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Evaluating corporate sustainability and ethical practices in logistics: A case study of Kerry Logistics Network Limited

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Abstract: This study evaluates the sustainability and ethical practices of Kerry Logistics Network Limited (KLN), a prominent logistics service provider headquartered in Hong Kong. Using normative ethical theories, stakeholder analysis, and the Circle of Sustainability framework, this research examines KLN's alignment with global sustainability standards, particularly the United Nations Sustainable Development Goals (SDGs). The findings reveal that KLN has achieved significant milestones in environmental management, such as reducing greenhouse gas emissions by 11% from 2021 to 2022 through the deployment of electric trucks and incorporating renewable energy in warehouse operations. KLN has also enhanced social responsibility and governance practices by implementing fair labor policies and establishing a rigorous code of conduct, ensuring compliance with ethical guidelines across its supply chain. However, the study identifies areas for improvement, including biodiversity actions, battery recycling processes, and transparency in stakeholder engagement. Emphasizing the importance of third-party validation, this paper underscores KLN's leadership in the logistics industry and provides insights for other companies aiming to improve sustainability performance through comprehensive, verifiable practices.

Keywords: sustainability; ethical practices; logistics industry; Kerry Logistics Network Limited; greenhouse gas emissions; stakeholder engagement; renewable energy

1. Introduction

The logistics industry is an essential pillar of the global economy, facilitating the efficient movement of goods and services across borders and regions. In recent years, sustainability and ethical practices within this industry have garnered considerable attention, as stakeholders increasingly hold companies accountable for their environmental and social responsibilities (Elamer and Mahran, 2024). Due to its reliance on extensive transportation networks, warehousing, and resource consumption, the logistics sector is inherently linked to environmental impacts such as carbon emissions, resource depletion, and social concerns, making sustainable practices crucial for long-term viability and corporate responsibility (Absar et al., 2021; Dhar et al., 2024). As a result, logistics companies are expected to go beyond economic value generation, contributing positively to environmental preservation and social welfare.

Kerry Logistics Network Limited (KLN), established in 2000 and headquartered in Hong Kong, is a global leader in logistics, offering comprehensive integrated supply chain solutions such as freight forwarding, warehousing, distribution, and transportation management. Over the years, KLN has built a robust network and formed strategic partnerships that enable it to operate across diverse sectors and regions, catering to multinational corporations and small-to-medium enterprises (SMEs) alike. Known for its dedication to innovation, operational efficiency, and sustainability, KLN has taken notable steps to embed sustainable and ethical practices within its core operations. The company's vision, mission, and core values reflect a commitment to excellence and customer-centric service, with a focus on creating enduring value for its stakeholders.

While KLN has publicly committed to sustainability and ethical standards, measuring the actual impact of these practices on company performance and stakeholder relationships presents a significant challenge (Dhar et al., 2023). Industry-wide benchmarks and third-party validation are increasingly vital, as reliance on self-reported data can limit objectivity and credibility. Addressing this gap, the current research aims to offer a comprehensive assessment of KLN's sustainability and ethical practices, analyzing the company's alignment with international sustainability standards, such as the United Nations Sustainable Development Goals (SDGs), and identifying any performance gaps relative to industry benchmarks.

This study will evaluate KLN's sustainability and ethical initiatives, assess their alignment with global standards, and examine their impact on stakeholders, including customers, employees, suppliers, and the community. Additionally, an ethical SWOT analysis will identify KLN's strengths, weaknesses, opportunities, and threats in sustainability, offering insights into areas where improvements could enhance the company's long-term value creation. Guided by the following questions, this research investigates KLN's key sustainability and ethical practices: What are the main sustainability and ethical initiatives implemented by KLN? To what extent do these initiatives align with global sustainability standards and SDGs? What are the impacts of these practices on the company's various stakeholders?

By integrating sustainable and ethical principles into its operations, KLN strives to create long-term value for its stakeholders. This research provides a critical assessment of these efforts, evaluating their effectiveness and influence on KLN's overall performance and reputation within the logistics industry

2. Literature review

2.1. Sustainable development in logistics

Sustainable development in logistics integrates environmental, social, and economic considerations into supply chain operations to promote long-term sustainability (Lazar et al., 2021). Adopting sustainable practices allows logistics firms to reduce their environmental footprint—addressing issues such as greenhouse gas emissions, air pollution, and waste generation—while enhancing operational efficiency, reducing costs, and building resilient supply chains (Negri et al., 2021). These practices also address social responsibilities, like fair labor standards and

community engagement, which foster positive relationships with stakeholders and reinforce corporate reputation.

A broad array of sustainable logistics strategies exists, such as green transportation, involving fuel-efficient vehicles, electric trucks, and alternative fuels to lower emissions. Eco-friendly warehousing promotes energy-efficient lighting, heating, and renewable energy sources like solar panels (Oloruntobi et al., 2023). Additionally, reverse logistics minimizes waste by managing product returns and encouraging material reuse (Chingono and Mbohwa, 2023), and sustainable packaging employs recyclable and biodegradable materials to reduce resource consumption (Fernandes and Zambujal-Oliveira, 2024). Collaborative logistics partnerships also optimize transportation routes, reduce empty miles, and contribute to emissions reduction. Finally, the Internet of Things (IoT), big data analytics, and automation enhance supply chain visibility, efficiency, and sustainability (Prataviera et al., 2024).

2.2. Corporate sustainability and ethical practices

Corporate sustainability and ethical practices integrate Environmental, Social, and Governance (ESG) considerations into company operations and decision-making processes (Nnadi and Weston, 2023). Corporate Social Responsibility (CSR) encompasses voluntary actions addressing social and environmental issues through initiatives like philanthropy and community engagement. Corporate Environmental Responsibility (CER) focuses on minimizing environmental impacts through waste management and resource conservation (Wang and Zhang, 2023). Additionally, environmental ethics promotes responsible resource management and pollution prevention, reinforcing businesses' moral obligations toward sustainability (Elegbede et al., 2023).

