

The International SmartWay Transportation Summit: Transforming the Global Supply Chain



## **“Supply Chain Accounting and Harmonization of Metrics”**

**Presenter: Brian Nemeth**

**General Manager of Supply Chain Development,  
Maersk Logistics**



# Agenda

Who is Maersk Logistics?

What drives the need for greener supply chains?

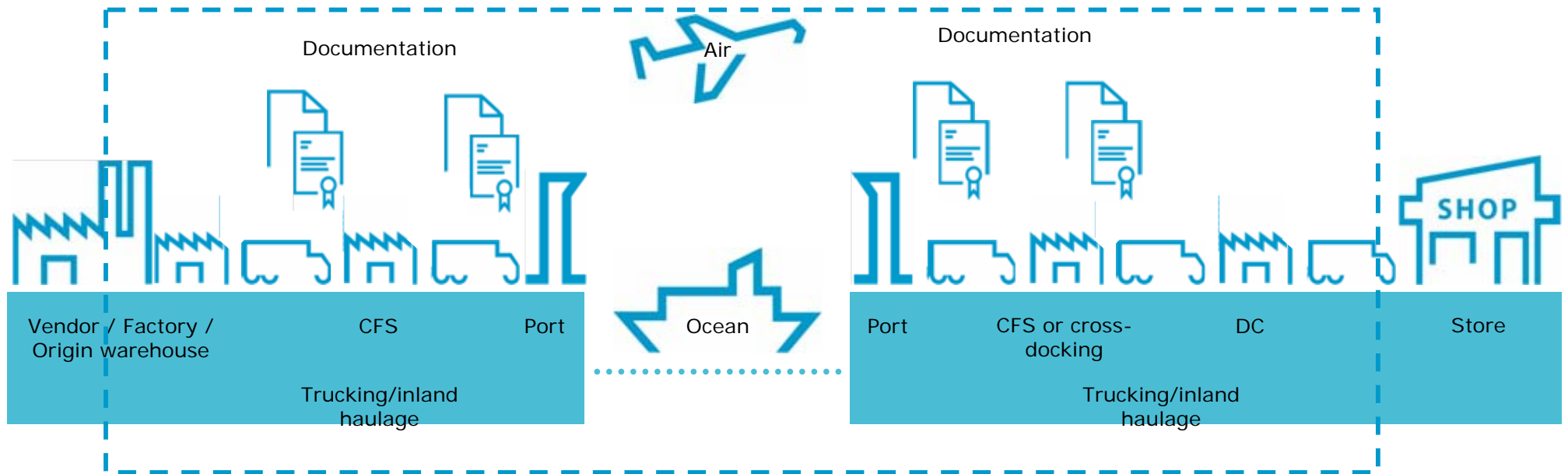
How does Maersk Logistics help our clients?

What are the results so far? (Case studies)

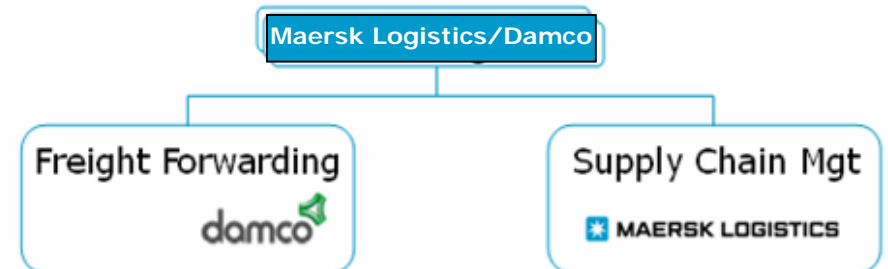
What will happen next?



