

CN Logistics International Holdings Limited

CN LOGISTICS INTELLIGENCE

Green Logistics : Ways to Promote Sustainability





Introduction

Global Warming and Climate Change

Climate change refers to the long-term shift in temperatures and weather patterns across the world. Throughout history, climate change is caused by natural factors, such as solar activity and small variations in the Earth's orbit. However, since the First Industrial Revolution in 1760, human expansion has perturbed the carbon cycle by clearing tropical forests and burning fossil fuels.

The concentration of greenhouse gases such as carbon dioxide (CO₂) and methane kept increasing. With the nature of heat-trapping, these greenhouse gases absorb and emit heat radiation, continue to raise the Earth's temperature at a rapid speed. This phenomenon is known as "Global Warming".

According to United Nations' data, the emission of carbon dioxide (CO₂) from human activity is currently increasing more than 250 times faster than it did during the last Ice Age, and the Earth is 1.1 degrees Celsius warmer than it was 150 years ago.

During the last century, many vital signals for the planet have been presented. The global sea level rose about 8 inches, Greenland lost an average of 279 billion tons of ice per year between 1993 and 2019, along with Antarctica losing about 148 billion tons of ice per year. Glaciers retreated, snow covers decreased, droughts became intense, and biodiversity declined around the world.

Nowadays, climate change is the most significant challenge for all human beings, of which impacts can be observed in different ways throughout every aspect of our livelihoods, ranging from physical needs to living quality, and the situation is expected to be even worse through this century and beyond.

Suffering from the frequency and unpredictability of severe weather phenomena, such as heatwaves, flooding, hurricanes, and wildfires, people living in the small islands or developing nations have been deprived of basic needs and forced to migrate from their homes. Agriculture and livestock were affected, causing the food supply to decline.

Altering Ecosystem

Recently, the Institute for Economics and Peace predicted that at least 1.2 billion people could be displaced by such climate-related events by 2050. The delicate balance of ecosystems is altering, especially in geographic distribution, migration patterns, and seasonal activities of organisms, resulting in increased vulnerability and extinction of species.

More plants are observed to bloom earlier, coral reefs are bleaching, invasive species thrive in more places while some fail to adapt to the fast-changing weather system. Consequently, the compounding factors from climate change have put our lives and health in jeopardy and caused the number of “climate refugees” on the rise.



Global Action to Combat Climate Change

Conference of the Parties

To take urgent actions combating climate change and its impacts, the United Nations (UN) has been bringing together almost every country on earth for global climate summits for nearly three decades. The global climate summits or the Conference of the Parties (COPs) gathers the world leaders to advance their climate commitments and actions, as well as to discuss the climate crisis and solutions at top priority.

A key task for the COP is to review the national communications and emission inventories submitted by Parties. Based on this information, the COP assesses the effects of the measures taken by national governments and the progress made in achieving the ultimate objective of the Convention. The first COP was held in Berlin, Germany in March 1995, and held yearly ever since.

The Paris Agreement

The Pivotal Moment in the Fight Against Climate Change

The 21st COP (COP21) took place in Paris in 2015, and very concrete and precise climate commitments are made – participating countries agreed to work together to limit global warming to well below 2 degrees and aim for 1.5 degrees, they accepted the impacts both financial and non-financial brought by the actions to make the commitment deliverable. This momentous moment is well recorded as “The Paris Agreement”.

Under the Paris Agreement, countries committed to bringing forward national plans setting out how much they would reduce their emissions – known as Nationally Determined Contributions, or ‘NDCs’. They agreed that every five years they would come back with an updated plan that would reflect their highest possible ambition at that time.

COP26 – What's Next?

The 26th annual summit has taken place in Glasgow, the UK in November 2021. In this summit, countries are asked to come forward with ambitious 2030 emissions reductions targets that align with reaching net zero by the middle of the century. To reach these targets, the countries need to pick up speed on the adoption of related approaches:



Accelerate the phase-out of coal



Curtail deforestation



Switch to electric vehicles



Encourage investment in renewables

According to the latest update, the world remains way off the 1.5 degrees target set in Paris Agreement. So, every country must start implementing net-zero pledges faster and with stronger determinations.