The Triple Bottom Line (TBL) framework assesses company performance across economic, social, and environmental dimensions, urging businesses to balance profit with social and environmental responsibilities. Moreover, corporate governance fosters responsible practices by setting clear sustainability objectives, integrating them into strategic planning, and ensuring accountability through transparent reporting and monitoring. Effective governance drives transparency, which in turn promotes stakeholder trust and ethical business practices, reinforcing the long-term impact of sustainability efforts (Liu et al., 2023).

2.3. Sustainable development goals (SDGs)

The United Nations Sustainable Development Goals (SDGs) outline a framework for addressing global issues like poverty, inequality, and climate change, with specific SDGs relevant to logistics companies (Butt et al., 2023; Cunha et al., 2024). Goals like SDG 3 (Good Health and Well-being) support employee wellness through safe work environments, while SDG 5 (Gender Equality) advocates for diversity and inclusion in the workplace. SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure) focus on fair wages, safe conditions, and sustainable infrastructure investments. SDGs 12 (Responsible Consumption and Production), 13 (Climate Action), and 17 (Partnerships for the

Goals) emphasize sustainable supply chain practices, emissions reductions, and collaborative efforts to meet sustainability targets.

Aligning corporate activities with the SDGs includes mapping actions to specific goals, setting measurable targets, and engaging stakeholders for feedback to refine initiatives. Regular reporting of SDG progress ensures transparency and accountability, building trust and long-term value for stakeholders. This article review highlights the significant role of sustainability and ethical practices in logistics, laying the foundation for assessing KLN's alignment with these principles.

3. Overview of the company

Kerry Logistics Network Limited (KLN), headquartered in Hong Kong and established in 2000, is a global third-party logistics (3PL) provider offering services like integrated logistics, international freight forwarding by air, sea, road, and rail, and e-commerce and industrial logistics. With a presence in over 60 countries, KLN has a substantial footprint across Asia, particularly in China and Southeast Asia, and continues to expand into Europe, the Middle East, and Latin America (Kerry Logistics Network Limited, 2022a).

KLN operates over 69 million square feet of logistics facilities globally and is recognized for its sustainability efforts as a constituent of the Hang Seng Corporate Sustainability Benchmark Index. The company's 2022 revenue exceeded HK\$86.6 billion, supported by a diversified portfolio that includes customs brokerage, insurance consultancy, and project engineering. KLN has established itself as a strategic partner for multinational corporations and SMEs, with continual growth through acquisitions and partnerships that strengthen its global service offerings (Pryke, 2024).

With a commitment to achieving net zero carbon emissions by 2050, KLN has implemented several initiatives under its Environmental, Social, and Governance (ESG) strategy. As part of these efforts, KLN introduced electric trucks in Hong Kong, becoming the first logistics company in the region to adopt this technology for emission reduction. These initiatives are designed to position KLN as a sustainability leader in the logistics industry, aligned with broader global frameworks such as the United Nations SDGs and the United Nations Global Compact (The Standards, 2022).

KLN's sustainability achievements include awards like the ESG Benchmark Award—Silver Award and the Outstanding Sustainability and Dividend Growth Award. These accolades, alongside recognition from the Hang Seng Corporate Sustainability Benchmark Index, highlight KLN's commitment to ESG performance and its role as an industry model for integrating sustainability into logistics operations (The Standards, 2022).

4. Methodology

This study utilizes a mixed-method approach to comprehensively evaluate the sustainability and ethical practices of Kerry Logistics Network Limited (KLN). By combining qualitative and quantitative analyses, the methodology offers a robust framework for examining KLN's alignment with global sustainability standards,

including the United Nations Sustainable Development Goals (SDGs). In order to enhance objectivity and credibility, this approach integrates various data sources, including company reports, stakeholder feedback, and external assessments, to enhance objectivity and credibility.

4.1. Data collection

Primary data: Primary data was gathered through semi-structured interviews conducted with key internal and external stakeholders of KLN, including employees, senior management, and strategic partners. The interviews aimed to capture detailed insights into KLN's sustainability and ethical practices, focusing on implementation processes, challenges, and perceived impact. Specifically, 20 semi-structured interviews were conducted, covering a diverse sample of employees and management levels to ensure balanced perspectives.

Secondary data: Secondary data sources included KLN's official reports (e.g., sustainability, annual, and interim reports), third-party industry reports, academic literature, and relevant news articles. To address concerns about self-reported data bias, external reviews from platforms like Glassdoor and Indeed were analyzed to assess the alignment between KLN's stated sustainability goals and external stakeholder experiences. Additionally, industry benchmarks and standards were incorporated to provide a comparative perspective, situating KLN's performance within broader industry practices.

4.2. Data analysis

Qualitative analysis: A thematic analysis approach was applied to the qualitative data from interviews and secondary sources. Key themes and patterns were identified, such as environmental impact, stakeholder engagement, and corporate governance, and were compared with KLN's stated goals and commitments. The analysis provided insights into the congruence between KLN's reported practices and stakeholder perceptions.

Quantitative analysis: Quantitative data included emissions data, energy consumption figures, and key financial indicators to assess the effectiveness of KLN's sustainability initiatives. Year-on-year performance metrics were examined to evaluate trends, with specific metrics such as emission reduction percentages, energy savings, and progress toward net-zero targets. Additionally, quantitative comparisons with peer companies were included to enhance the analysis, offering a benchmarked view of KLN's sustainability efforts within the logistics industry.

4.3. Validation and reliability

To ensure reliability and credibility, the study employed triangulation, cross-verifying data from multiple sources—including primary interviews, company reports, and third-party assessments—to establish consistency. The use of industry benchmarks and external data sources, as well as established analytical frameworks, provided a structured, systematic approach that minimized reliance on self-reported data and enhanced the robustness of the findings. Triangulation also included peer-reviewed literature to validate the theoretical underpinnings and data analysis

framework, strengthening the study's reliability and applicability within the logistics sector.

