

**2023 GLOBAL
SUSTAINABILITY
SUPPLY CHAIN
STUDENT
COMPETITION**

**CAI
NIAO**

**CAINIAO
CASE STUDY**



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A letter from executive

Dear Students,

I am proud to announce that Cainiao has been selected as a Case Company in the Global Sustainable Supply Chain Student Competition! The competition is part of the educational series for Creating Sustainable Global Supply chains through Education - Embracing the United Nations World Sustainable Transport Day.

Cainiao's development is inseparable from a good business environment, positive industry policies, and broad market opportunities.

Thanks to the development of the country and the progress of society, thanks to this era, Cainiao has firmly walked on the track of being a "customer value-driven global industrial Internet company" and anchored the strategic direction of industrialization, globalization and digital intelligence. After nearly 10 years of development, we have formed five service sectors, such as global logistics, smart supply chain, consumer logistics, global ground network and logistics technology.

While constantly creating commercial value and living up to customers and the market, Cainiao is more committed to becoming a company that takes the initiative to assume social responsibility and live up to the national landscape.

Since 2021, Cainiao has continuously invested in many aspects such as green logistics, emergency logistics, rural logistics and community services, and practiced its social responsibility. In terms of green logistics, Cainiao has always focused on the green upgrade and sustainable development of the logistics full link, constantly exploring its own advantages, striving to make every package contribute to environmental protection, and continuously promoting green as the background color of the logistics industry.

Cainiao also attaches great importance to employees' rights and growth. As an industrial Internet company, employees are the most valuable assets of Cainiao. We continue to focus on employee experience to do more refined services and operations, so that everyone feels a more simple, fair, efficient and respected working environment. We are also continuing to improve the welfare of our workers.



We know that there is no end to the practice of social responsibility, and we are always on the road. Only by taking the initiative to assume social responsibility, Cainiao is a unique smart logistics company, in order to define the symbol of Cainiao in the industry. In this process, we also thank every rookie for their active response and participation in various public welfare actions for everyone, becoming a small stream of social warmth.

At present, the global supply chain is in a critical period of profound change. What the rookie is doing is a long-term thing, there is no way to cheat, there is no shortcut, and you must return to solid service and a heart willing to sink deep.

Facing the future, Cainiao will continue to consolidate logistics capabilities, open logistics capabilities, and better serve society with core capabilities. We will focus on serving the national economy and people's livelihood, ensuring the circulation of materials, responding to social emergencies, serving rural revitalization, stabilizing employment and increasing income, practicing green logistics, and strive to be a solid real economy company, an industrial Internet company that solidly serves global customers and social welfare and people's livelihood.*

I look forward to hearing your suggestions and thank you in advance for your time and sharing your thoughts.

Cainiao CEO

* Cainiao Social Responsibility Report



Cainiao Logistics Overview

Founded in 2013, Cainiao Network (“Cainiao”) is a global logistics and data-driven technology company affiliated with Alibaba Group (www.cainiao.com). Currently, Cainiao’s business covers five major sectors: international logistics and supply chain, domestic logistics supply chain, urban and rural terminals, logistics real estate, and logistics technology. While providing inclusive high-quality services to consumers and merchants, Cainiao is also strengthening its ESG (Environmental, Social, and Governance) capabilities through improvements in user experience, creating high-quality employment, green logistics, emergency logistics, and community services.

In 2023, coinciding with its 10th anniversary, Cainiao remains committed to the future, focusing on digitization, globalization, and industrialization. It emphasizes the deep integration of logistics industry operations, scenarios, facilities, and internet technology.

In China, Cainiao has built a comprehensive green logistics system spanning five major links across ordering, packaging, transportation, warehousing and recycling. Cainiao continuously improves supply chain efficiency for Alibaba’s digital business and a broader range of external merchant customers through integrated warehousing and distribution supply chains. Cainiao is a leader in providing high-quality domestic express delivery and supply chain solutions for specialized industries.

Internationally, Cainiao continues to build logistics hubs, overseas distribution centers, cross-border warehouses, and strengthen trunk line transportation and intelligent customs clearance. Currently, Cainiao has established a high-quality global logistics network and offers international express standard products with different delivery schedules and pricing options. Its daily volume of cross-border parcels ranks among the top four globally, and choosing Cainiao for international expansion has gained popularity among Chinese brands.

Cainiao Post Stations

Cainiao Post Stations are last-100 meters delivery solutions strategically placed in accessible and convenient locations, such as shopping malls, residential areas, and transportation hubs. As of 2021, there are over 10,000 Cainiao Post Stations located in over 200 cities and more than 50,000 townships in China.

