to address the issue.
- **Autumn statement** – set for 22 November. Logistics UK is preparing our submission, focusing on four key areas:
 - Innovative and integrated infrastructure
 - Fair transition to a green economy.
 - Skills
 - Trade as a driver for innovation and productivity

ACTION: DB to circulate the Autumn Statement submission when finalised.

- **Ultra Low Emission Zone (ULEZ)** now enforced in London since 29 August. The ULEZ scrappage scheme has been widened and now applies to SMEs (up to 50 employees) following lobbying from Logistics UK. Previously only businesses with 10 or fewer employees qualified.

ACTION: Members who have applied for the scrappage scheme please send details of their experience to DB at dbeedell@logistics.org.uk

- **Zero Emission Zone in London** – has been dropped. The target is for London to be carbon neutral by 2030, and there will be support for boroughs in getting there.
- **Category B derogation for alternative fuel vehicles (AFVs) consultation**- response from government still awaited. Officials from the Office for Zero Emission Vehicles at the Van Policy WG on 12 September, promised the response will be published very soon.
- **Lords Environment and Climate Change Committee enquiry call for evidence on electric vehicles.** While this consultation has a primary focus on electric cars, Logistics UK's response will provide a commercial vehicle perspective.

Kevin Barcroft (KB) raised the issue of weight thresholds for alternative fuelled vehicles, which came into force on 6 July this year, allowing extra weight for electric or alternatively fuelled HGVs. He said the weight increase of GVW is not enough as long as independent axle weights remain same, as they are already at max capacity. There is concern this makes it a paper exercise and brings little/no benefits to industry.

KB also pointed out that diesel recovery vehicles will struggle with recovering heavier EVs due to weight limitations and significantly reduce the amount of vehicles they can carry legally. Chris Cassley commented that he had met with the DfT team on low carbon fuels strategy and non-road mobile machinery strategy and made the point that there is a need for clarity on what is happening to support industry with future vehicle planning.

- DB also reported on the DfT Low Carbon Fuels workshop held on 13 September which covered:
 - Biomass Strategy
 - Higher bio-content fuels trials
 - SAF Commercialisation – progress update and next steps
 - SAF Mandate – progress update on consultation
 - SAF Mandate implementation – plans, guidance development and IT system
 - SAF International Update

ACTION: Members seeking more information about the workshop email DB on dbeedell@logistics.org.uk.

6. 2024 MEETINGS

Members considered dates for meetings in 2024 and agreed to continue to hold meetings on line on the following dates:

- Thursday 22 February 2024, 10:30 -12:30
- Thursday 27 June 2024, 10:30 – 12:30
- Thursday 24 October 2024, 10:30 – 12:30

ACTION: Members with strong objections to any date, to email DB by 3 October.

ACTION: DB will circulate placeholder calendar invitations for the 2024 meetings if now objections received.