5. Analysis of sustainability and ethical practices

5.1. Application of normative ethical theories

5.1.1. Theory of justice and utilitarianism

In evaluating Kerry Logistics Network Limited's (KLN) commitments to employee welfare, the company's 2022 annual report outlines numerous initiatives aimed at fostering well-being, work-life balance, and inclusivity in the workplace (KLN, 2022). These efforts align with the principles of justice, particularly John Rawls' difference principle, which promotes fairness in maximizing the welfare of the least advantaged. However, external feedback from platforms like Glassdoor and Indeed reflects some discrepancies between these stated goals and employee experiences, particularly in relation to salary satisfaction, HR responsiveness, and available job benefits. This feedback suggests areas where the company's actual practices may fall short of its ethical commitments, highlighting potential gaps between policy and practice that could impact employee satisfaction and engagement (Kerry Logistics Network Limited Reviews, n.d.; Operative, n.d.).

In light of these insights, KLN could strengthen its commitment to justice frameworks and utilitarian principles by addressing these concerns to enhance overall employee well-being and achieve a more equitable distribution of resources and support. Bridging this gap would not only align KLN's employee welfare policies with Rawlsian justice but also fulfill utilitarian goals by increasing collective happiness within the organization.

5.1.2. Environmental ethics

Kerry Logistics Network Limited (KLN) has received notable recognition for its environmental initiatives, including awards like the Pioneering Award for ESG Disclosure and the Elite of Sustainability Performance Award. These acknowledgments reflect KLN's commitment to minimizing environmental impacts through energy conservation, waste reduction, and other sustainability practices. One prominent initiative includes KLN's participation in the Green Power Hike, a fundraising event aimed at supporting environmental education in Hong Kong (About Green Power Hike, n.d.; Kerry Logistics, n.d.).

KLN has also taken proactive steps to reduce greenhouse gas emissions by deploying 5.5-ton electric trucks within Hong Kong's logistics sector, marking a significant milestone toward its net-zero emissions goal by 2050 (Kerry Logistics Network Limited, 2022b). However, the sustainability of electric vehicles (EVs) presents complexities, such as the environmental costs associated with battery production and disposal. The reliance on raw materials like lithium and cobalt, which are often obtained through environmentally harmful extraction processes, complicates the environmental benefits of EVs (Notter et al., 2010). Moreover, Hong Kong's electricity generation, which primarily depends on coal, gas, and oil, limits the net environmental gains of these electric trucks (International Energy Agency, n.d.).

Therefore, KLN can further strengthen its environmental strategy by addressing these challenges through a multi-faceted approach: Exploring advanced battery recycling programs, advocating for longer battery life cycles, and supporting a gradual transition to renewable energy sources for electricity generation. These efforts would not only reduce the environmental impact of KLN's logistics operations but also align with John Rawls' just savings principle, which advocates for intergenerational justice by ensuring sustainable practices that protect resources for future generations.

5.1.3. Feminist ethics

KLN has publicly committed to fostering an inclusive and non-discriminatory workplace practices, ensuring equal opportunities for employees regardless of gender, race, religion, nationality, age, sexual orientation, or marital status. However, the company's 2022 annual report reveals a notable gender imbalance, with women comprising only 37% of the workforce compared to 67% men (KLN, 2022). While KLN's commitment to gender equality is foundational, the absence of targeted programs specifically supporting women's career development highlights an area for improvement in promoting equitable representation.

To address this disparity, KLN could benefit from implementing initiatives that actively support women's advancement and leadership within the organization. Programs such as mentorship, leadership training, and career development opportunities specifically tailored for women could help bridge the gender gap and empower female employees to pursue senior roles. Additionally, initiatives promoting flexible work arrangements, parental leave, and work-life balance would create a supportive environment conducive to both personal and professional growth for all employees.

By actively working to balance gender representation and encouraging women's leadership, KLN would align its practices more closely with feminist ethical principles, which advocate for eliminating systemic barriers and fostering equality in the workplace. These steps would also reinforce KLN's stated commitment to inclusivity and diversity, enhancing its reputation as a progressive employer and setting a positive example within the logistics industry.

5.1.4. Care ethics

Kerry Logistics Network Limited (KLN) has been recognized for fostering a supportive workplace, earning the 'Care and Positive Work Environment of the Year' award at the Supply Chain Asia Awards. This recognition underscores the company's commitment to creating a nurturing environment through various initiatives aimed at employee well-being and work-life balance. For instance, KLN offers a 24-h counseling hotline for employees and their families, a fitness center at its Hong Kong headquarters, and relaxation spaces, including refreshment areas and gardens (KLN, 2022). Additionally, practical support measures such as shuttle services and flexible break schedules demonstrate KLN's intention to facilitate a healthy and convenient work environment.

However, employee feedback on platforms such as Glassdoor and Indeed reveals areas where KLN's practices may fall short of these ideals. Some employees report high workloads, extended working hours, and a perceived expectation for

overtime, suggesting that despite KLN's efforts, certain work conditions may remain challenging. Cultural factors, such as the influence of traditional Chinese work norms, might contribute to the demanding environment, potentially impacting employee satisfaction and well-being (Kerry Logistics Network Limited Reviews, n.d.; Operative, n.d.).

For KLN to better align with the principles of care ethics, which emphasize attentiveness, responsiveness, and support for individual needs, addressing these challenges is essential. By reassessing work expectations and considering additional measures to alleviate work pressure, KLN can better meet the diverse needs of its workforce. Ensuring that employees experience a genuinely supportive environment, rather than mainly recognizing it in principle, will further strengthen KLN's alignment with care ethics and enhance the company's internal culture and external reputation.