Cainiao Post stations can vary in size and format but typically offer community services related to parcel collection, drop-off, returns for online shoppers, and laundry services. Customers can have their online orders delivered to a nearby Cainiao Post station for convenient pickup, especially if they are not available at home to receive deliveries. Parcels are stored securely at these stations until customers pick them up, reducing the risk of theft or damage. Customers can drop off their returns or packages they want to send to others at these stations, making it easier to initiate returns or send parcels. Cainiao Post stations offer packaging materials and services, allowing customers to prepare their parcels for shipping.



A Cainiao Post station located in the University Campus in Shanghai

Importance of Green Recycling:

By establishing a green recycling network for waste materials, various waste materials can be collected, reused, and processed into new production materials. Promoting the reuse of waste materials can reduce waste generation and emissions, promote material recycling, reduce waste, and alleviate environmental issues.

Cainiao Green Recycling:

In 2016, Cainiao Logistics launched a green initiative called the “Box Return Program”, leveraging the Cainiao Post Stations to promote eco-friendly consumer behavior. By placing green recycling boxes in Cainiao Post Stations, it provided a convenient location for consumers to leave parcel packaging to be reused or recycled. Post Stations became capillaries of low-carbon logistics circulation. This program also incentivizes consumers to recycle the parcel packaging by rewarding them with “points” that can be exchanged for gifts or other benefits. At the same time, Cainiao encouraged merchants to ship products in original or reused packaging which reduced the packaging material usage by more than 184,000 tons in one year.



Cardboard boxes that cannot be reused are turned into pulp and remade into exercise books which are donated by charitable organizations. To date, over 300,000 exercise books made from recycled express packaging have been donated to elementary school students in mountainous areas in the central and western regions.

Currently, half of the parcels sent through Cainiao Post Stations are packaged using reused express packaging. From March 2022 to March 2023, Cainiao recycled over 23 million express boxes through its 87,000 package collection and recycling stations across China. The “Box Return Program “has been established as a virtuous cycle for cardboard box recycling.





All Things Recycling

On June 5, 2023, World Environment Day, Cainiao officially upgraded its green recycling model and launched the “All Things Recycling Festival.” This event expanded Cainiao Green Recycling from a single category of cardboard recycling to a multi-category, multi-modal recycling program that includes empty bottles, old clothes, shoes, books, and more, in collaboration with brand merchants. During this period, consumers can also use the Cainiao’s “Green Home” APP to arrange for Cainiao couriers to pick up recycling items from customers’ doorsteps and assist in exchanging old items for new ones. This represents a new attempt to encourage consumers to participate in green recycling, and expanding the range of recyclable product categories will further promote the concept of environmental protection.

By increasing the categories of recyclable items, this initiative aims to promote green recycling among consumers, further popularizing environmental protection concepts. The All Things Recycling Program will enable Cainiao to extend its environmentally conscious recycling influence throughout society through a comprehensive green logistics solution linking all stages, including orders, packaging, transportation, warehousing, and recycling, further promoting a circular economy.

Cainiao’s approach to recycling is based on fulfilling social responsibility, not profit making. The complexity of this ambitious program has presented challenges to Cainiao.



Challenges of Green Recycling:

- High costs of recycling for some items – certain items are more difficult to recycle
- High logistics transportation costs - courier personnel cost, logistics cost, land cost, consumer's time
- Complex handling and logistics processes – collecting, sorting, storage etc

Key Factors Affecting Consumers' Willingness to Participate in This Program:

- The presence of green recycling promotions
- The time and effort needed to bring recycling items to the corresponding locations - distance to recycling depot and whether the recycling process is easy and simple
- Whether there are material or spiritual rewards
- Value of items

The Student's Challenge:

Students are asked to develop a more efficient recycling system for Cainiao to collect recycling items (including cardboard packaging) that are easy and convenient for consumers. The goal is to increase participation in Cainiao's green recycling efforts in China, thereby generating a greater positive impact on the environment.

Student will need to develop the reverse logistics process to facilitate and engage more customers in reusing and recycling products through this system. The recycling process should be efficient so as not to create waste and negative environmental damage.

2023 GLOBAL SUSTAINABILITY SUPPLY CHAIN STUDENT COMPETITION

PR/FAQ METHOD MUST BE USED FOR CASE STUDY WRITTEN SUBMISSIONS

The Global Sustainability Supply Chain Student Competition simulates the process for launching a new idea to improve the sustainability performance of a business supply chain. This competition uses the PR/FAQ method to propose new products and innovations. Your team must submit a 6 page written PR/FAQ using the competitions written submission guidelines. Please refer to the “Written Submission Guidelines” PDF located in the Documents section at:

www.supplychainsdg.org/documents

