

IEO 2022 Business Case Task

Your team is to **suggest improvements** to the current JDL sustainable practice strategy to achieve their climate goal more efficiently: faster, cheaper, on a larger scale.

To do this your team needs to **assess the efficiency** of JDL's current carbon reduction strategy based on their climate goal. If necessary, you can compare JDL with other logistics companies.



About ESG

ESG principle is a **framework system** that incorporates **environmental** (E), **social** (S) and **governance** (G) factors. ESG is derived from responsible investment which The Principles of Responsible Investment (PRI) defines as "strategies and practices that incorporate environmental, social, and governance (ESG) considerations into investment decisions and active ownership". As such, ESG is often the standard and strategy used by investors to evaluate corporate behavior and future financial performance.

Links for your reference:

1. **UNDP SDGs:** <https://www.undp.org/sustainable-development-goals>
2. **PRI ESG website:** <https://www.unpri.org/sustainability-issues/environmental-social-and-governance-issues>
3. **Greenhouse Gas (GHG) Emissions** by EPA: <https://www.epa.gov/ghgemissions>
4. **Five ways that ESG creates value** by McKinsey:
<https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/five-ways-that-esg-creates-value>

Introduction to JDL's ESG strategy

In the wake of the Paris Agreement, corporate sustainability and ESG capabilities have become increasingly important. JD.COM, INC., as one of the biggest E-commerce companies, has its own logistics company — JD Logistics (JDL), and is committed to green and low-carbon development, accelerating the shift towards green and low-carbon transportation modes and strengthening green infrastructure development.

JDL announced its **commitment in ESG**: reducing GHG emissions by 50% by 2030 compared to 2019. To achieve this climate goal, JDL has adopted several specific measures including but not limited to:

1 Launching **new energy vehicles**

2 Utilizing application of **warehouse rooftop solar photovoltaic (PV) systems**

3 Replacing disposable woven bags with **reusable transfer bags**, and replacing stretch wrap with **recycled winding nets** to reduce the use of plastic products

4 Developing an **AI-based optimized control system** for thermal power plants based on deep reinforcement learning technology

Data Resources

1. **Website of JD.com, INC:** <https://corporate.jd.com/>
2. **ESG report of JD.com, INC:**
<https://ir.jd.com/esgcsr>
3. **Carbon emission data of JD.com, INC** (in ESG report)
4. **ESG reports of other logistics companies, such as**
 - **Fedex:** <https://www.fedex.com/en-us/home.html>
 - **DHL:** <https://www.dhl.com/us-en/home.html?locale=true>
 - **SF Express** (Hint: sustainability): <https://www.sf-express.com/we/ow/chn/en/index>

Industry Background

The COVID-19 pandemic has accelerated the growth of China's freight and logistics industry, which has been growing at an already rapid pace for the past decades. As of 2018, Asia-Pacific region, where China is the biggest contributor, was the leading player on the global logistics market with a market size of **€2425.91 billion**.

The prospects for the industry are promising with an expected growth at a CAGR of over 6% during the forecast period. The dynamic development and transformation of China's logistics industry has been enhanced not only by new retail models, but more importantly by the application of innovative technologies.

Logistics companies, such as SF Express, JD and ZTO, utilize **smart warehouses** which include smart handling, smart voice picking, automatic packaging, smart inventory, smart transportation with smart scheduling, routine optimization, and TMS for GPS location.