5.2. Ethical stakeholder analysis

An ethical stakeholder analysis evaluates the impacts of business activities on key stakeholders and assesses whether the company fulfills its legal and ethical responsibilities towards them (Kokemuller, 2016; Meinhold, 2021, Tan et al., 2022). Kerry Logistics Network Limited (KLN) uses the Power-Interest Grid to prioritize stakeholder management, ensuring stakeholders with high power and interest are closely managed, those with high power but low interest is kept satisfied, those with low power but high interest is informed, and those with low power and interest are monitored (Thamma Reddi, 2023).

5.2.1. Primary stakeholders

The primary stakeholders of KLN include customers, employees, suppliers, and the community, each with varying levels of power and interest influencing the company's sustainability efforts.

Customers: As high-power, high-interest stakeholders, customers directly influence KLN's success through their purchasing decisions and corresponding feedback. They expect high-quality, reliable services aligned with sustainability standards. KLN addresses these expectations by offering transparent service updates, environmentally responsible logistics options, and efficient complaint resolution mechanisms. Customer satisfaction and ethical treatment remain central to KLN's ethical responsibility and business strategy.

Employees: Employees have high interest in KLN's policies, work environment, and career opportunities, even if their individual power is limited. KLN has implemented measures to address employee welfare, such as counseling services and fitness programs, but feedback from platforms like Glassdoor suggests areas for improvement, particularly in workload management and work-life balance. Addressing these aspects more thoroughly would not only enhance employee engagement but also strengthen KLN's ethical reputation by prioritizing employee well-being.

Suppliers: Suppliers are integral partners in KLN's supply chain and wield substantial power in shaping the company's ESG performance. KLN maintains close relationships with suppliers, enforcing strict standards to ensure alignment with the

company's sustainability and ethical goals. Regular assessments and open communication channels help KLN uphold high environmental and social standards across its supply chain.

Community: The community, while lower in power, maintains a high interest in KLN's operations due to its dependence on the company for employment, economic contributions, and social involvement. KLN has made notable contributions, such as participation in local environmental initiatives, but further transparency on community-specific impacts and feedback could reinforce KLN's commitment to social responsibility.

5.2.2. Secondary stakeholders

Secondary stakeholders include regulatory bodies and government agencies, which have high power but moderate interest in KLN's daily operations.

Regulatory bodies and government agencies: These stakeholders enforce laws and regulations, guiding KLN's compliance with governance and environmental standards. KLN's proactive approach to transparency and reporting ensures that it remains compliant with regulations, fostering a positive relationship with these entities. However, as environmental regulations evolve, maintaining ongoing dialogue with regulators and adopting a proactive compliance stance will help KLN stay ahead of emerging standards.

5.2.3. Tertiary stakeholders

Competitors are tertiary stakeholders with moderate influence in shaping market dynamics but minimal direct impact on KLN's operations.

Competitors: Although competitors exert low power and interest relative to KLN's internal stakeholders, monitoring their strategies and innovations is vital for maintaining a competitive edge. KLN's focus on ethical practices and sustainability differentiates it from competitors, helping to attract socially conscious customers and investors. By continuously evaluating industry trends and competitor practices, KLN can adapt its strategies to maintain its leadership in sustainable logistics.

Using the Power-Interest Grid, KLN effectively manages stakeholder relationships by prioritizing customers and suppliers, keeping employees and the community informed, satisfying regulatory requirements, and monitoring competitors. This structured engagement strategy ensures that KLN meets its ethical responsibilities to stakeholders while aligning with broader sustainability goals.

5.3. Ethical SWOT analysis

An ethical SWOT analysis provides an in-depth look at the strengths, weaknesses, opportunities, and threats faced by Kerry Logistics Network Limited (KLN) from an ethical standpoint (**Figure 1**). This analysis is based on external sources, company reports, and stakeholder feedback, ensuring a comprehensive understanding of KLN's ethical positioning within the logistics sector.

<h1>Ethical SWOT analysis</h1>	
<p>Strengths (Wong and Karia,2010)</p> <ul style="list-style-type: none"> • Positive Relationships with Stakeholders <ul style="list-style-type: none"> ◦ Enhancing service, trust, loyalty. • Sustainable Practices & Environmental Management Systems <ul style="list-style-type: none"> ◦ Investments in renewable energy sources or green technologies (Meantime Communication, 2023) ◦ Commitment to long-term value creation and responsible business growth 	<p>Weaknesses (MBA Skool Team, n.d.)</p> <ul style="list-style-type: none"> • Capital-Intensive Business Model <ul style="list-style-type: none"> ◦ Large capital investments limit funds for sustainable (Morningstar Sustainalytics, n.d.) • Poor Stakeholder Engagement & Potential Ethical Lapses <ul style="list-style-type: none"> ◦ Ability to adapt to market changes or invest in innovative, eco-friendly logistics solution ◦ Lack of Public Relations, especially news report ◦ Poor communication • Accountability, and a transparent remediation process
<p>Opportunities (Post & Parcel, 2018)</p> <ul style="list-style-type: none"> • Strategic Cooperations & Infrastructure Projects <ul style="list-style-type: none"> ◦ D&G Technology offers Kerry Logistics the chance to combine strengths ◦ Projects contribute positively to local development ◦ Infrastructure developments are beneficial and sustainable (Belt and Road). ◦ Potential to strengthen its global operations ◦ Building trust and enhance positive relationships within local communities Sensitivity & Transparency Initiatives • Innovating sustainable solutions and eco-friendly 	<p>Threats (Tan et al., 2018)</p> <ul style="list-style-type: none"> • Supply Chain Disruptions <ul style="list-style-type: none"> ◦ Partnerships can mitigate the risks of supply chain disruptions by diversifying logistical capabilities and resource • Environmental Harm <ul style="list-style-type: none"> ◦ Mitigate the risk of reputational damage (Morningstar Sustainalytics, n.d.) • Labour Issues <ul style="list-style-type: none"> ◦ No address on fair labour practices, maintaining communication with employees

Figure 1. Ethical SWOT analysis of KLN.