# Maersk Logistics designs, optimizes and executes international supply chains

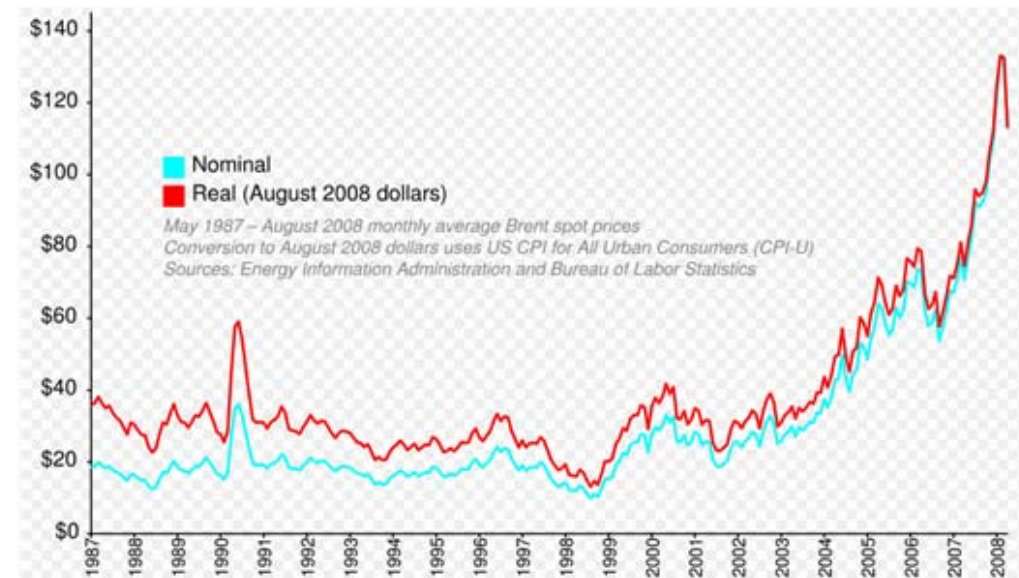
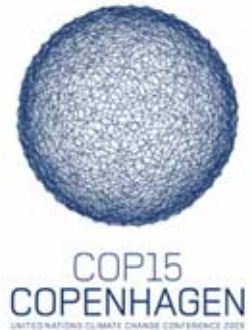


- > Part of the A.P. Moller – Maersk Group
- > 8,500+ employees
- > 200+ offices and 100+ countries
- > Main customer segments:  
Retail, FMCG, Electronics & Chemicals



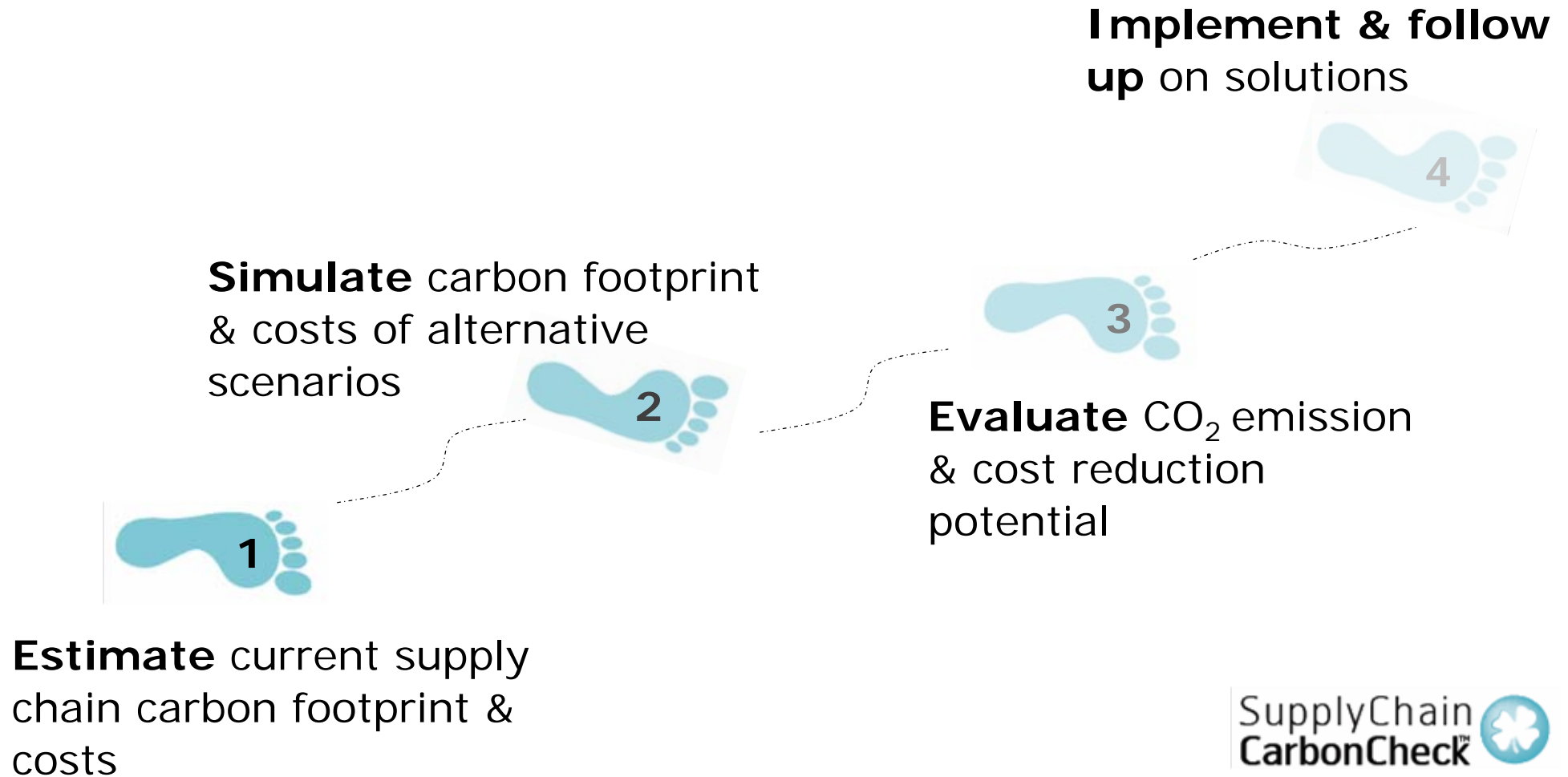
# What drives the need for a greener supply chain?

