

# SUSTAINABILITY IN LOGISTICS



Report

EXECUTIVE  
NETWORK  
GROUP



# WHAT IS SUSTAINABILITY IN LOGISTICS?

According to Simon Allan-Brooks, Logistics Director at Viking RAJA Group - Sustainability is a crucial business-wide endeavour. "We take sustainability very seriously. It's very important that as a business that we [Sic] focus on our environmental initiatives - as a result, we have implemented a green range and engaged with Menzies Distribution utilising electric trucks as well as being more efficient with our packaging by reducing the size of wastage within our packaging".

However, the question is: how can the logistics sector continue to improve its sustainability initiatives?

Sustainable initiatives such as improving Co2 emissions, alternative vehicle fuels, and utilising IoT are just some of the ways that the sector is moving towards a much more sustainable output.

"Sustainable logistics aims to lower the ecological footprint of its tasks, such as CO2 emissions, noise pollution, and accidents. In this sense, logistics suppliers must look for a balance between financial growth, environment care, and the health of society." - Solistica

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

ESG is a topic high on the agendas of most industries in the wake of COP26. The logistics sector is working towards ESG goals which concern the environment, sustainability and social initiatives.

"Environmental, Social and Governance (ESG) for supply chains [sic] is far more involved than the basic factors measuring the sustainability and societal impact of an investment. It needs to include issues such as human resource practices, business ethics and board diversity – and it must be tracked and reported against corporate ESG goals to the correct stakeholders." - [IHS Markit](#)

There is much that ESG requires that the logistics industry does to reach its environmental goals.

Initiatives such as ESG reporting - which is where firms will submit their ESG progress. This has been a difficult task for many companies as the reporting frameworks differed constantly but going into 2022, companies will look to improve their ESG data.

According to IHS Markit, the industry will also look to:

- Manage their global carbon, water and biodiversity credits;
- Connect auction participants - This includes bidders, auction monitors, registries, regulators and stakeholders;
- Implement sustainable investment objectives.



# SUSTAINABLE VEHICLES

Using environmentally friendly transport is a key pillar in the logistics sector's fight for sustainability.

"Amazon has pledged to be carbon neutral by 2030, investing in renewable energy and battery-powered fleets to do so. USPS is introducing propane autogas trucks to reduce emissions, alongside plans to deploy 6,000 natural-gas-powered trucks in an agreement with Agility Fuel Solutions." - Supply & Demand Chain Executives

Lowering vehicle emissions is a huge initiative as all sectors try to fight climate change and lower CO<sub>2</sub> carbon. With logistics using so many different types of transport - vastly lowering carbon emissions is a huge task.

"Sustainability is hardly uncharted territory for the transport and logistics industry. However, the industry is making only slow progress: CO<sub>2</sub> emissions from road freight transport have risen by more than 20 per cent since 1995, even though vehicles are more efficient today. And while volume continues to grow unabated, a massive reduction is actually needed to achieve the agreed climate targets." - PWC

The sector has even introduced rewards for HGV drivers that use higher fuel per gallon on deliveries. For example, drivers sitting in traffic still cause fuel to burn - keeping vehicles moving by slowing down to try and meet more green lights to keep wheels rolling is a great incentive for drivers to work towards fewer carbon emissions as possible



# ECOMMERCE

The huge rise of e-commerce has been accelerated due to the Covid19 pandemic. With many people stuck at home either with the virus or due to some of the national lockdowns we have experienced - more people are buying online than physically in-store now more than ever.

"Even before the pandemic, Nasdaq published a report in 2017 suggesting the majority of purchases will happen in the Ecommerce environment by 2040. In the next 30 years, around 95% of all shopping will shift online, according to Nasdaq." - [Findstack](#)

The sustainability issues with E-commerce are due to the amount of packaging used to get items to customers in the best possible condition. Replacing older packaging with new, reusable materials has been a huge enterprise for the sector.

"If you are going to reuse packaging, there are alternative materials with greater durability, that can be cleaned if necessary and reused again and again until they are finally recycled. And it has been calculated that switching from single-use packaging to Returnable Transit Packaging made from recyclable plastic can provide CO2 reductions of approximately 50% per single product movement when compared to cardboard." - [Logistics Manager](#)

Re-using packaging from e-commerce sales can be tricky, however, some brands have created great ways of making sure these materials are re-used - for example, retailer H&M created packaging that can be used as coat hangers for the clothes they sell.

Multi-use boxes and bags for returns are also a great way for the sector to bring down wasteful materials - allowing unhappy customers to ship items back without using different packaging measures. Customers merely use an attached return label to ship back unwanted items.



# INTERNET OF THINGS (IOT)

"Transport boxes, freight containers and trucks networked by a cloud platform on the Internet of Things (IoT) make all of the processes along a supply chain transparent and enable them to be tracked globally and in full. In addition, Sensors networked via the Internet monitor temperature, shocks or acceleration and report problems without delay." - [IoT Telekom](#)

Using the Internet of Things (IoT) has huge upsides when it comes to sustainability. The technology in place allows the logistics sector to keep track of supply chains to ensure organisational standards.

"Each year 10% to 40% of the supply chain assets disappear, almost without any trace. The way in which many companies organise logistics today is not sustainable. When it comes to shipping goods, balancing the best possible speed, flexibility, cost, and carbon footprint [sic] is not easy. Nevertheless, being able to track returnable and reusable packaging and shipping materials can result in more streamlined operations, better efficiency, and real cost savings." - [IoTNowTransport](#)

IoT also helps supply chains become more fuel-efficient - this can be as simple as GPS systems helping drivers navigate the quickest route to a delivery to limit fuel emissions. The sector also uses IoT for its autonomous driving systems. This is a huge sustainability initiative as it can eliminate human error and maintain speedy delivery times. Drones are already in use in the sector - using IoT to eliminate fuel emissions using electrical energy which, of course, is far more sustainable for the environment.

Implementing IoT infrastructure is another huge move towards sustainability. According to [Globaltranz](#) - "Cities throughout the world have begun to implement IoT tech systems to run civic infrastructure components more sustainably as well. The City of Barcelona has been among the first to implement a comprehensive program utilizing Internet-enabled technology as a core component of urban planning, and it was able to lower the amount of energy used in public lighting by 30 per cent and reduce water consumption by 600,000 litres per year."

Investing time and money into IoT is imperative for the logistics sector to move towards a more sustainable industry.