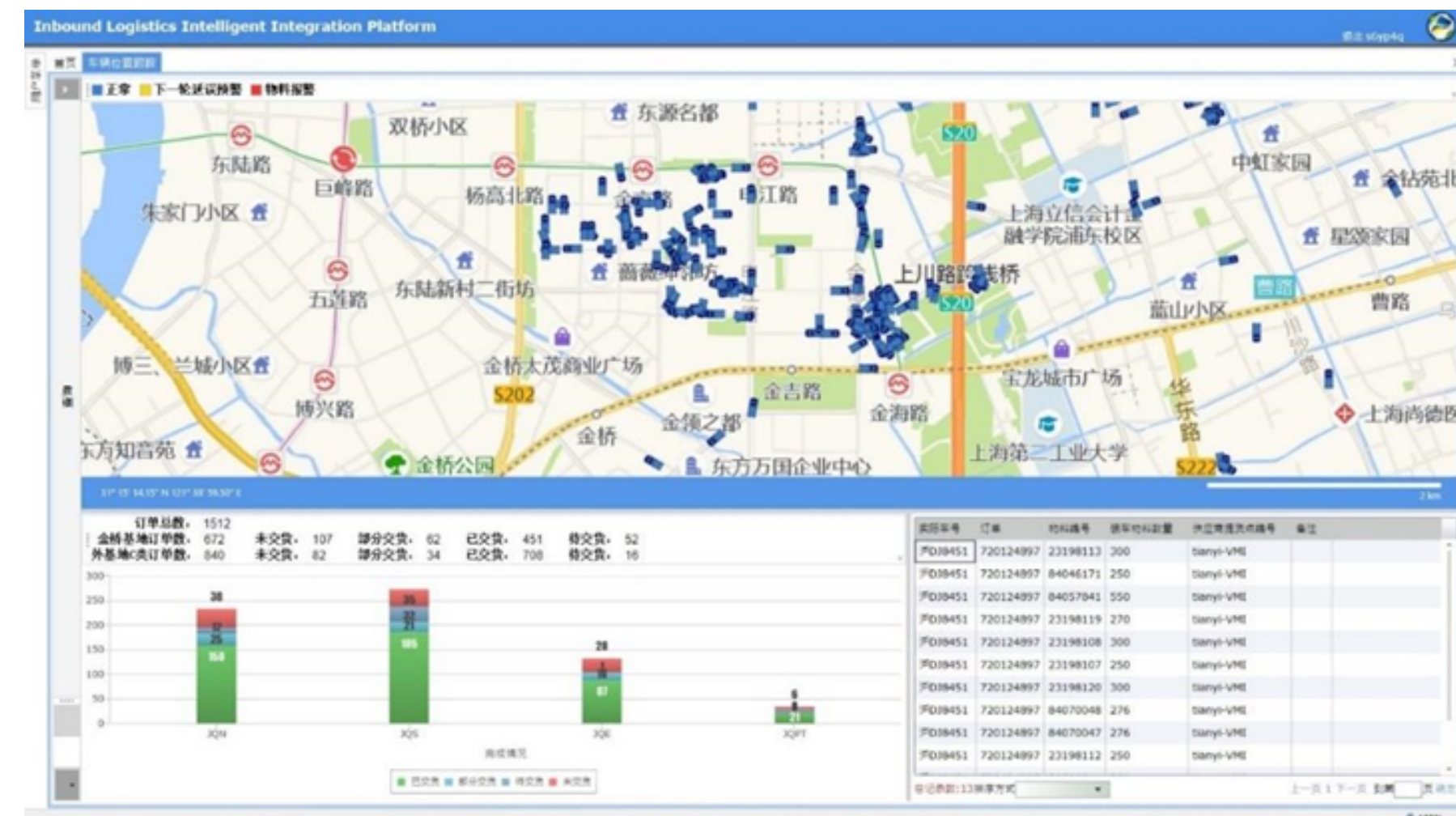
Smart Picking and Sorting in JD

Industry Background

Cloud computing and storage as well as the IoT (Internet of Things) have also helped logistics companies become digitalized.

With more and more technologies being applied as well as the rational allocation of human capital, Chinese logistics industry reached higher delivery efficiency and better customer experience, especially in the urban access and last mile delivery.

All of the above makes China one of the world leaders in the logistics industry.



TMS (Transport Management System)

Solution Requirements

- Business Case Exam consists of **two parts**:
Preparation: from July 28th, 23:59 (UTC) to July 29th, 23:59 (UTC);
Presentation: July 30.
- Business Case competition requires the **oral presentation** of the solution, accompanied by slides. The presentation must be in English. When presenting, you will have **10 minutes for an oral presentation** and **10 minutes for a Q&A session**.
- While solving the case, contestants may use **any materials (online/offline)**, however, it is **prohibited to contact any person outside of the team for assistance**. Team Leaders are also not allowed to assist the contestants.
- The presentation slides have to be in **landscape orientation** with an **aspect ratio of 16:9** and **saved as PDF**. No videos or animations are allowed. **The presentation file size can not exceed 12 MB**. The **file name should include the word "BC" and the name of the team** (e.g. "BC_United_Kingdom.pdf") and should be sent to **presentations@ecolymp.org**.
- The presentations must be submitted by **23:59 (UTC) on July 29, 2022**. No changes to slides are allowed after this deadline, but updated versions can be sent before the deadline several times: the latest version sent before the deadline will be used for the presentation.

Solution Requirements

ANALYTICAL THINKING

Ability to structurally approach the solution of a complex business problem, correctly dividing it into streams (into directions within which the solution of the problem may lie).

CONCEPTUAL THINKING

Ability to build correct hypotheses based on the resulting structure, made by analysis. Here the team checks how ideas respond to the necessary request and correctly address these or other problems of the enterprise, the team also makes sure that these solutions are feasible and have a common and business sense.

QUANTITATIVE THINKING

No case can be solved without simple but fast calculations and more complex models that illustrate certain analysis.

COMMUNICATION SKILLS

Ability to adequately present information, communicate your findings, recommendations and case solution, and also to answer challenging questions from the Jury members.