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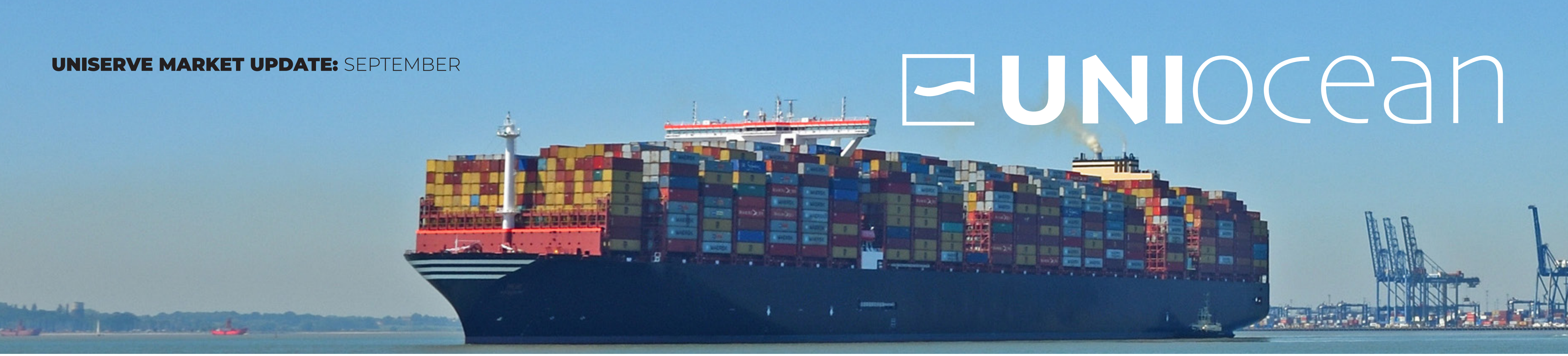
MARKET UPDATE

October 2021



OCEAN FREIGHT MARKET OVERVIEW

Market conditions have this year rolled continually in a challenging way. October will unfortunately be no different.

KEY TOPICS

- Each year, the impact of Golden Week in China hits trade routes between the Far East and Europe hard. Shipping lines have put measures in place to counter the National Holiday each year at varying levels – this year around 40,000 TEU has been withdrawn from carriage levels between the East and West through a series of voyages being blanked. This will restrict capacity into November.
- Origin trucking for exports from China is not readily available. Restrictions in this area are unavoidable and should be accommodated.
- Although schedule reliability has hovered between 35%-40% for most of the year, in August 2021 it dropped to 33.6%, a new low across the last 10 years during which the measure has been tracked. On a year-on-year level, reliability in August 2021 was 30.1 percentage points lower than August 2020, continuing the trend of year-on-year declines of over 30 percentage points in each month in 2021 so far. The average delay for late vessel arrivals continued to deteriorate, increasing by 0.58 days month-on-month to 7.57 days in August.
- In recent weeks, concerns have continued to grow about the availability of energy in China. The Chinese Government have installed a 'Dual Control of Energy Consumption' policy, which will impact production capacity for some manufacturing companies →

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OCEAN FREIGHT MARKET OVERVIEW (CONTINUED)

KEY TOPICS

and create a delay in the despatch of some orders. In addition, the Chinese Ministry of Ecology and Environment has issued a draft paper to cover an action plan to control air pollution. During autumn and winter, production capacity at some factories may be further restricted as a result.

- The US market is seeing vessel queues stabilizing generally, although congestion at key ports such as Los Angeles/Long Beach and Savannah is worsening, with more ships at anchor now than at any time during Covid-19. This congestion is causing major distress to the neighbouring ports due to the knock-on effect of vessels skipping scheduled calls. It was reported during the last week in September that 60 vessels were at anchor at the ports of LA/LB with a 10-day dwell time, with 24 at Savannah.
- Export availability across the UK continues to lessen, while rates climb to what feels like sky-high levels compared to what trade routes would normally expect. If you *can* secure a booking on an outbound vessel, you will of course have to complement the booking with UK trucking between warehouse and port of exit – easier said than done at this point. This is not being offered by most carriers to allow a booking to run smoothly.

