



## **Green Freight Movement: Webinar 1 Report**

*This webinar is part of the Green Freight Movement, a series of events that aims to equip companies with valuable industry insights to drive greener freight choices. The webinar took place on 26<sup>th</sup> October 2022 at 2pm SGT.*

### **Session 1: Challenges and Opportunities in the Transport Sector**

*Speaker: Sarah Ong, Senior Manager, International Sustainability, UPS*

In this session, Sarah Ong shared about UPS's sustainability efforts, highlighting the innovative technologies and partnerships that have contributed to decarbonising its value chain.

There has been increased scrutiny from regulators and investors surrounding climate-related disclosures and sustainability reporting and operating restrictions with diesel vehicles, especially for global organisations like UPS. While the transition towards low-emissions vehicles poses a huge challenge, it pushes UPS to consider how its business model can be optimised, creating partnership for innovation and paving the way for the adoption of decarbonisation solutions.

A crucial component of UPS's sustainability strategy is working with value chain partners who share the common decarbonising goals, especially those who can offer innovative green technology solutions. The company has a global fleet of over 13,000 alternative fuel and advanced technology vehicles and continues to develop multiple low- and zero-emissions transportation solutions with various manufacturers around the world. In Asia Pacific, UPS has deployed electric vehicles in its ground operations in China, Hong Kong, Singapore, and Japan since 2017. While electrification will play a big role in decarbonizing transport fleet, Renewable Natural Gas (RNG) is today's solution, especially for heavy goods vehicles. UPS fleets in the U.S, Latin America and Canada are being powered by Renewable Natural Gas, while hydrogen fuel-cell trucks are presently being tested in the U.S.



UPS Electric Vehicle



UPS Renewable Natural Gas Vehicle

UPS is also making significant progress within the domain of air freight. UPS Flight Forward is the first to receive the US Federal Aviation Administration certification to operate a drone airline that delivers time-sensitive healthcare supplies to remote areas. UPS has also invested in Electric Vertical Takeoff and Landing (eVTOL) aircrafts which are in the R&D phase, and has committed to use 30% Sustainable Air Fuel (SAF) in its air network by 2035. Given that SAF is more expensive than jet fuel and current supply remains limited, UPS has recently joined the Sustainable Aviation Buyers Alliance to expand SAF investment opportunities and advocate for education and policy support for technology innovation to make SAF more available.

Additionally, UPS has made efforts to green its customer touchpoints. It has introduced paperless shipping and biodegradable packaging options for customers, and has reduced single-use packaging by using tape-free boxes, reusable RNC bags and narrow tapes. UPS has also partnered with Sealed Air to set up a Packaging Innovation Center in its Louisville facility in US, which provides customization of innovative packaging solutions that reduce shipping costs for customers while minimizing packaging waste and product damage.



UPS Asia Pacific Innovation Center

During the Q&A, the question “*How might companies encourage their supply chain partners and other logistics companies in the audience today to accelerate their decarbonization efforts?*” was asked. Sarah emphasised the importance of being open minded about new technology and innovations. Decarbonisation comes with a cost, but companies need to keep the long-term benefits and return of investment in mind. For example: transitioning to alternative fuel vehicles might be more costly at first as compared to vehicles that run on fossil fuels, but in a few years’ time, companies will be able to save on vehicle maintenance fees and fuel costs, because the government is increasing taxes on fossil fuels.

In response to the question “*What other challenges do you foresee arising for the logistics and transport sector in a post-covid landscape? How might UPS address them?*”, Sarah shared more about the opening of UPS Asia Pacific Innovation Center in Singapore as one of UPS’s responses to help businesses in the region to accelerate digital adoption in their supply chains which have seen disruptions caused by the pandemic. This Center serves as a launchpad for the incubation and testing of next generation technologies that can improve warehousing and distribution efficiency and enable timely end-to-end visibility of supply chain performance, so that UPS and other carrier companies can better serve their customers and minimise the use of resources and carbon emissions.

Lastly, the question “*What motivates UPS in taking up a leading role in the Green Freight Movement?*” was posed to Sarah. Stakeholder engagement is a key motivation for UPS.

Besides demonstrating accountability to investors and regulators, customer needs is another motivating factor – as UPS’s scope 1 emissions are its customers’ scope 3 emissions, both parties are connected by their common goal of reducing emissions. Lastly, UPS seeks to demonstrate its environmental responsibility to its employees. Employees want to work in an organisation with a purpose, and they want to make a difference. Sustainability goes beyond meeting compliances and requirements from the regulators; it underpins UPS’s purpose in moving our world forward by delivering what matters – a sustainable future for all.

## Session 2: Harnessing Green Tech

*Speaker: Millie Pardoe, Corporate Engagement Manager, EV100 (Climate Group)*

In this session, Millie Pardoe provided an overview of the Climate Group’s electromobility corporate leadership initiatives, EV100 and EV100+, sharing about the challenges and opportunities that global corporations encounter as they transition to decarbonised transport within the APAC region.

EV100 is an initiative that gets companies to set bold commitments in transitioning to EVs. EV100 members commit to making their fleets electric by 2030. Their commitments send a demand signal to policymakers and manufacturers, pushing for advancements in EV policy and better availability and affordability of EVs. Of its 127 members, 34 are headquartered in APAC countries, and have committed to electrify over 200,000 vehicles by 2030.

One company that has led the transition to EVs in APAC is IKEA India. It is one of the few companies in India that started switching over to EVs in 2019, when there were very few vehicles available for their business needs. To overcome this challenge, IKEA India retrofitted existing Light Commercial Vehicles for their deliveries. This was a brilliant and innovative stepping-stone solution for the company to make 100% of their deliveries electric by 2025 while they waited for the right EV models to come onto the market. Starting early with EVs has also enabled IKEA India to futureproof operations and build EVs into the design and construction of new stores from the very start, ensuring that locations have adequate charging infrastructure. IKEA India is hence a good example of being innovative by utilizing existing resources instead of waiting for appropriate EV models to be available towards taking environment friendly initiatives.



EV initiatives carried out by EV100 member companies

Rapid urbanisation has made cities more congested with vehicles, leading to a greater production of emissions. Alongside this, the growing popularity of online shopping has increased the number of deliveries being made, resulting in more vehicles on the road. The need to decarbonise has therefore never been greater. IKEA China has already transitioned

to 100% zero-emission transport in Shanghai in 2020, and now 90% of total customer orders have reached zero emission in China. IKEA China has committed to switching to EVs or other zero-emission transport for 100% of its truck last mile deliveries by 2025.

During the Q&A, the question “*What do you think is the biggest challenge and biggest opportunity unique to the APAC region in implementing EVs?*” was asked. Millie shared that globally, the production of EVs has not been able to keep up with demand. However, there exists a large pool of tech talent and natural mineral reserves within APAC that creates a great opportunity for countries in the region to establish their own supply chains and scale up the production of EVs in the coming years. EV100 has seen Indonesia and Thailand ramping up their EV manufacturing efforts and successfully attracting companies to set up production facilities there. Millie emphasised that government intervention, such as rebates or lower taxes for early adopters of EVs, will be key to growing the market across the APAC region.

In response to the next question “*How do you think the development of hydrogen fuel is competing with EVs globally?*”, Millie stated that she does not see them competing, as they have justifications in different use cases. According to EV100’s research, EVs are future-proof due to their sustainability credentials, total cost of ownership model, direction of global EV policy and current increase in uptake of EVs, particularly for passenger and lighter commercial vehicles. There is a risk that focusing on hydrogen electric vehicles (HEVs) over full electrification in APAC will result in countries falling behind the global trend towards full EVs.

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