Strengths: KLN and other logistics service providers (LSPs) have strategically acquired various resources—physical, human, informational, and relational—to enhance service delivery and stakeholder satisfaction (Karia and Wong, 2010). Strategic alliances, such as those between KLN and other major LSPs like Wincanton, strengthen stakeholder trust and loyalty through collaborative efforts aimed at improving service quality and customer satisfaction. These alliances highlight KLN’s commitment to Corporate Social Responsibility (CSR) by re-allocating resources towards markets with potential social impact, thereby benefiting both stakeholders and the environment. KLN’s investment in eco-friendly practices, such as the deployment of electric trucks, further underscores its commitment to reducing environmental impacts and aligning with ethical environmental practices.

Weaknesses: The logistics industry’s capital-intensive business model requires substantial investment, which can present ethical dilemmas. Balancing infrastructure and technological investments with CSR initiatives may raise questions regarding transparency and prioritization. Ethical concerns emerge if KLN’s branding and stakeholder engagement efforts are not aligned with transparent practices, potentially leading to stakeholder distrust. Any instances of ethical misconduct or misalignment between brand actions and stakeholder expectations can impact KLN’s reputation and ethical standing. To mitigate this, it is essential for KLN to commit to transparent remediation processes and maintain accountability to uphold stakeholder trust.

Opportunities: KLN has opportunities for growth through alliances and infrastructure development, especially in regions involved in the Belt and Road Initiative. By emphasizing cultural sensitivity, transparent reporting, and community engagement, KLN can strengthen its reputation for ethical and responsible business

practices. Additionally, there is a growing demand for eco-friendly logistics solutions, which KLN can capitalize on by investing in green logistics technologies. This aligns with environmental sustainability goals and promotes responsible consumption, offering both social and environmental benefits. As consumer awareness regarding sustainable practices increases, KLN's commitment to innovation in eco-friendly logistics can enhance its competitive edge and foster a positive social impact.

Threats: Strategic alliances, while beneficial, expose KLN to risks such as supply chain disruptions and environmental vulnerabilities. Effective governance and operational risk management are critical in addressing these risks and ensuring ethical practices across the supply chain (Company ESG Risk Rating—Sustainalytics, n.d.). Additionally, KLN must comply with stringent environmental regulations, as non-compliance could lead to legal actions and damage its reputation. Unethical practices, such as failing to uphold fair labor standards or inadequate employee communication, may undermine employee morale and lead to reputational damage. To counter these threats, KLN should adhere to robust governance structures and ethical standards, ensuring that fair labor practices are actively addressed and that employees are kept well-informed.

5.4. TSR & TSI analysis

Kerry Logistics Network Limited (KLN) employs a robust approach to sustainability that aligns with the Total Societal Impact (TSI) model. This model, as highlighted by Nelson (2006), emphasizes the importance of generating both shareholder returns and societal value. KLN's sustainability report showcases its adherence to legal compliance and ethical standards through initiatives such as the Business Partner Code of Conduct and a proactive Whistleblowing Policy. These measures reflect KLN's commitment to human rights, fair labor practices, environmental stewardship, and anti-corruption efforts.

KLN's sustainability framework is supported by a comprehensive risk management strategy, which includes regular assessments aimed at mitigating sustainability, financial, climate, and cyber risks. This proactive approach not only protects stakeholder interests but also reinforces KLN's commitment to minimizing negative societal impacts. Additionally, KLN's engagement in community and social initiatives, involving active employee participation, illustrates its dedication to going beyond corporate compliance to make positive contributions to society.

While KLN's sustainability reports outline its initiatives in creating social and market value, it is clear that the company's focus on risk management, workforce welfare, and community involvement enhances its competitive edge by aligning profitability with societal benefits. This strategic alignment with Nelson's (2006) framework demonstrates KLN's ability to integrate individual development strategies with broader societal impacts, positioning it as a socially responsible logistics service provider.

Alignment with SDGs: KLN has committed to several key United Nations Sustainable Development Goals (SDGs), including promoting workplace health and safety (SDG 3), advocating for gender equality (SDG 5), fostering decent work and

economic growth (SDG 8), reducing inequalities (SDG 10), and ensuring ethical business conduct (SDG 16). The company’s initiatives in these areas reflect its dedication to the Triple Bottom Line, integrating business operations with social and environmental responsibilities. KLN’s sustainability strategy is structured around six pillars: People, Environment, Customers, Business Ethics, Supply Chain, and Community. Each pillar supports specific SDGs, highlighting KLN’s commitment to societal welfare across multiple dimensions. By 2030, KLN aspires to make significant contributions towards building an equitable society through community projects and the creation of fair employment opportunities.

Financial performance and shareholder value: KLN’s financial performance, as reported in the Kerry Interim Report 2022, provides insights into its economic health and potential for shareholder value creation. Despite a dip in 2020, KLN’s Earnings Per Share (EPS) indicates a recovery trajectory, rising from 2.21 in 2019 to 1.98 in 2022. The company’s consistent dividend declarations further emphasize its commitment to delivering value to shareholders. KLN’s promising financial outlook aligns with its broader strategy to balance shareholder returns (Total Shareholder Return—TSR) with positive societal impacts (TSI), as detailed in **Figure 2**.

