GREEN FREIGHT MOVEMENT

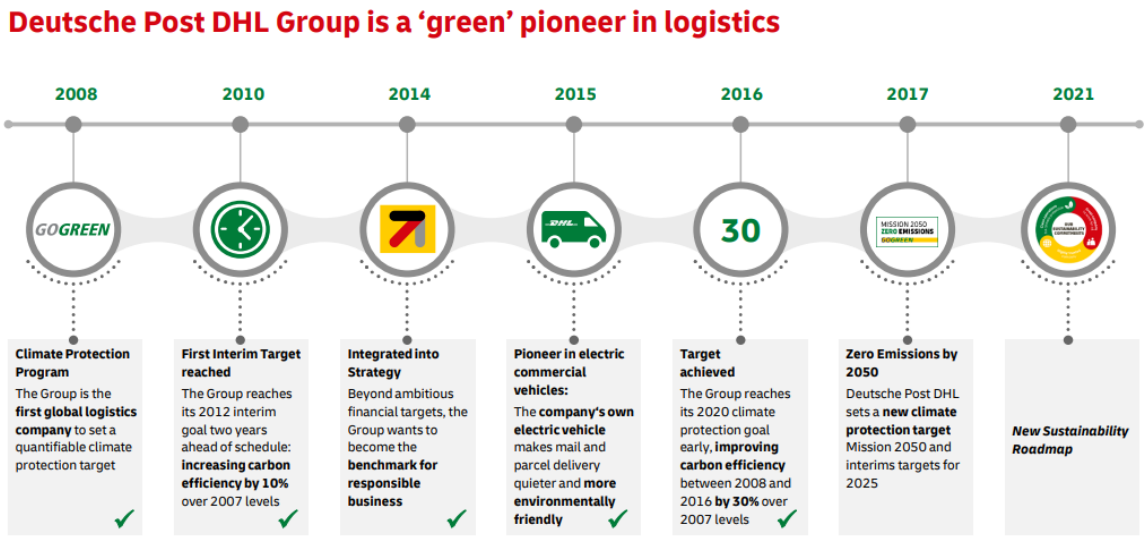
Green Freight Movement: Webinar 2 Report

Session 1: Industry players ahead of the curve

Kaleb Chesworth, DHL Supply Chain

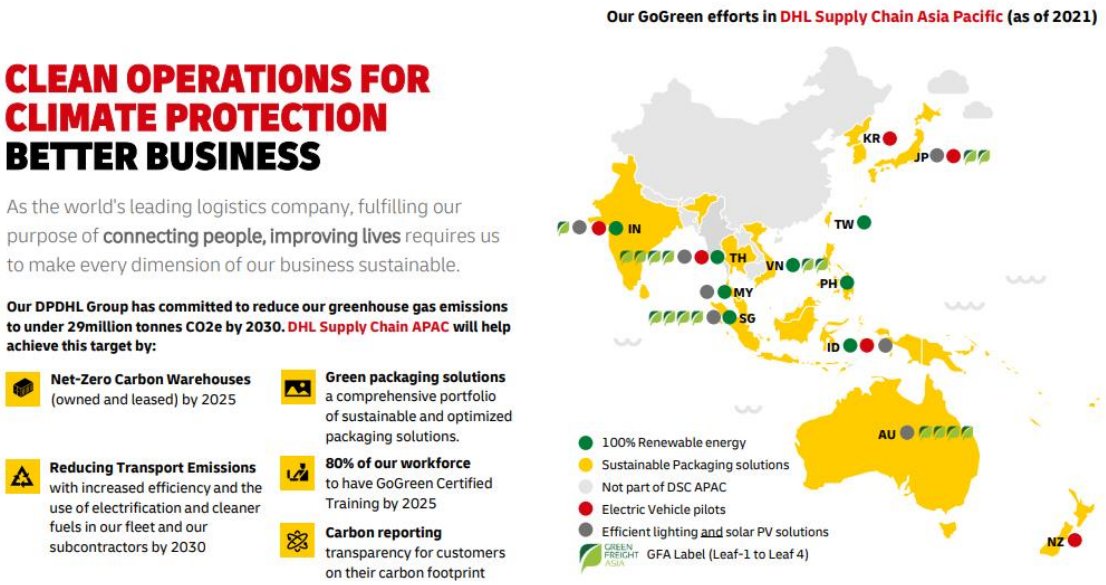
This session covered DHL's environmental sustainability strategy in the APAC region and country-specific initiatives that are underway.