> **In August 2021 schedule reliability dropped to 33.6%, a new all-time low during the last 10 years**

- We continue to report issues with regards to container deliveries in the UK, as this area dominates the airwaves here especially for fuel deliveries to petrol stations. The situation has an increasingly high profile now with the Government, industry bodies and the media continually discussing. For container deliveries, time-frames between vessel arrivals and actual warehouse delivery dates →

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OCEAN FREIGHT MARKET OVERVIEW (CONTINUED)

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are getting worse across our sector. Commonly, deliveries are being forced to happen outside of a standard free time agreement, thereby incurring heavy additional costs as no carriers offer any leniency in this area.

- To book for a container delivery direct with a shipping line, at present the typical offering will be two to three weeks out from the booking date. Some carriers at the moment are even offering the earliest delivery dates in November. The problem is getting worse, with costs increasing monthly on driver salaries and running costs.
- DP World has announced that work will begin shortly on a new fourth berth at its London Gateway logistics hub due to demand increases. This will allow more capacity for the world's largest vessels. This further reported £300m investment extends the £2bn investment DP World has made in Britain over the last decade.
- Along with the Port of Tilbury and Ford's Dagenham plant, DP World London Gateway will form Thames Freeport after having been awarded freeport status by the Government earlier this year.
- The business partners are currently progressing the business case with a view to receiving formal accreditation. DP World Southampton has also been awarded freeport status as part of Solent Freeport, further cementing the critical role of both logistics hubs in the UK's international trade.

During autumn and winter, production capacity at some factories in China may face further restrictions.

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OCEAN FREIGHT MARKET UPDATE – FAR EAST & SE ASIA

We are now almost a year into the 'Perfect Storm' that we first encountered back in November 2020. On the back end of a strong peak, we are still seeing a high demand forecast for October, with little or no improvement in equipment availability, or schedule reliability.

KEY TOPICS

- The first big hurdle for October in China is the Golden Week shut-down (1st to 7th October). The Far East and SE Asia rates remain high and on the buoyant side, with no carriers dreaming about a return to 'normal.' Ongoing Covid-19 issues continue to blight the region, causing ongoing operational issues.
- Thanks to growing vaccination coverage and decreasing pandemic impact, parts of the world are heading towards more regular conditions of business. The UK is a prime example of this, where an excellent vaccination programme, along with the staged-managed easing of lockdowns has resulted in a strong economic recovery and rapidly increased demands from consumers.
- Whilst Europe, the UK and the US head towards opening up, the opposite is happening in the Far East, SE Asia and Oceania. Labelled the 'Zero-Covid-19' strategy, governments here continue to take the opposite standpoint. In Hong Kong and SE Asia, slow vaccination programmes, along with vaccination hesitancy remains a challenge. For the time being, the conditions under which we all operate will continue to be disrupted and far from normal.

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OCEAN FREIGHT MARKET UPDATE – FAR EAST & SE ASIA (CONTINUED)

KEY TOPICS

- Global ocean market demand is outperforming the supply much more than expected. We have experienced hard lockdowns in SE Asia, and further increased outbreaks of Covid-19 in Vietnam, resulting in sporadic factory closures, along with the accompanying operational issues. Last month (September), China saw fresh Covid-19 outbreaks across many locations. Despite China's vaccination programme, several lockdowns occurred whilst mass-testing programmes were recommenced.
- This is causing ongoing disruption in an already stressed supply chain. As always, our focus remains on securing coverage, equipment and reliable capacity solutions – be that liner, charter, or our own equipment. For time-sensitive goods that need to be moved quickly, our air freight service is another transport alternative that may be able to assist you.

> Parts of the world are heading towards more regular conditions of business. Thanks to growing vaccination coverage.

- Schedule reliability has fallen dramatically in 2021 driven by various factors, particularly by stronger-than-expected demand, operational disruptions and continued port congestions. Our International sea freight division, UniOcean, is in the process of adding 20,000 40' high cube containers into our equipment fleet to support our customers' export requirements from China.
- Some big numbers have been reported: eight of the world's largest container carriers have delivered combined operating profits of USD 25 billion in the first six months of 2021, according to Alphaliner. The second half of the year looks even more promising for liner companies.
- Due to a dire shortage of containers, German container line Hapag-Lloyd has placed an →

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OCEAN FREIGHT MARKET UPDATE – FAR EAST & SE ASIA (CONTINUED)

KEY TOPICS

order for 75,000 TEU dry containers slated for delivery in the fourth quarter of 2021.