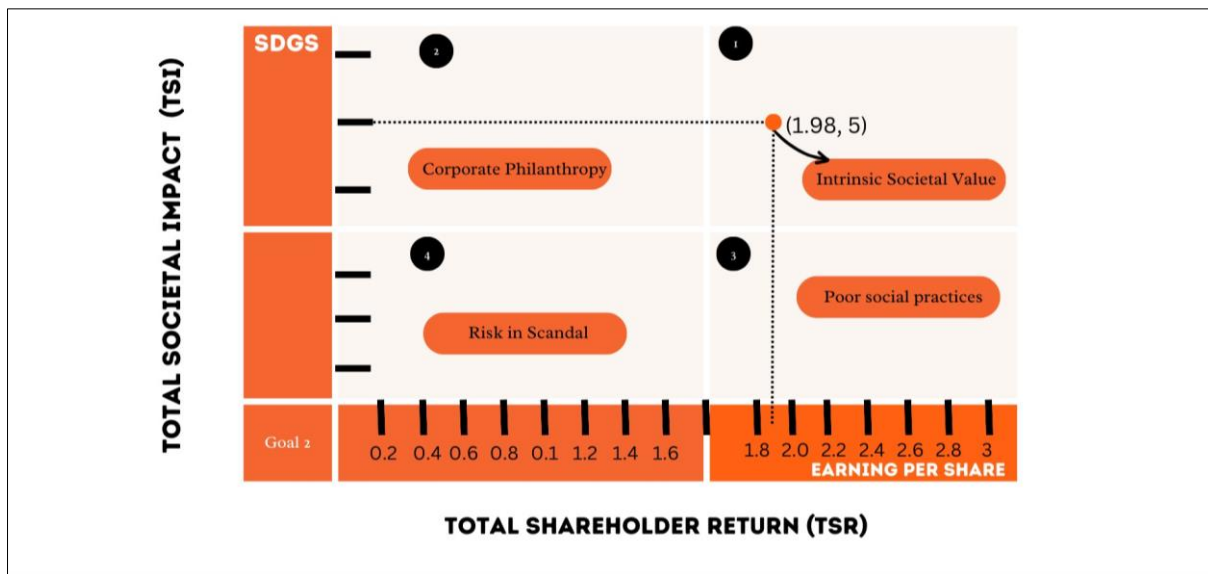


Figure 2. TSR & TSI analysis of KLN.

5.5. UNSDG application

Kerry Logistics Network Limited (KLN) has committed to advancing five United Nations Sustainable Development Goals (UNSDGs) by 2030 (**Figure 3**). These goals are aimed at fostering Decent Work and Economic Growth, Responsible Consumption and Production, Climate Action, Peace, Justice, and Strong Institutions, and Partnerships for the Goals. Through targeted initiatives, KLN seeks to balance corporate growth with contributions to environmental sustainability and social well-being.

Decent work and economic growth: KLN supports Decent Work and Economic Growth (SDG 8) by creating equal employment opportunities for minority groups and individuals with disabilities. The company is focused on building a diverse and

inclusive workforce, offering roles across various departments to ensure fair representation and economic inclusion. Additionally, KLN partners with NGOs to facilitate job placements for underprivileged individuals, furthering its commitment to promoting inclusive and sustainable economic growth.

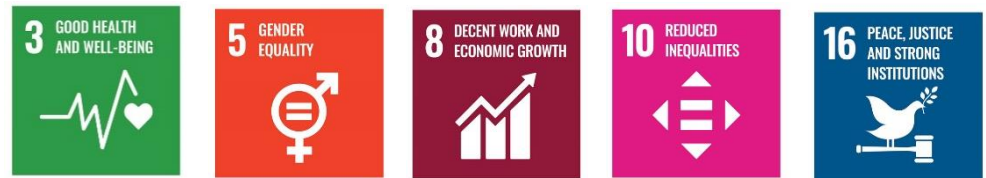


Figure 3. Application of UNSDGs, KLN.

Responsible consumption and production: In alignment with SDG 12, KLN has initiated several measures to promote Responsible Consumption and Production. The company is gradually replacing plastic packaging with 100% compostable and biodegradable materials and is exploring the use of bioplastics. KLN also plans to expand its fleet of electric trucks and aims to phase out conventional vehicles in favor of low-emission alternatives. These initiatives signify KLN’s dedication to minimizing environmental impact and promoting sustainable resource usage throughout its operations.

Climate action: KLN actively pursues Climate Action (SDG 13) by implementing environmentally friendly technologies to reduce its carbon footprint. In 2021, KLN introduced a 5.5-ton electric truck in Hong Kong, followed by electric tricycles in 2022 and 2023. This transition led to a reduction in greenhouse gas emissions from 452,288 tons in 2021 to 402,795 tons in 2022 (KLN, 2022; Yau and Yau, 2022). The company also leverages energy-saving measures, such as LED lighting and motion sensors, to further decrease electricity consumption. Additionally, KLN’s use of renewable materials, such as reusing carton boxes, contributed to a decrease in non-hazardous waste from 44,222 tons in 2021 to 28,423 tons in 2022 (KLN, 2022).

Peace, justice, and strong institutions: KLN aligns with SDG 16 by promoting ethical business practices through a strict Business Partner Code of Conduct, a global anti-bribery policy, and comprehensive privacy standards. These guidelines are enforced across all levels of the organization and extend to KLN’s business partners to ensure adherence to high ethical standards. Additionally, KLN provides ethics training on topics like anti-corruption and data privacy to reinforce its commitment to transparency and accountability. This focus on ethical governance strengthens KLN’s institutional integrity and aligns with its commitment to justice and responsible business practices.

Partnerships for the goals: Supporting SDG 17, KLN engages in Partnerships for the Goals by collaborating with NGOs and social enterprises to address community needs and support vulnerable populations. Since 2013, KLN has participated in initiatives such as the “Race for Water” by A Drop of Life, an organization that brings clean water to rural areas in countries like Cambodia and Nepal. Through this partnership, KLN has contributed to improving access to clean water for over 5 million people globally (Kerry Logistics, 2023). KLN also

supported UK food charities during COVID-19 by delivering groceries and ready-made meals for organizations such as Open Kitchen MCR and the ‘Bread-and-Butter Thing’, helping distribute over 11,000 food parcels weekly to vulnerable communities (Murray, 2020). Additionally, KLN assisted the NHS in the UK by delivering 10,000 pairs of compression socks donated by Trtl to healthcare workers across multiple cities (LoadstarEditorial, 2020).