Climate Actions and Their Implications to Commercial Sector

The acceleration of the climate actions drives the public, private and cross-sectors to coordinate again the world's decarbonisation pathway and act towards the net-zero commitments. All business activities should be revamped and innovated, but out of all, the formation of the supply chain is one of the top priorities.

The emission of greenhouse gas in transportation activities is systematic, the global transportation sector is hence to be expected as a solver for this systematic problem to reduce the major polluters, like approximately 7.3 billion metric tons of carbon dioxide produced in 2020 through shipping, trucking and flights.

What is Green Logistics ?

A Step to Foster Clean and Sustainable Supply Chain

As mentioned, logistics plays a central role in the global economy as well as a crucial part of climate actions. Companies, government and the public are raising concerns with the traditional logistics operations and developing interest towards more innovative and green logistics practices.

Green logistics, also referred to as Eco-logistics, is a measure and sustainable policy taken by the logistics industry to minimise the environmental impact on transportation, warehousing, and other logistic activities. The traditional approach to logistics often leaves environmental sustainability on the sidelines during decision-making. In contrast, green logistics aims to create a sustainable value that balances economic, social, and environmental efficiency.

To explain further, green logistics seeks to:



Measure the carbon footprint of logistics operations to establish a starting point for considering sustainability measures and controlling their results.



Reduce air, soil, water, and noise pollution by analysing the impact of each logistics area, especially those related to transport.



Use supplies rationally by reusing containers and recycling packaging.



Spreading sustainability to the supply chain, both the design of products and their packaging must be designed to minimize environmental impacts.

As several global logistics companies launch their green logistics offerings, we can see that the concept can be realised in the following applications:



Transportation

Approaches include gathering data and redrawing short routes, investing in green vehicles, and more.



Distribution

Effectively connect places of production with the distribution points, including using proximity to storage/distribution points as the selection criteria.



Procurement

Create and apply selection criteria that match the ethical and environmental policies of the organisation.



Storage

Infrastructure upgrade to facilitate cargo movement, the use of solar light and natural ventilation.



Packaging

Reduce packaging or use reusable or biodegradable materials.

The need for concrete climate actions has never been more evident and more important than today. Companies on any scale are all incorporating green concepts into their corporate values and looking for ways to go green, especially when the environmental, social, and corporate governance (ESG) becomes a hot topic and strong indicator to evaluate business performance. Therefore, all stakeholders should be working together now to identify and reduce emissions, making businesses more sustainable and ultimately moving towards a Circular Economy.



Common Practices of Green Logistics and its Benefits

Common Practices

As the awareness for carbon footprint, sustainable packaging and biofuel continue to rise, alternative fuel, electric trucks, eco-packaging, and many more sustainable practices are embraced by the logistics industry. According to Forbes, 68% of shoppers plan to base their future purchases on their evaluation of which brands are committed to sustainability. Businesses in all industries can benefit from committing sustainable actions, including the implementation of green logistics practices. Some common green logistics practices include:

Green Sourcing

Companies adjust the product sourcing by switching to more environmentally friendly raw materials for manufacturing and production, which minimises both environmental impact, energy consumption and waste.

Efficient Operation

To maximise the operation efficiency in warehouses, many companies today employ various forms of warehouse management systems to collect information across these multiple logistic points and to compile a centralised database for tracking and better managing their inventory movement.

Transportation Emission

Transportation is a major carbon footprint area in the logistics chain. Aside from running with cleaner vehicles, route optimisation is one of the strategies to reduce carbon footprints drastically. Efficient routing helps cut down on the overall travel distance, reducing greenhouse gas emissions as well as fuel costs.

Stock Management and Reverse Logistics

Movements within the warehouse can be scaled down through a combination of good storage location management and optimised picking plans. Quality control processes are established for returned products to leverage reverse logistics management. Through optimising stock management and reverse logistics, the efficiency and sustainability of the business can be improved.