Much of DHL's sustainability initiatives stem from its commitment to being a responsible business for the world while acknowledging that they are a net emitter of carbon emissions. DHL commenced its "Go Green" programme in 2008 and over the decade, DHL surpassed its climate goals. Now, DHL has established a revised sustainability roadmap to give impetus to its ambitious target of zero emissions by 2050.



DHL's sustainability Timeline

As DHL Group aims to reduce its carbon emissions by 29 million tonnes by 2030, without offsetting, Kaleb outlined the measures taken by DHL Supply Chain APAC to reduce transport emissions in the region. One crucial component includes providing GoGreen Certified Training for 80% of all employees to promote decarbonisation in daily work activities.



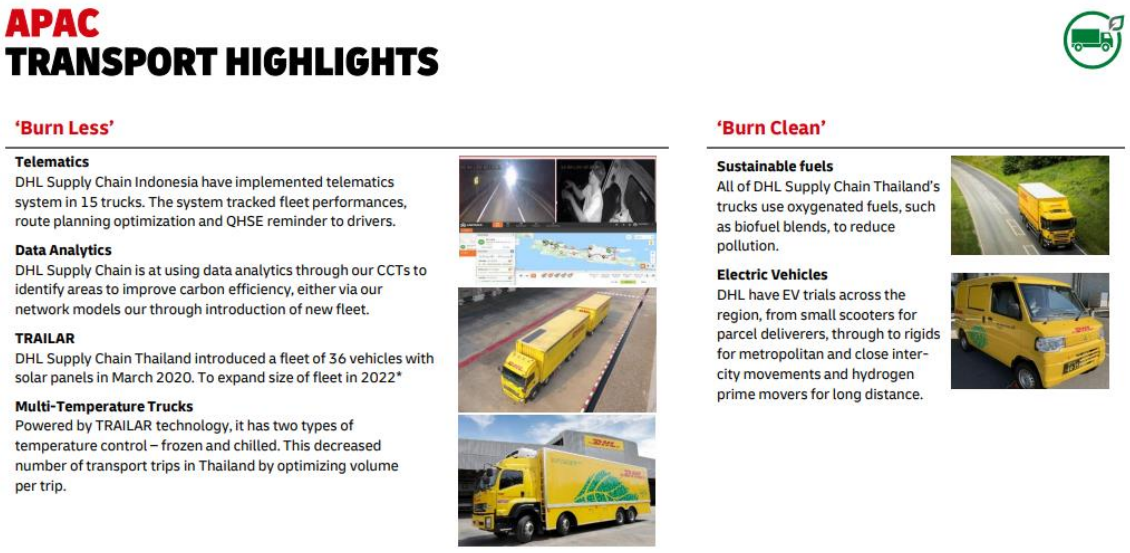
DHL Supply Chain APAC's region strategy to reduce carbon emissions

Guided by the new decarbonization glide path for APAC, DHL focuses on network design and transport optimisation. Kaleb shared that operations in Japan that saw 46 tonnes of carbon reduction in a year through increased network optimisation by feeding the customer volume data of two large technology companies into connected control towers and co-loading vehicles, to distribute across the country on a Milk Run basis. After introducing green opportunities in customers' transport networks, DHL prioritises transparent carbon reporting for customers to measure their improvements in carbon footprint.

A new decarbonisation glide path for APAC

Using the “Asset Right” strategy and focusing on easy-to-upgrade markets and vehicles, DHL plans to electrify 60% of last-mile delivery vehicles by 2030. To garner implementation support for EV charging infrastructure, DHL adopts a partnership approach with local governments; for instance, DHL recently signed a memorandum of understanding with the UNDP in Thailand to improve infrastructure for electric vehicles.