5.6. Circles of sustainability

Kerry Logistics Network Limited (KLN) applies the Circle of Sustainability framework to assess its sustainability efforts across four primary dimensions: Ecology, Economics, Politics, and Culture. These self-reported scores provide insights into KLN’s sustainability practices, though it is important to note that these scores lack external validation (Figure 4).

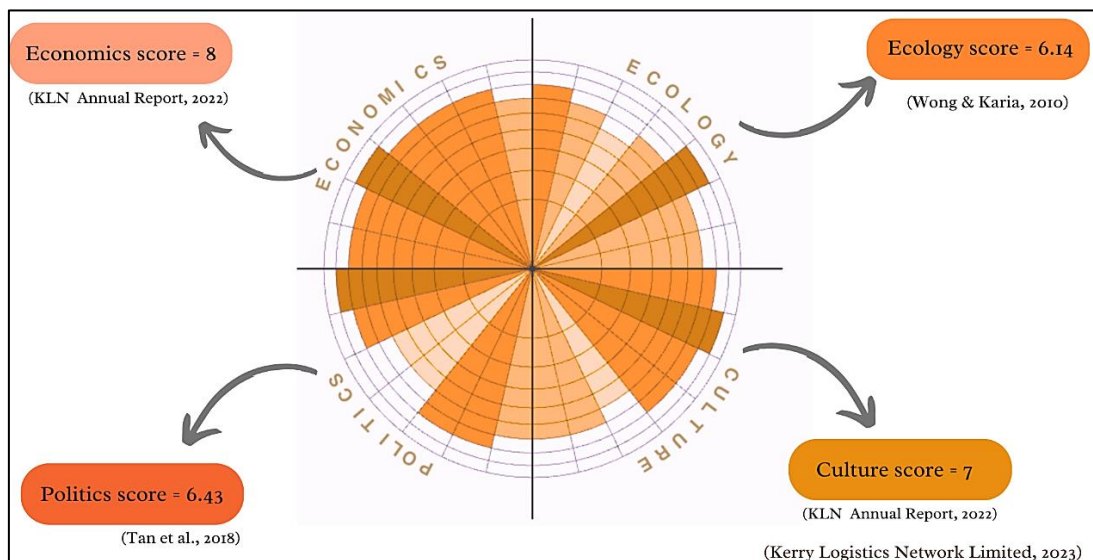


Figure 4. Circle of sustainability analysis of KLN.

Ecology: KLN’s initiatives in renewable energy usage and energy efficiency demonstrate a proactive environmental stance, earning an estimated score between 7 and 8 for Built-Form and Transport due to its green logistics fleet and infrastructure upgrades. Water and Air score around 7, reflecting KLN’s climate risk assessments, which indicate awareness and steps towards sustainable practices. However, direct actions on Flora and Fauna remain limited, warranting a provisional score of 6, though the company’s climate initiatives may have indirect positive impacts on biodiversity. Investments in sustainable infrastructure, such as solar panel installations, suggest a score of 7 for Habitat and Settlements, while the company’s commitment to reducing emissions and waste through carbon reduction strategies justifies a score between 7 and 8 for Emission and Waste.

Economics: In the economic dimension, KLN’s adoption of science-based sustainability targets shows forward-thinking, meriting a score of 7 for Production and Resourcing. Efficient logistics solutions demonstrate expertise, suggesting a score of 7 for Exchange and Transfer. The company’s alignment with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations for financial

transparency warrants a score of 7 for Accounting and Regulation. Efforts to reduce resource consumption rate a 7 for Consumption and Use, and KLN's focus on safe and equitable labor practices supports a score of 8 for Labor and Welfare. Investment in sustainable technologies merits a score of 7 for Technology and Infrastructure, while the company's equitable growth strategy suggests a score of 7 for Wealth and Distribution.

Politics: KLN has established a robust organizational framework, reflected in the creation of a dedicated Sustainability Committee, earning a score of 8 for Organization and Governance. Rigorous anti-corruption and ethics policies score an 8 for Law and Justice. KLN's stakeholder engagement efforts justify a score of 7 for Communication and Critique, while collaborations with educational institutions and organizations suggest a score of 7 for Representation and Negotiation. Focus on cybersecurity and data protection earns a score of 7 for Security and Accord, and efforts to maintain open dialogue internally and externally rate a 7 for Dialogue and Reconciliation. Emphasis on ethical guidelines and accountability aligns with a score between 7 and 8 for Ethics and Accountability.

Culture: KLN promotes a positive company culture through programs like WE KARE, designed to enhance employee engagement, resulting in a score of 7 for Identity and Engagement. Encouragement of staff creativity and innovation rates a 7 for Creativity and Recreation, while talent development initiatives support a score of 7 for Memory and Projection. A company culture rooted in sustainability and ethical practices suggests a score of 7 for Beliefs and Ideas. KLN's focus on diversity and gender equality supports a higher score of 8 for Gender and Generations. Additionally, training and professional development efforts warrant a score of 7 for Enquiry and Learning, and wellness programs for employees indicate a score of 7 for Wellbeing and Health (Kerry Logistics Network Limited Reviews, n.d.; Operative, n.d.).

Critical evaluation: While these self-reported scores reflect KLN's commitment to sustainability, it is crucial to emphasize that external verification is absent. Third-party audits, certifications, or independent evaluations would enhance the credibility of these scores, providing an objective measure of KLN's sustainability performance. Without external validation, these scores should be viewed as indicative rather than definitive, and stakeholders are encouraged to consider third-party assessments to gain a comprehensive view of KLN's sustainability impact.

5.7. Cultural dimension theory

Based on Hofstede's cultural dimensions for Hong Kong, several elements of Kerry Logistics Network Limited's (KLN) business culture align with Hong Kong's cultural characteristics. Employee feedback from platforms like Glassdoor and Indeed reflects a hierarchical work environment with challenges in communication between management and staff, as well as a tendency toward long meetings that may not always contribute to productive change or innovation (Kerry Logistics Network Limited Reviews, n.d.; Operative, n.d.).