- At the time of going to press, there are 376 container vessels queuing off ports around the world. As a result of the strained freight market, particularly on Pacific routes, 2.4 million containers are currently stuck onboard vessels waiting to berth. The majority are waiting off the coasts of China and the US, according to new figures posted by Vessels Value.
- Some good news to report: another crisis has been averted after HMM made peace with its seafarers in a wage dispute. After several months, South Korean carrier HMM has entered into an agreement with its seafarers, warding off a strike and conflict escalation.
- Reports are coming in that IKEA has purchased its own containers and is chartering its own vessels to ensure stocked shelves. We hope for their sake that they don't come flat-packed!
- Hong Kong-based carrier Orient Overseas Container Line (OOCL) has placed an order for 10 new large neo-Panamax container vessels, which will be delivered from Chinese shipyards. The new-build order is valued at a total of USD 1.58 billion, and the 10 additional new-builds follow in the wake of an order for 12 large container vessels in 2020.

Evergreen orders 24 container vessels for a total value of upwards of USD 1.1 billion.

- CMA CGM freezes spot rates until February 2022: the world's third-largest container carrier has introduced a complete halt to the increase of spot rates, with immediate effect. The carrier is prioritizing long-term business relations with its customers.
- CMA CGM is not alone in trying to put the brakes on the galloping spot rates in the container market. Hapag-Lloyd is doing the same. The

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OCEAN FREIGHT MARKET UPDATE – FAR EAST & SE ASIA (CONTINUED)

KEY TOPICS

moves are in effect aimed at nursing their loyal customers, according to one assessment.

- Meanwhile, ONE maintains its existing pricing policy. Also, at the time of going to press, Hamburg Sud has announced huge increases in their peak season surcharges.
- Evergreen has ordered 24 container vessels for a total value of upwards of USD 1.1 billion, positioning the Chinese-Taipei based container carrier as the second-largest orderer of new-builds relative to its existing fleets.
- In a different strategy, Maersk is engaging more customers on long-term contracts in a market where a lack of capacity and huge demand are pushing rates to historically high levels.
- At the time of going to press, spot rates for container freight have set a new record for the 20th week in a row, according to the SCFI index, which has gone up around 240% in the past year.
- 2M is the first alliance to announce blank sailings over China's October holiday period and has left some shippers in limbo, with booked cargo on the cancelled sailings and still struggling to find capacity on brim-full export ships from Asia.
- Maersk and MSC, the 2M partners, have cancelled four scheduled Asia-North Europe loops in weeks 39 and 40, thereby removing some 70,000 TEU of capacity from the route.
- It is quite normal for carriers to blank sailings around the Golden Week holiday when demand traditionally eases after the main peak season rush, however, according to a carrier source recently, "this year the bookings backlog could fill our ships well into October". From our point of view, this will add further strain to an already torrid situation. The jury is out on whether this is a bid from the carriers to improve schedule reliability or prop up an already buoyant spot rate market.

Carriers are overcommitted and are limiting booking acceptance or rolling shipments.

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OCEAN FREIGHT MARKET – INDIAN SUBCONTINENT UPDATE

KEY TOPICS

- Major ports across ISC are overstrained as strong cargo demand has led to port congestion and equipment shortage ahead of the pre-Christmas period.
- Shipping lines continue to run at 100% utilisation levels. Consequently, supply chains are massively impacted by even a small disruption at ports, whether that is a Covid-19 outbreak or operational problem.
- Carriers are overcommitted and are limiting booking acceptance or rolling shipments. With continuous vessel delays schedule reliability remains very poor.
- Equipment of all types is in deficit. Carriers are working to reposition empties while also placing large orders of new equipment. 619 container ships are now on order for future delivery. Of those, 381 have been ordered in 2021 alone and never has 3.44m TEU been ordered in such a short period. The container ship order book holds 5.3m TEU of shipping capacity which is scheduled to be added to the fleet from 2023 onwards. Entering 2021 it was at 2.5 million TEU.
- From a carrier perspective, there is a limit to how high the prices will go. The other part of it is that there is a lot of cargo that has been moving from the carriers to the forwarders, which have seized back a significant part of the market.
- We are at a point where a lot of goods are not being moved now because it is too expensive. That changes the fundamental economics, which could mean governments get involved.
- Shipping is based on long-term relationships and carriers will also see they are at risk of damaging long-term relationships if the current situation continues.