- > **Pressure from:**
  - > Consumers, Environmental groups, Customers, and shareholders
- > **Rising and highly volatile energy prices**
- > **Regulatory requirements**
  - > EU plans to include a carbon tax for international aviation from 2011
  - > The UN, the EU and many environmental parties are stressing the fact that international transportation should be considered in post-Kyoto agreements



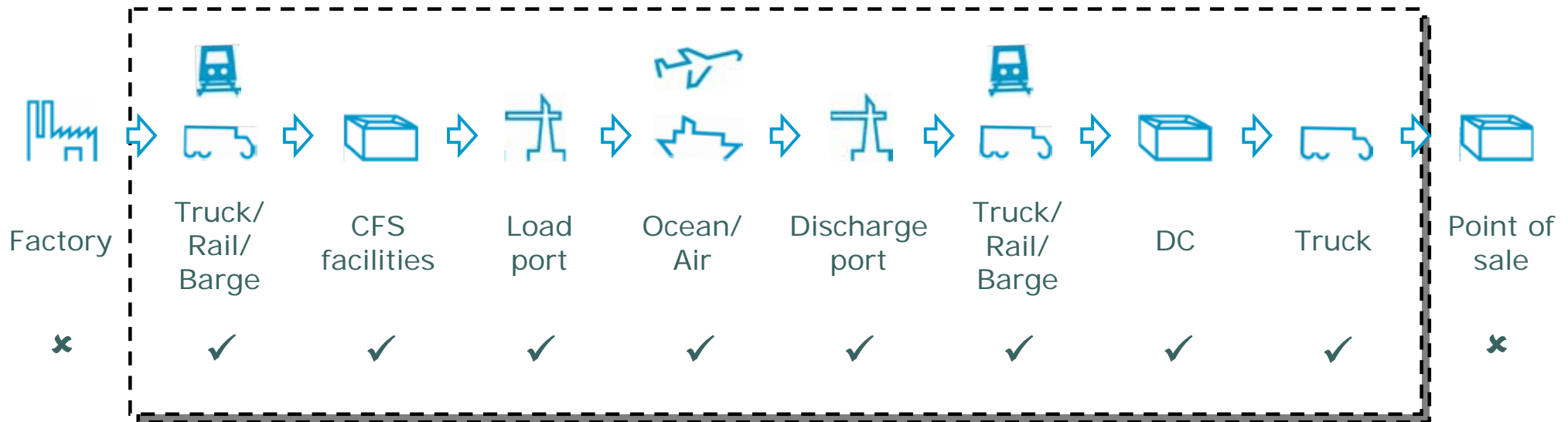
# SupplyChain CarbonCheck™ - a standardized approach