Examples of successful initiatives include, telematics use in Indonesia served as a guide for improved fleet performance and driver training, and the adoption of TRAILAR in Thailand has reduced fuel consumption by using solar power for auxiliary services such as air conditioning.



Transport emissions reduction highlights from the APAC region

Presently, DHL is working with OEMs to deploy hydrogen heavy vehicles in New Zealand. Whereas subcontractors in India and Indonesia are engaged and educated by DHL's "Go Green" programme, to trial BEVs. As demonstrated, DHL is partnering with innovative OEMs and future thinking customers to align climate goals, and work towards more sustainable outcomes in the freight and logistics sector.

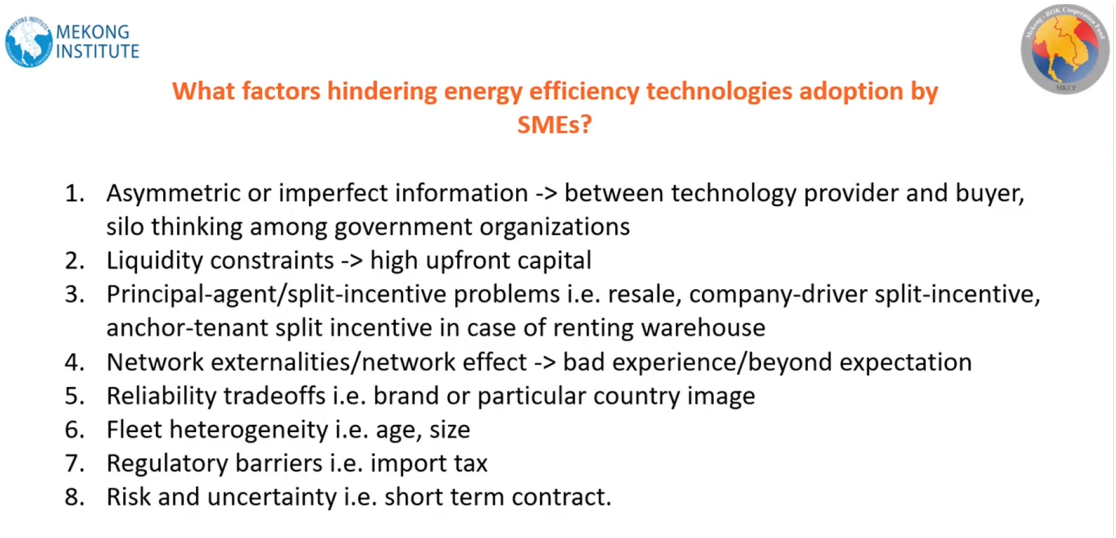
Session 2: SMEs - A Crucial Part of the Puzzle

Robby Rosandi, Mekong Institute

In this session, Robby shared the various barriers to the adoption of energy-efficient technologies faced by transport and logistics SMEs and the ways different stakeholders may support SMEs in this region.

In contrast to OECD countries, SMEs in this region face high logistics costs and use fuel inefficiently. For most, fuel costs account for 40 to 60% of the total operating costs. Most fleet run empty between 25% to 50% of the time, and the average fleet may be over 10 to 20 years old. As road transport accounts for 80% of trade, these inefficient fleets contribute to over 20% of greenhouse gas emissions, while their businesses are less competitive and ultimately less profitable.