September is a crucial time for all shippers and freight forwarders as the traditional peak season begins.

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AIR FREIGHT MARKET OVERVIEW

As we move into the last quarter of 2021, it is now quite clear that the challenges in ocean freight are not going to disappear and concerns over stock availability for year-end are unlikely to be resolved.

KEY TOPICS

- With the first week of October being the Golden Week holidays in China, the week-long factory closure has created a huge increase in bookings which will take up capacity well into the month. We are already seeing very strong demand for capacity through the whole of October and into November.
- With freighter and charter operators already working to capacity, the air freight industry is going to be under pressure to service this increasing demand and inevitably pricing will rise.
- Even the new freedom to travel to North America, and expected modest increase in passenger flights, is not expected to lower costs on that market initially. With passengers comes baggage, so the overall increased available freight capacity won't be felt straight away.
- Retail demand on air freight from the ISC is outstripping demand and like all markets, strong demand from North America is sucking up capacity at higher yields than the UK and European markets. We continue to find solutions and as always encourage you to talk to us as soon as possible about requirements. It's going to be a very strong year-end and we predict a fair amount of turbulence en route.

AIR FREIGHT MARKET UPDATE – FAR EAST & SE ASIA

Demand in October is currently predicted to strengthen, with challenges in capacity remaining a key issue.

KEY TOPICS

- The first big hurdle for October in China is the Golden Week shut-down (1st to 7th October). The imbalance of market demand and supply continues as air freight is being used to overcome supply chain delays and disruptions.
- The forecasted demand for the last quarter of 2021 remains very high, due to continuous disruptions and mode shift conversion from ocean to air on various trade lanes. We are seeing a marked increase from our clients, who, frustrated with their ongoing challenges on sea and rail freight modes, are once again turning to air freight as their prime problem-solver.
- Fresh Covid-19 outbreaks across the region continue to blight the supply chain, while all countries in the Far East and South-East Asia continue to pursue their ‘zero Covid-19’ strategies. As always, our goal remains 100% committed to offering our clients fluid, multiple solutions and options when looking towards the air freight mode of transport.
- China Southern Cargo received its Air Operators Certificate (AOC) as the parent group spins off its freighter operating division. The new business received its AOC from the Civil Aviation Administration of Central South China last month. The new division will be based in Guangzhou and will be wholly owned by China Southern.
- Documents seen last year show the →

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AIR FREIGHT MARKET UPDATE – FAR EAST & SE ASIA (CONTINUED)

KEY TOPICS

cargo business will have a registered capital of C¥1bn ($150m). It will operate Boeing 777 freighters on domestic and international cargo flights. According to its latest annual report, China Southern operates 14 777Fs and two 747-400Fs. The move comes as China looks to reform state-owned businesses through a mixed-ownership model, with the state a shareholder in companies without running them on a day-to-day basis.

- Vietnam Airlines has selected Worldwide Flight Services (WFS) as its new cargo handler at Amsterdam Schipol Airport. WFS will provide full cargo handling services for the airline's twice-weekly Airbus A350-900 passenger freighter flights from Vietnam's Tan Son Nhat International Airport. WFS has existing cargo handling contracts with Vietnam Airlines at London Heathrow and in Dublin.
- Hong Kong International Airport announced in mid-September that it will implement more stringent requirements to further protect airport workers from Covid-19 after its most recent confirmed case involving lounge staff. Airport workers who now need to be fully vaccinated include those handling high-risk cargo and having unavoidable close contact with arrivals and transfer/transit passengers, such as airline and ground agent staff, ramp coordinators, in-flight catering coordinators, cargo loading staff, as well as cabin and lavatory cleaners. Meanwhile, operators – including airlines – must only deploy vaccinated staff.
- In its latest air freight market analysis, CLIVE Data Services said the "resilient" international demand for air cargo capacity in August, versus a shortfall in supply, pushed average global air cargo rates up 112% on their pre-Covid-19 levels. Meanwhile, capacity this year was 16% below the level seen in August 2019.
- While lockdowns in Southern Vietnam are ongoing, restrictions have been lifted. As of 30th September, residents in Ho Chi Minh City will be able to leave their homes, while essential businesses and trades can reopen.