4-step methodology based on internationally recognized emission standards

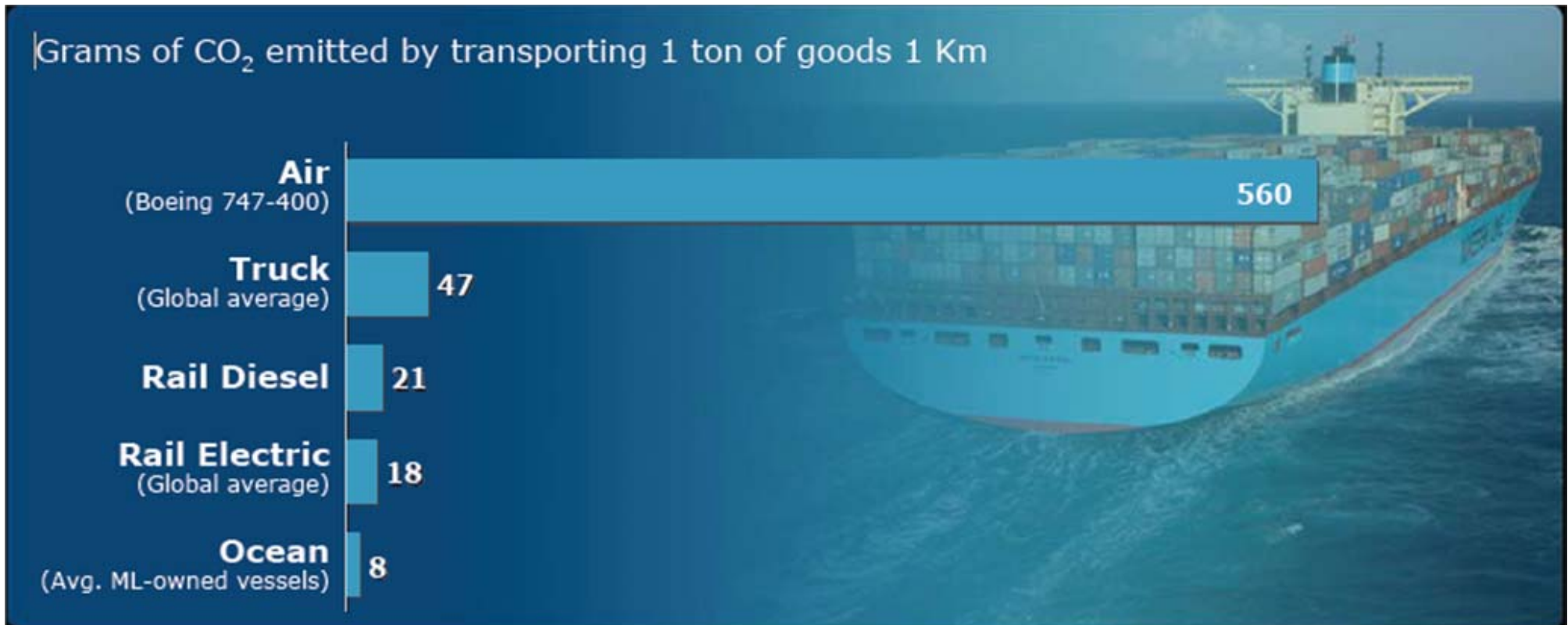


# SupplyChain CarbonCheck™ - comprehensive scope

The scope can cover supply chain activities from factory gate to store door



# Mode selection has significant impact on a company's carbon footprint



# Drivers of Carbon Emissions and Reduction Potentials

Part of supply chain

Driver of emissions

Ways to reduce emissions (examples)

Ocean transportation



- Volume moved
- km covered

- [Higher container utilisation](#)
- Use of more eco-friendly carriers

Air transportation



- kg moved
- km covered

- Air to Sea-Air conversion

Port moves



- Number of containers

- Sourcing patterns
- Higher container utilisation
- 20' to 40' conversion (origin consolidation)

Domestic distribution



- Transportation mode (truck vs. rail)
- km covered
- Volume moved

- [Distribution network optimization](#)
- Higher utilisation of delivery trucks/vans
- Double-decker trailers
- Use of bio-fuel