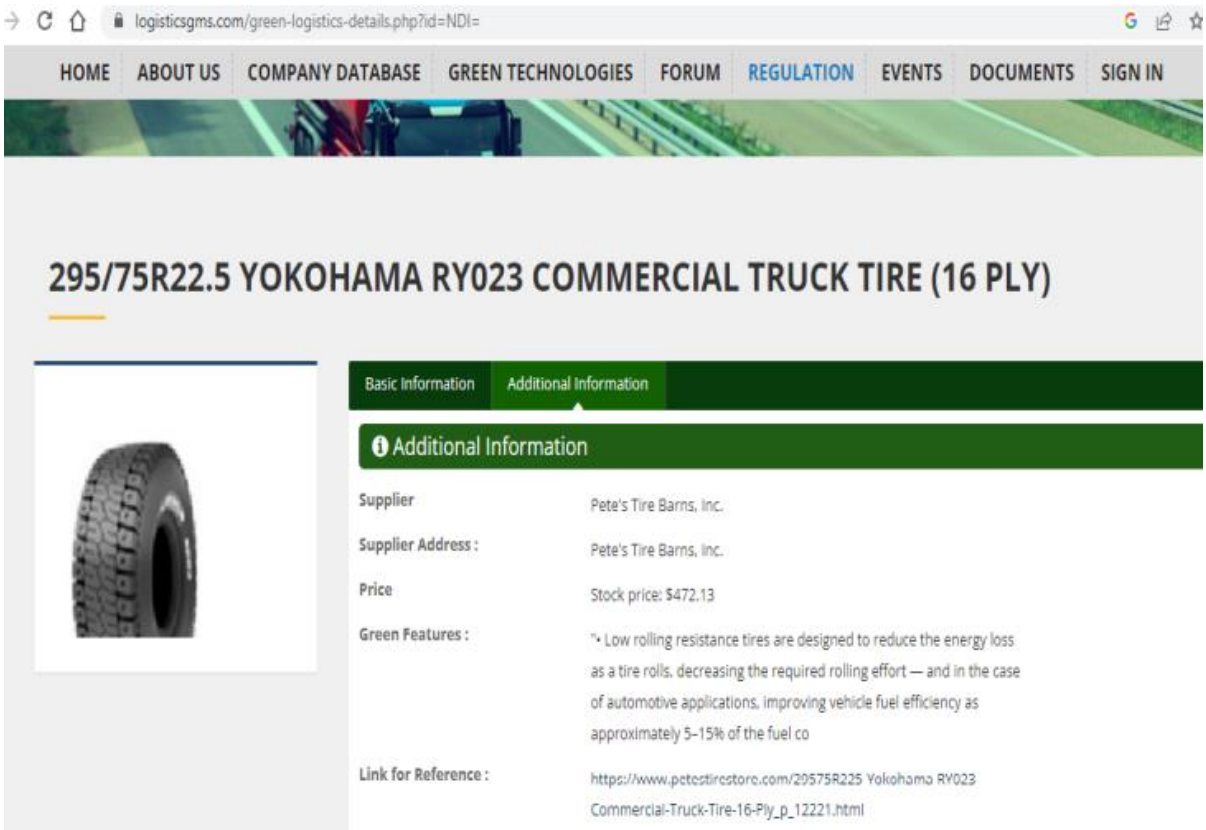
According to studies conducted by MI, one common factor that hinders the adoption of energy-efficient technologies by SMEs is liquidity constraint. Most found it difficult to invest in green technologies due to the large upfront capital. Additionally, the risk and uncertainty after investing is also high. Companies may be stuck with paying loan instalments after investing in new technology even when their work period has ended. Also, companies may be hesitant to try out new technologies due to lack of information or bad experiences shared by industry peers.



Factors that hinder the adoption of energy-efficient technologies by SMEs

To support SMEs in adopting energy-efficient technologies, the government, the private sector, and banks have different roles to play. Individually, the study highlighted that governments should establish clear guidelines to facilitate the adoption of the technologies and provide tax incentives or reduced tariffs on imported clean technologies. Governments are also recommended to prioritise uninterrupted electricity and nation-wide internet access as these may be necessary for the adoption of certain technologies. Whereas banks should provide low interest rates on green finance. To support technology adoption, local suppliers and manufacturers to provide after sales services to improve the accessibility of green technologies.

However, Robby highlighted that all parties are responsible for creating awareness of green technology and its importance in combating climate change. To this end, MI has established the GMS Logistics database. This database is equipped with different Green Logistics Technologies available in the market, and provides information on product availability, price points, regional suppliers and most importantly, the green features of the product.



Mekong Institute's Green Logistics Technologies database

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