Trades in Ho Chi Minh City can be opened after 30th September.

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AIR FREIGHT MARKET UPDATE – FAR EAST & SE ASIA (CONTINUED)

KEY TOPICS

- Industry analysis for August 2021 shows volumes up 1% compared to the same month of 2019, before the pandemic took hold, and +19% versus August 2020.
- The biggest challenge for businesses importing and exporting goods by air remained the low level of available cargo capacity at -16% below the level seen in August 2019. Rising demand is also being driven by the number of retailers having to pivot from traditional ocean freight-based supply chains to air cargo to replenish stock levels in time for their peak sales season. Capacity continues to recover but is still 10.3% down compared to July 2019.
- August 2021 analysis showed that the impact on ground operations in Shanghai contributed to a 10% drop in volumes from China to Europe in the last two weeks of August. Westbound capacity was reduced by 18%. As a result, spot rates increased by nearly 20% in the last week of August compared to the last week of July.
- Hong Kong International Airport, the world's largest cargo hub, is on track to open its third runway in 2022. In mid-September, the airport authority marked a major milestone of the three-runway system (3RS) project as runway pavement works were completed. After its expansion, the airport will double its current handling capabilities. HKIA will be able to handle cargo volumes of around 10m tonnes per annum.

Cargo capacity remains the biggest challenge, with casualties of the shipping crisis looking to air freight

- Atlas Air's pilots have lambasted the new contract decided by the arbitrator, calling it "catastrophic" for the airline. Pilots have claimed that Atlas has faced service disruptions in the past months owing to a shortage of pilots. It's predicted that the carrier would face further, more serious disruption as more pilots leave, before the extremely busy fourth quarter.
- Atlas' key customers include major forwarders, DHL and Amazon. At the time of going to press, a deal for both sides has been struck. Cathay Pacific announced that all staff that remained unvaccinated and without adequate medical grounds for not getting inoculated have been made redundant.

AIR FREIGHT MARKET UPDATE – INDIAN SUBCONTINENT

KEY TOPICS

- Demand for air freight is increasing significantly and rates are going up daily. Ocean-to-air conversions are picking up, as there is no available ocean space for cargo to still make it in time for the Christmas season.
- Any form of rate stability is now gone, with carriers quoting rates on a shipment-by-shipment basis. Local origins do not have much control over the rates with HQ deciding on the pricing.
- In India rates are increasing from all stations across India as demand starts to pick up.
- MAA (Chennai) is particularly bad, with high demand and large batches of SF shipments going to AF mode. Shippers in nearby locations of MAA are using BLR (Bangalore) as an alternate and in some cases cargo is being moved to DEL (Delhi) by domestic flights.
- In Bangladesh due to the high demand of the buyers and a significant increase in the cargo shipping charge (up to 400% in the past couple of months), shippers are opting for air freight.
- Dhaka Airport can handle 800 tonnes of cargo every day using its two scanners, but currently the airport is dealing with more than 1,200 tonnes of dry cargo per day. Construction work at terminal 3 had restricted the movement of trucks, creating serious congestion at the airport.
- In Pakistan as the traditional peak season is setting in, coupled with an increasing disruption from local Covid-19 outbreaks, we foresee an immense pressure on air freight in the coming weeks till year-end. For the same reasons, airlines are withdrawing their previously quoted rates. Now airlines are mostly offering their Express options for confirmed ETAs. For instance, QR is offering booking space on their Gold rates and Emirates is offering bookings against their AXA rates.
- In Sri Lanka there have been sharp increases in air demand out of Colombo as more cargo from Bangladesh moves as Sea-Air via the Sri Lankan hub. Etihad has cancelled its passenger freighters, Qatar pulled some flights "for operational and technical issues", and Turkish also cut flights. But with major retailers looking to move stock fast, rates have sky-rocketed during the past week and transit times have been stretched by 7-8 days more than normal.