Warehousing



- Number of days in warehouse
- Number of CBM

- [Direct to stores](#)
- Cross docking
- Reduce safety stock

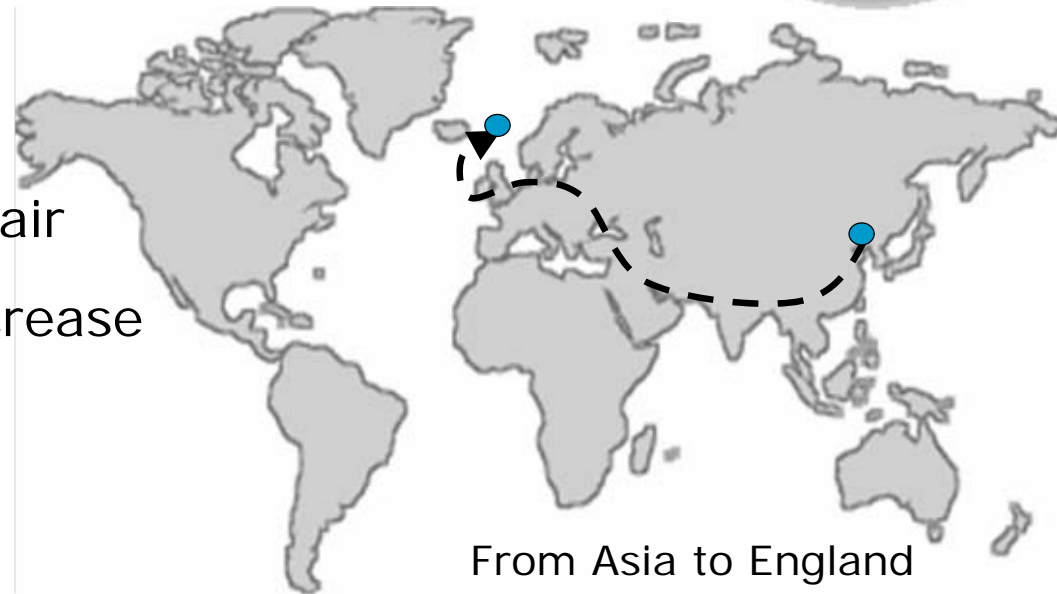


# Boots decreased CO<sub>2</sub> by 29% and supply chain costs by 21% per cubic metre from Asia to England from 2004 to 2007 while maintaining service levels

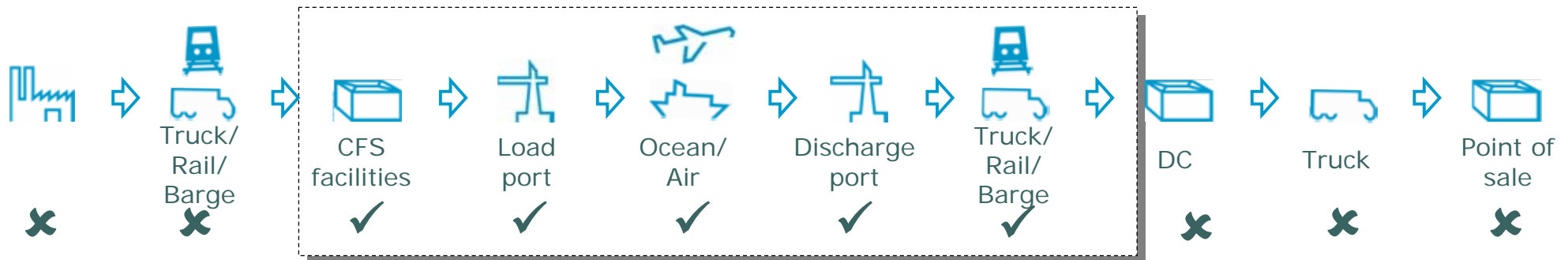


## How:

- ✓ Reduced % of cargo shipped by air
- ✓ Consolidated cargo in Asia to increase container utilization
- ✓ Converted 20' to 40' containers