Benefits

Apart from bringing positive impacts to the environment, green logistics helps businesses in:



Retaining Customers and Partners

Research shows that companies that adhere to international sustainability standards are more likely to be selected as strategic partners. More than 47% of consumers are concerned whether the company adheres to their values and might shift to other providers if they fail to do so.



Attracting Investment

More fund managers and investors are increasingly taking ESG factors into account along with financial disclosure. ESG defines a listed company's sustainability, its impact on the environment and the wider society within which it operates. Companies with better ESG performances are considered to have a higher ability to tackle the impacts from adverse events, and to serve new demands.



Reducing Waste

Implementing digital technologies and green initiatives can improve production efficiency and reduce the waste, such as fuels and packages, generated throughout the product life-cycle.



Mitigating Risk

Visibility into operations with sustainability in mind can uncover many potential risks that could be eliminated and enhance efficiency. Assess risks across the supply chain could detect any potentially harmful practices to employees, customers, or the environment.



Building Competitiveness and Reputation

Businesses that develop environment-friendly and technologically advanced products would be able to build and sustain their brand image. With green logistics practices and transparent supply chains, the business can build a comparative edge over the competitors.

In the long run, green logistics would become a prerequisite for the sustainable development of businesses. Green logistics helps businesses win customers, reduce the cost of promotions and investment, and contribute to a cleaner environment for future generations. By leveraging sustainable strategies, businesses can also improve production efficiency across the organisation while lowering its carbon footprint.

Strategies of CN Logistics in Promoting Sustainable Supply Chain

CN Logistics (CNL), as an international logistics solutions provider specialised in managing products from the high-fashion industry with a network of international freight forwarding partners and agents. In the recent years the Group has joined forces with global brands in supporting sustainable development goals and provided professional waste solutions to our clients.

We offer One-Stop Green Solutions as one of the core principles where we adopted our 3Cs initiatives, Circular Economy, Carbon Neutrality and Co-Create Green based on five basic principles, namely Reduce, Reuse, Recycle, Donate and Replace". We firmly believe that a sustainable logistics provider must look for a balance between financial growth, environment care, and the health of society.

Sustainability is not just part of our business, but it is also our long-term commitment to working in a way to ensure we protect the planet as well as our next generations. We hope to promote community participation in waste reducing, reusing, and recycling. Provide a range of value-added services throughout the chain with the goal of sustainable development management and effective recycling to minimise waste generation and maximise clients' operational effectiveness.



One-Stop Green Solutions



Our Green Solutions Program and sustainability management services offer tailored recommendations to explore potential opportunities to start or expand recycling practices. CNL provide solutions for multinational high-end fashion brands by helping them to recycle materials that are usually being dumped into landfills in the production chain. After receiving waste material, like waste paper, plastic hangers, etc., from our customers, the materials will be sent to our regional distribution centre to recycle instead of the landfill sites.

Our Group believe that it may help close the loop of the enormous paper usage among the industry and also contribute to preserving the natural resources. It is a comprehensive initiative to transit into a circular business model and achieve carbon neutrality with its partners by 2030. This program works to develop customised solutions for our clients and partners to streamline sustainable implementation at different steps of the supply chain.

Green Logistics



CNL offers logistics services, such as sorting of recycled products, energy-saving, recycling and new energy vehicle delivery. All processed materials will be weighed, and photos will be made for recording. A Green Solution Report would be generated with details of the recycled materials for green clients to keep track of the sustainable progress.

Offset Carbon Emission



The Group is aware of the importance of reducing greenhouse gas emissions through energy conservation. We hold certificates issued by the United Nations Framework Convention on Climate Change (UNFCCC) under the procedure for voluntary cancellation in the Clean Development Mechanism (CDM) Registry by committing to the contribution of climate action and offset carbon emissions.

CNL assist the footprint measurement and neutralisation, in 2018, our Group launched the electric vehicles dedicated to Hong Kong and China domestic courier services which maximises the adoption of clean transportation and reduces carbon emissions.

The Group expresses a passion for sustainability by providing our waste solution and promoting community participation, including the commercial sector, in waste reducing, reusing and recycling. CNL keep striving for reducing waste and encouraging the circular economy, starting from our business partners.



