MARKET UPDATE

APRIL 2024

PRIORITIZE SUSTAINABILITY TO WIN

Consumers increasingly prefer brands that share their values, particularly regarding environmental concerns. In an analysis of over 2,000 public companies, strategy and management consulting firm McKinsey & Company found brands adopting sustainable practices attract more consumers and generate higher profits.

Revenue growth is good. Profitable growth is better. Profitable growth that advances ESG priorities is best. Our new analysis indicates financially successful

companies that integrate environmental, social, and corporate governance (ESG) priorities into their growth strategies outperform their peers—provided they also outperform on the fundamentals.⁽³⁾

> Rebecca Doherty McKinsey & Company

60% sa

60 percent of respondents said they'd pay more for a product with sustainable packaging ⁽¹⁾

Brands that garner more than half of their sales from products making ESG-related claims enjoy 32 to 34 percent repeat rates⁽¹⁾

84%

34%

84 percent of customers say that poor environmental practices will alienate them from a brand or company⁽²⁾

Ashley Reichhel of Harvard Business Review stated, "we're fast approaching this tipping point where sustainability will be considered a baseline requirement for purchase, and **companies should prepare now.**" ⁽⁴⁾

THE SCOOP ON SCOPE

APER TRANSPORT

To reduce GHG emissions and enhance sustainability, it's crucial to consider more than just switching the lightbulbs in your facilities. Start by categorizing emissions into Scopes 1, 2, and 3. Understanding these scopes makes it easier to assess and interpret targets and energy transition plans.

Scope 1

Direct emissions that are owned or controlled by a company.

Scope 2

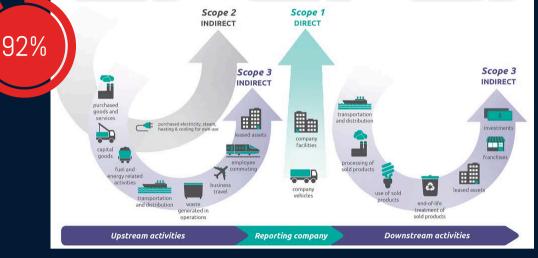
Indirect emissions that are a consequence of the company's activities, but do not occur from sources owned or controlled by that company.

Scope 3

Indirect emissions that are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly affects in its value chain.

PRIORITIZE SCOPE 3: TRANSPORTATION & DISTRIBUTION

On average, an organizations' Scope 3 supply chains emissions are approximately 92% of an organization's total GHG emissions or 11.4 times higher than operational emissions. ⁽⁵⁾



REDUCING SCOPE 3 EMISSIONS

Inspired by EDF's 5 Principles for Greener Freight from The Green Freight Handbook.⁽⁶⁾



Maximize Freight Efficiency

- Combine shipments and adjust packaging for optimal space utilization.
- Driver performance can significantly impact fuel economy, contributing up to 30% in savings.
- Reduce empty miles by securing backhaul opportunities.



Prioritize Carbon-Efficient Transport

Choose ocean freight over air and rail over truck for a substantial reduction in greenhouse gas emissions.



Embrace Collaboration

Engage with internal departments, suppliers, customers, and even competitors to identify and seize opportunities for emission reduction.



Optimize Logistics Networks

- Continuously refine your logistics network to cut costs and minimize emissions.
- Implement strategies like trailer pooling to promote drop and hook, reducing traffic congestion and idling.

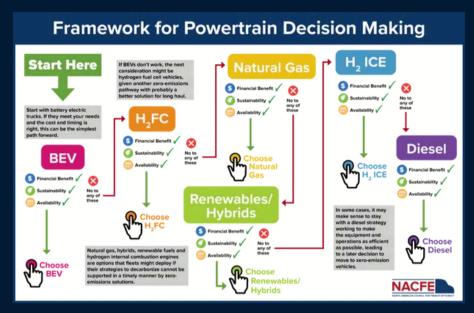


Demand Cleaner Practices

- Advocate for the use of cleaner trucks, cargo handling equipment, and pollution-reducing practices at transport hubs.
- Explore alternative fuels such as RNG (Renewable Natural Gas), which can be 125% cleaner than diesel.

Sources: (1) Stevenson, Seth. "Consumers care about sustainability—and back it up with their wallets." McKinsey & Company, 6 Feb 2023. https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/consumers-care-about-sustainability-and-back-it-up-with-their-wallets. (2) Ruiz, Arabella. "52 Huge Environmentally Conscious Consumer Statistics." TheRoundUp.org, 23 December 2023. https://theroundup.org/environmentally-conscious-consumer-statistics/. (3) Doherty, Rebecca; et. al. "The triple play: Growth, profit-and-sustainability." McKinsey & Company, 9 August 2023. https://www.mckinsey.com/capabilities/strategy-and-corporatefinance/our-insights/the-triple-play-growth-profit-and-sustainability. (4) Reichheld, Ashley, et. al. "Research: Consumers' Sustainability Demands Are Rising." Harvard Business Review, 18 September 2023. https://business.edf.org/insights/green-freight-math-how-to-calculate-emissions-for-a-truck-move/

TIME FOR ACTION IS NOW



Waiting is no longer an option.

(7) "The Messy Middle: A Time For Action." NACFE, February 2023. https://nacfe.org/research/thought-leadership/the-messy-middle/

DELIVERING SUSTAINABLE CAPACITY OPTIONS

This is where the rubber hits the road. At Paper Transport, we understand you have to balance the demands of getting freight moved efficiently with the sustainability goals of your organization. That's why over 30 years, we have built a portfolio of services designed to help you effectively meet both objectives and adopted alternative fuels for 10+ years.



TAKE CONTROL OF YOUR SUPPLY CHAIN

Paper Transport, a leading for-hire truckload carrier ranked in the top 100, stands out in dedicated, one-way over-the-road (OTR), and sustainability services. Additionally, it ranks among the top 20 providers in intermodal drayage and brokerage services, catering to various industries. With 30+ years of experience, Paper Transport has a national presence, offering both asset and non-asset solutions through strategic partnerships and adaptable logistics capabilities.

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