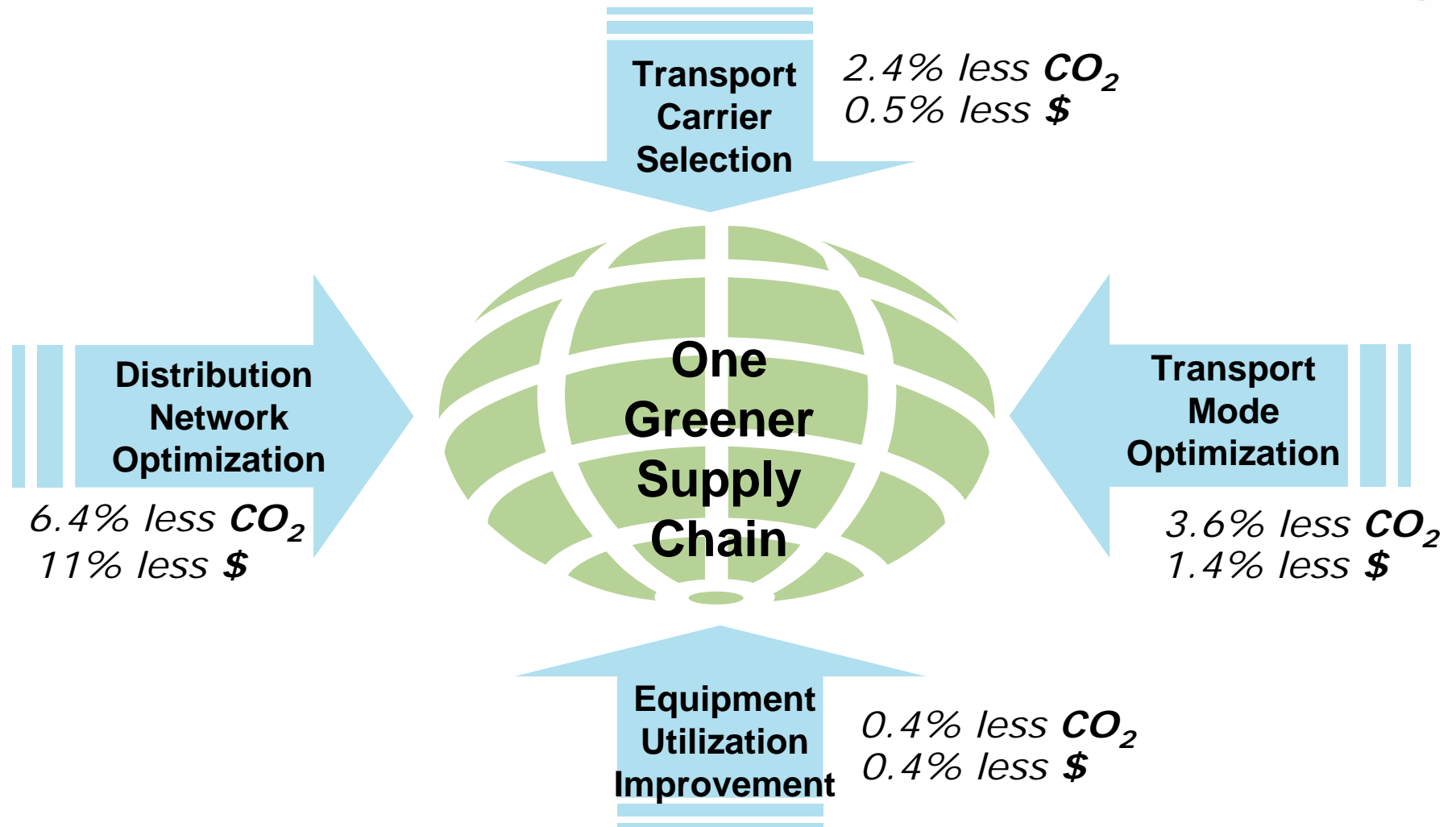
From Asia to England



SupplyChain CarbonCheck™:

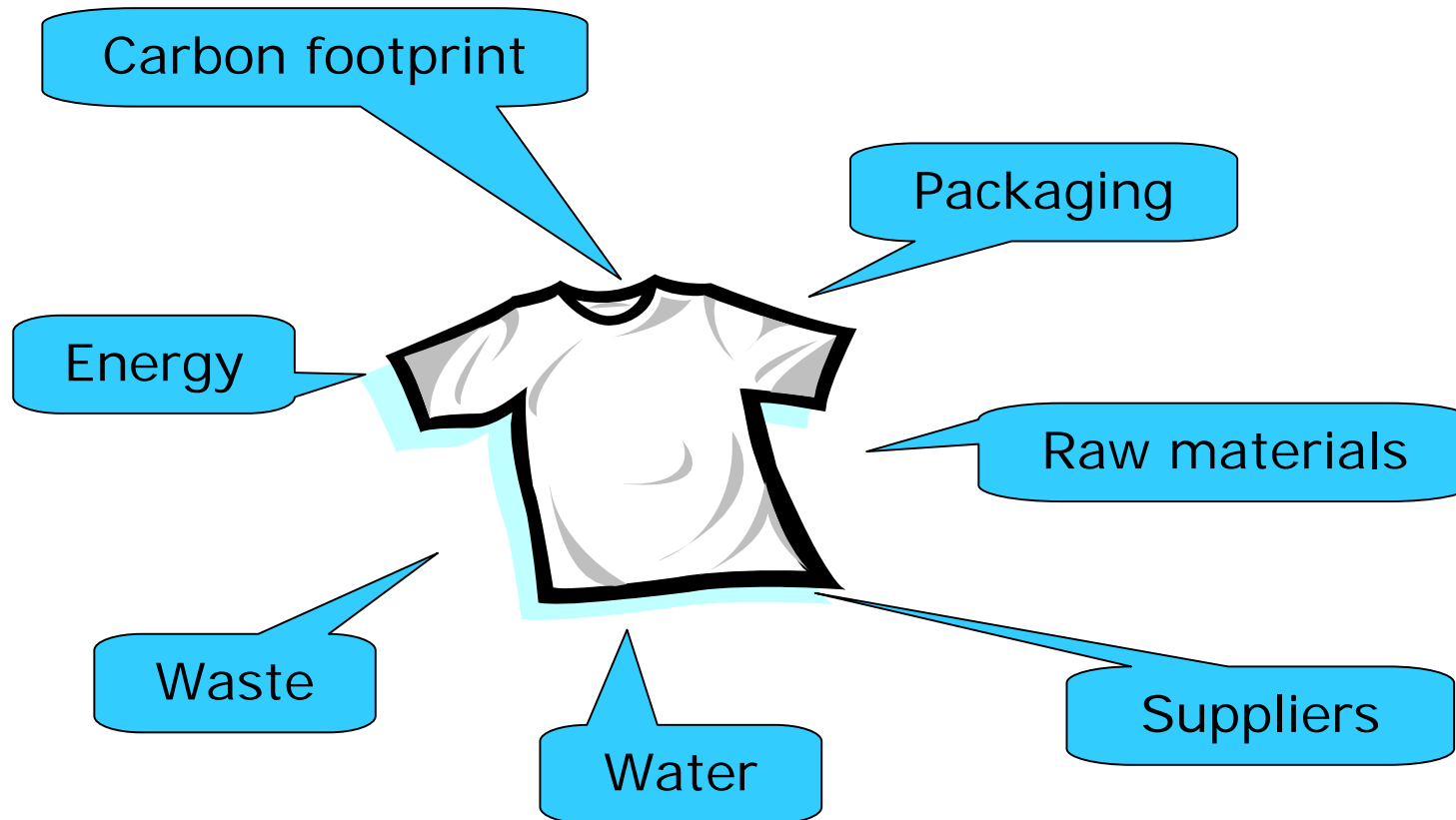
Boots Internal Mapping

# Macy's and Maersk Logistics have identified CO<sub>2</sub> and supply chain cost reduction potential in excess of 10%



## Sustainability – the next trend

Companies should have a sustainability strategy towards their supply chain which goes beyond carbon footprint



- > Put green demands on your suppliers – and yourself
- > Collaborate, share knowledge & challenge status quo
- > Top management commitment key to your environmental strategy
- > Measure CO<sub>2</sub> emissions and supply chain cost
- > Sustainability – look beyond CO<sub>2</sub>

# Green Supply Chain

- Reduce carbon emissions
- Lower supply chain costs
- Improve corporate image

**Brian Nemeth, General Manager of Supply Chain Development**

**Email: [brian.nemeth@maersklogistics.com](mailto:brian.nemeth@maersklogistics.com)**