In China, five local warehouses are designated as collection points to receive recyclable items, including Hong Kong, Shanghai, Beijing, Chengdu, and Guangzhou. Built up a recycle and reverse logistics mechanism as the recycled materials can eventually be used in retail stores, and the loop process is formed. On the other hand, collaborating with various organisations to maximise the impact of these projects.

In April 2021, CNL began a strategic partnership with Redress, an environmental charity with a mission to prevent and transform textile waste to catalyse a circular economy and reduce fashion's water, chemical and carbon footprints. Since the beginning of this partnership, our group has been able to increase clothing tonnage collected by 375%.



BEC Low Carbon Charter

In May 2021, CNL has pledged to the Hong Kong Business Environment Council (BEC) Low Carbon Charter signatories to achieve decarbonisation following the Paris Agreement.

The company's efforts have also been recognised by the UNESCO HK Association Glocal Peace Centre, SocietyNext Foundation, and the Rotary Action Group for Peace. Hong Kong and Mainland China are the Group's leading projects, moving forward, we will expand our green logistics solutions to Southeast Asia and other regions. Remain committed to working with various stakeholders to promote sustainability and business resilience.

Summary

Sustainable development and related climate change issues are among the most pressing issues for human society. Alleviating the problem requires the concerted efforts of all sectors of society. Long before society and the business community became aware of the importance of sustainable development, we had the foresight to introduce the concept of sustainability in all aspects of our business planning and day-to-day operations, making a difference in the areas in which we operate.

Since CNL's listing in Hong Kong in 2020, we have taken another step forward in sustainability. We are working with non-profit organisations to implement recycling and waste reduction in Hong Kong, Macau and Mainland China, and we are encouraging our long-term customer brands to join us in different green initiatives. We are also aware that more and more of our customers brand are integrating sustainability into their daily operations and their supply chain management process.

Applying Green Concept into Our Development Strategies

Looking ahead, we believe that green elements and sustainability will be some of the key considerations for companies when they are looking for new partnerships. Therefore, as a green logistics expert, we will continue to expand our service scope in driving sustainable logistics solutions and serve the community with social responsibility.

We will not only integrate the "green concept" into our daily operations but also provide dedicated green logistics consultancy services to other industry players, driving the entire logistics industry in Hong Kong and China, and ultimately to overseas countries. All for a greener and sustainable business direction.

Last but not least, a more environmentally friendly and sustainable development cannot be achieved without the cooperation of the business community and other parties. We call on our customers, business partners and the public to join us in making a difference to our planet.





ABOUT US

CN Logistics International Holdings Limited is the no. 1 distributor in the logistics market for high-end fashion products in both China and Hong Kong, as well as the no.1 in the integrated freight forwarding market for wine in Hong Kong. Our business scope includes air freight, ocean freight and distribution and logistics. Our service networks cover over 100 countries, showing our capability in consolidating global freight forwarding resources. We can also be the stepping stones for our customers' expansion with our far-reaching global network. We are also one of the earliest companies to establish our own semi-automated distribution centres to provide tailor-made logistics solution for high-end fashion products.

We established long-standing relationships with major customers who have relatively low propensities to switch freight forwarding service providers, brands we serve include Kering, Lane Crawford, Gucci, Balenciaga, Alexander Wang, Alexander McQueen, Saint Laurent and many more.

We are also the leader in the wine logistics industry in Hong Kong. We manage a storage and distribution space of approximately 58,000 sq.ft dedicated to wine storage, of which the temperature and humidity are kept at an optimal level, we also own a Wine Storage Management Systems qualification certified by the Hong Kong Quality Assurance Agency.

Looking ahead, we are planning to upgrade the semi-automated distribution centre of over 90,000 sq. ft in China and establish a new centre and refurbish the existing distribution centres in Hong Kong.

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CN Logistics International Holdings Limited

***Whatever we do,
We do better than others
- A Passion for Service***

Website:
<https://www.cnlogistics.com.hk/>



E-mail:
info@cnlogistics.com.hk



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