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WAREHOUSING & DISTRIBUTION UPDATE

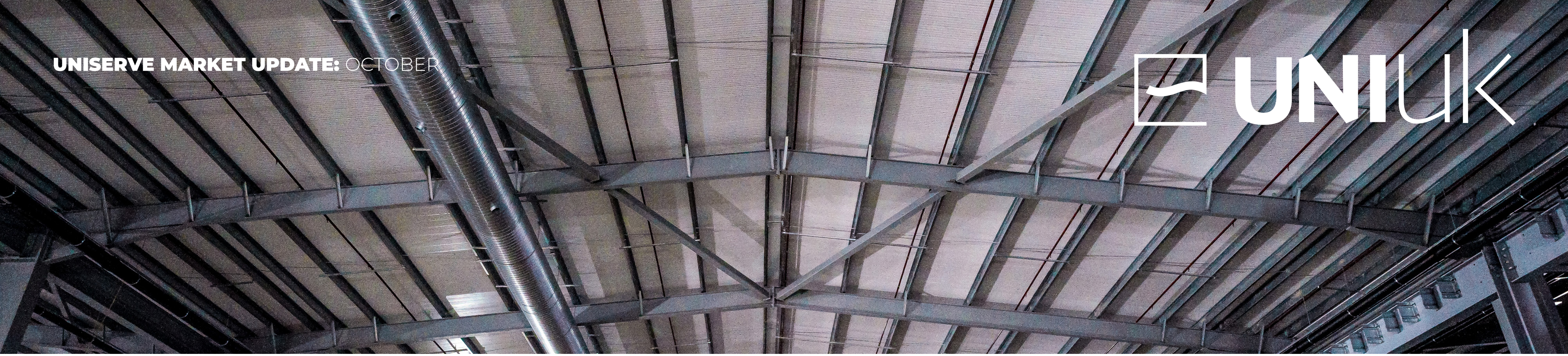
As the Christmas stock starts to arrive in the UK from the Far East, so the demand for road transport continues to grow, resulting in booking lead times now somewhere between 10 and 40 days depending on carrier and haulier. The situation is likely to get worse over the coming weeks...

KEY TOPICS

- The backlog of volume waiting for road transport is now starting to impact the ports. Some are starting to raise concerns that the volumes on quay will soon start to affect turnaround times and their ability to continue efficient operations. We are already seeing an increase in the use of ports in Europe for discharging UK Containers thus creating a spike in demand for feeder vessels to bring containers into the smaller ports in the UK.
- Given the volumes on the quay, it is no surprise that we have seen an influx of emails offering very high rates to see if It will secure traction to get containers off the quay, to avoid rising demurrage and detention charges.

Driver Shortage

- With regard to the driver shortage, our significant pay increase to the drivers has steadied the position on leavers but it is still a challenge to recruit new drivers, with much competition from all sectors of the road haulage industry. The recent U-turn by the Government regarding the granting of a temporary visa to EU nationals may help, but the three-month restriction may make it less attractive to drivers considering a move back to the UK.
- As if all of the above challenges were not enough for the haulage industry, we are now seeing large increases in the price →



WAREHOUSING & DISTRIBUTION UPDATE (CONTINUED)

KEY TOPICS

of diesel and long queues at the forecourts.

- The new vehicle supply is as at an all-time low, with hauliers finding it difficult to either buy or hire. Many manufacturers are not even accepting orders for new vehicles, as there is no guarantee when these can be fulfilled. All used stock is non-existent, as hauliers extend hire agreements to retain the trucks they do have.
- We understand that some trucks are being delivered without the usual features working due to lack of part availability i.e. no radios in cabs.
- We are also seeing problems with part supply as shortages for both trucks and trailers parts, again this has pushed the prices up on certain items.
- However, we aim to take each of these hurdles one by one and continue to provide a high level of service when delivering containers for our customers.
- In figures released by the Road Haulage Association (RHA), the UK is currently experiencing shortages of around 100,000 HGV drivers. The UK has faced difficulty retaining current drivers along with attracting a new generation into the industry. The average age of an HGV driver is 55 and less than 1% are under the age of 25, according to the RHA.
- A combination of driver shortages, delays at test centres, Covid-19 and the traditional pre-Christmas peak season has severely impacted all areas of the supply chain. This has also been blamed for the current fuel crisis in the UK. Consumer concerns over depleted fuel stocks have led to long queues at petrol stations throughout the UK. In addition to these factors, higher commodity and freight charges are seeing an increase in prices for the consumer.
- The Government has reacted to the disruption by issuing 5,000 temporary UK visas for fuel tanker and food lorry drivers to work in the UK until Christmas Eve. However, the Department for Transport has advised that this is a temporary solution which will only be resolved by building skills in the UK. The DfT is making HGV training courses available for up to 4,000 people and free, intensive courses funded →

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WAREHOUSING & DISTRIBUTION UPDATE (CONTINUED)

KEY TOPICS

by the Department for Education for drivers to gain Cat C or Cat C&E licences.

- Some companies are making the move to using smaller vehicles where drivers do not require an HGV licence, especially where the driver shortage is impacting deliveries of seasonal flu vaccines.

Warehousing

- It is estimated that global spending on warehouse management systems is expected to reach over £20bn by 2028. Growth in sectors such as e-commerce, healthcare, retail, and manufacturing will drive the need to increase operational efficiency to meet the surge in consumer demand. Uniserve is always investing in technology and the rollout of our new WMS systems across our warehouse network can support customer requirements for increased visibility and reporting.
- In the run-up to seasonal, the additional resource required by warehouses to meet Black Friday and Christmas demands increase significantly. A shortage of workers in the industry has seen companies increasing wages by up to 30% to recruit the required staff.
- Clare Bottle, CEO of the UK Warehousing Association, said her members had reported having to increase pay by between 20% and 30% to secure workers for entry-level jobs. With around 200,000 people working in warehousing, she said: "The problem is big. I would say we're tens of thousands short." The sector was traditionally supplemented by workers from Europe who arrived to work in warehouse and distribution centres for the festive period and during 2020 the gap was plugged by staff on furlough through the Covid-19 pandemic taking on part-time jobs. With a key shift from online e-commerce offerings, an injection of workers is required to cope with the upswing in operations. Automation will also be a key factor in driving forward warehouse operational efficiencies.
- The warehouse industry operates with low margins and overheads, so labour costs are a high proportion of costs that are passed on and price increases are inevitable.


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EUROPEAN FREIGHT TRANSPORT MARKET UPDATE

Even before the pandemic and Brexit, there was a lack of drivers in the road transport industry. Factors such as an ageing workforce and insufficient numbers of new recruits are a notorious issue.

KEY TOPICS

- The driver shortage is now at an all-time high. Transport Intelligence has reported that the European road freight market is short of more than 400,000 drivers and unfortunately we do not expect any improvement this year and into 2022. Also according to TI, the worst affected areas are Poland, UK, Germany, Italy and France although all other areas in Europe are affected. See the below regional driver shortage details.
- The shortage in Poland in 2020 is around 124,000 drivers. According to IRU, Poland is one of the most heavily impacted European countries and driver shortage in 2020 stands at around 37%.
- The RHA estimates that there is currently a shortfall of about 60,000 hauliers in the UK. According to data from the Q2 Labour Force Survey for 2020, the calculated shortfall is even higher than RHA estimates and stands at around 76,000.
- Between 45,000 and 60,000 truck drivers are ‘missing’ in 2020 in the German market alone, according to the DSLV and BGL, and this number is only increasing. The IRU predicts a gap of 185,000 drivers by 2027 in Germany.

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EUROPEAN FREIGHT TRANSPORT MARKET UPDATE (CONTINUED)

KEY TOPICS

- In 2019 was been reported by several news outlets that France is experiencing a shortage of approximately 43,000 drivers.
- The shortfall in Italy in 2019 was estimated at around 15,000 drivers according to various sources including the National newspaper Corriere Della Sera.
- Equipment availability remains extremely poor as the containerised carriers deal with particularly high demand. Short sea and intermodal carriers are issuing a general rate increase from 1st October due to a shortage of equipment.
- To facilitate, shorter dwell times at port and a higher turnaround of equipment lines are also reducing their free time to as little as three days so the likelihood of additional demurrage charges is high for customers who do not have flexibility in their DC operations. Some carriers are overbooked and currently have two-week lead times for new bookings.
- The container haulage crisis is contributing to delays. The lack of available haulage is causing daily delivery cancellations and shippers are expected to face a significant rise in costs.
- The Spanish rail network is due to have disruption as the CGT union calls for a strike lasting until 12th October.
- There is still a shortage of trailers in Turkey due to the balance of loads going back to the country, which is causing trailer costs to increase by 10%. Consequently causing long delays on the main Turkish border with Bulgaria at Kapikule.

Short sea and intermodal carriers are issuing a general rate increase from 1st October due to a shortage of equipment.

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COMPLY DIRECT OVERVIEW

KEY TOPICS

A roadmap to Net Zero: The 'how?' and 'why?'of carbon reduction for your business.

Roadmap to Net Zero

- The climate crisis is the most pressing issue of this generation. Global emissions and temperatures are continuing to rise and reaching record levels, and the disastrous consequences of this on our climate, oceans, and biodiversity are already clearly visible. The Intergovernmental Panel on Climate Change's (IPCC) special report published in 2018 detailed the devastating impacts on the world if global warming reached over 1.5 degrees warming above pre-industrial levels. Impacts include coral reefs ceasing to exist, annual heatwaves causing wildfires and droughts, ice sheets collapsing, the wipeout of species, and millions of lives at risk.

More recently, the IPCC published its 6th Assessment Report on the Physical Science Basis of climate change. This built on the previous report as a code red for humanity, highlighting the scale of the climate emergency and the need for countries and governments to take rapid action to reduce greenhouse gas emissions. The disturbing findings showed that warming is projected to hit that 1.5-degree threshold between 2030 and 2035, no matter what the scenario. Only drastic and urgent action to reach the net-zero carbon emissions target within the carbon budget will limit the impacts and enable warming to decrease back below 1.5 degrees. →

COMPLY DIRECT OVERVIEW (CONTINUED)

KEY TOPICS

The report comes at a crucial time ahead of the Conference of Parties (COP26) in Glasgow in November 2021, where countries will need to agree to take actions that are proportionate to the scale of the climate crisis. Signatories to the Paris agreement will need to raise their ambitions for mitigating climate change in line with these findings. Although the 6th Assessment Report provides perhaps the most concerning outlook yet, there are opportunities for organisations looking to embrace, adapt and reduce their emissions (as well as increased risks for those who fail to take action).

- Net-zero means reducing emissions as much as possible whilst acknowledging that where greenhouse gas emissions still occur, they must be offset entirely through long-term carbon capture or storage. The UK's legally binding net-zero target by 2050 will likely mean further requirements for businesses, and will be introduced in the coming years. A recent poll conducted by O2 and the British Chambers of Commerce found that just 1 in 10 SMEs are measuring the carbon footprint of their operations, with one of the main challenges being a lack of in-house understanding or expertise.

The UK's legally binding net-zero target by 2050 will likely mean further requirements for businesses.

Roadmap to net-zero can be broken down into 4 stages:

- **Measure**: This is calculating how much carbon an organisation or product generates and is commonly referred to as a carbon footprint.
- **Target:** Once you've completed a carbon footprint, you might want to set a target to reduce your footprint over time. You might also want to consider working towards a Science-Based Target or a commitment to Net-Zero.
- **Reduce:** You can utilise carbon specialist consultants like Comply Direct to help you achieve your targets via their provision of carbon management plans with specific actions and suggestions based on the latest technologies available, as well as for insight into future →

complydirect
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COMPLY DIRECT OVERVIEW

KEY TOPICS

developments and onsite audits by energy professionals to recommend specific areas for improvement.

- **Offset:** Offsetting plays an important role in achieving carbon neutrality or Net Zero. Many organisations, despite efforts to reduce their own, have unavoidable GHG emissions, so they use offsets to compensate them. Comply Direct can help you to procure high quality, third-party verified offsets to use alongside reductions in emissions as part of your carbon management strategy.

Environmental, Social, Governance (ESG)

- More and more companies are coming under increasing pressure from investors, regulators, employees and customers to not only monitor and reduce their carbon emissions but to incorporate this into a wider sustainability strategy, accounting for all ESG factors.
- ESG stands for Environmental, Social, and Governance and is a framework used by organisations to evaluate their success beyond short-term profit, aiming to create positive social and environmental outcomes, and achieve long-term sustainability.
- Not only does ESG assess a company's environmental impact and stewardship via environmental criteria, but it also evaluates how a company manages relationships with and creates value for stakeholders via social criteria, and addresses company leadership and management philosophy, practices and policies via governance criteria.
- Businesses can address these areas and achieve their sustainability goals by working with Comply Direct, a leading sustainability consultancy providing **carbon management** and full **ESG** project management which can you read about **HERE.**

"More and more companies are coming under increasing pressure to monitor and reduce their carbon emissions" uniserve

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