Power distance and hierarchy: KLN's hierarchical structure aligns with Hong Kong's high-power distance, where authority and seniority are respected. Employees

report limited opportunities for upward mobility unless part of specific programs, such as the Kerry Young Executive Academy, which nurtures leadership skills and connections with senior management. This structure can create challenges for new hires and employees seeking career progression without direct involvement in such programs, indicating a need for more accessible advancement pathways for all staff.

Individualism vs. collectivism: Hong Kong's culture is moderate on the spectrum of individualism versus collectivism, and KLN's work environment reflects this balance. While employees may face limited promotion opportunities, hard work and proven results can still lead to advancement. This blend of individual performance and team-oriented progression, particularly through structured programs, supports a mix of individualistic and collectivist values in the workplace.

Masculinity vs. femininity: KLN's business environment leans toward masculinity, emphasizing competitiveness and customer satisfaction. Employees are expected to demonstrate dedication, often requiring availability during holidays, which highlights the importance placed on commitment and hard work for career growth. However, KLN balances this with employee support benefits, such as a shuttle service, discretionary bonuses, life insurance, and on-site gym facilities, aligning with a focus on both performance and employee well-being.

Uncertainty avoidance and restraint: KLN's culture reflects elements of restraint, as employees frequently report prolonged working hours to meet operational requirements. This dedication to fulfilling organizational needs reflects a restrained work environment, where employees are expected to prioritize work obligations. While this culture aligns with Hong Kong's tendencies, employee feedback suggests that KLN may benefit from addressing work-life balance concerns to reduce potential burnout.

Overall, KLN's organizational culture closely mirrors Hong Kong's cultural dimensions, with a strong adherence to hierarchy, a balance of individual and collective values, a competitive environment, and a restrained approach to work-life balance. These cultural traits form the foundation of KLN's corporate structure and influence its operational practices.

5.8. Blitz scaling

Kerry Logistics Network (KLN) adopted a blitzscaling strategy when expanding its operations into Thailand and rebranding as Kerry Express in 2006. At that time, KLN faced major competitors such as Thailand Post, DHL, and FedEx (MeowLogis, 2023). From 2006 to 2019, Kerry Express rapidly expanded, establishing over 16,000 service locations across Thailand (Key Milestone, n.d.).

Innovations and market impact: Kerry Express became a market leader by pioneering payment-on-delivery options, including cash and contactless payments via QR payment and Rabbit Line-Pay. These innovations positioned Kerry Express as the top operator in terms of transaction value and set a new standard in the delivery industry. The company introduced popular services such as next-day delivery and pay-on-delivery, catering to the growing demands of e-commerce in Thailand (Key Milestone, n.d.; Kulvichien, 2021). Between 2017 and 2019, Kerry Express experienced rapid growth, capturing significant market share. During this

period, Thailand Post's market share decreased by 28%, with international private companies, especially Kerry Express, contributing to this shift. Kerry's market share growth, driven by a compound annual growth rate of 54%, had a profound impact on the logistics industry in Thailand, fostering job creation and economic growth. By the end of 2018, Kerry Express employed approximately 25,000 people (Leesa-Nguansuk, 2021).

Competitive advantage and industry standards: Kerry Express's rapid expansion and innovation in service offerings set a high standard for private delivery firms, creating a competitive landscape that challenged new entrants to the market. The company's emphasis on customer experience, strategic investments, and service quality secured its market leadership position and pushed industry boundaries in terms of convenience and payment options for consumers (Kulvichien, 2021). Through its blitzscaling approach, Kerry Express successfully leveraged rapid growth, innovation, and customer-centric services to dominate the Thai market. Its ability to respond quickly to market needs and introduce pioneering services not only solidified its leadership but also elevated industry standards, shaping the future of logistics in Thailand.

6. Discussion

The analysis of Kerry Logistics Network Limited (KLN) reveals a comprehensive and multifaceted approach to sustainability and ethical practices, with an alignment to global frameworks such as the Sustainable Development Goals (SDGs). KLN demonstrates a commitment to embedding sustainability into its core operations through initiatives that aim to reduce environmental impacts, foster social responsibility, and uphold governance integrity.

Ecological initiatives and environmental stewardship: KLN's environmental initiatives, including the adoption of electric trucks and the use of renewable energy, showcase a proactive stance in reducing ecological impacts. These efforts contribute to operational efficiency and reflect a commitment to SDG 13 (Climate Action). KLN's climate risk assessments, water and air management strategies, and sustainable infrastructure investments underscore the company's dedication to environmental stewardship. However, areas for improvement include direct actions to support biodiversity and enhance battery recycling for electric vehicles. Addressing these gaps is essential for minimizing KLN's overall environmental footprint and further aligning with SDG 13.

Economic sustainability and ethical considerations: KLN's focus on sustainable production and resource management highlights a forward-thinking approach that integrates economic and environmental objectives, resonating with SDG 8 (Decent Work and Economic Growth). The company's commitment to fair labor practices and equitable growth indicates an alignment with ethical labor standards and stakeholder well-being. However, the logistics industry's capital-intensive nature introduces ethical dilemmas, especially when balancing infrastructure and technology investments with CSR initiatives. To uphold trust and loyalty, KLN must maintain transparency and ethical conduct in its stakeholder engagement, ensuring

that its economic growth does not come at the expense of social and environmental responsibilities.

Governance and political integrity: KLN's governance structure, including a dedicated Sustainability Committee and strict anti-corruption policies, aligns with SDG 16 (Peace, Justice, and Strong Institutions). Active stakeholder engagement and collaborations with educational institutions and NGOs reflect a robust approach to governance and community involvement. However, as digital risks evolve, KLN must continually enhance cybersecurity and data protection measures to address these emerging challenges. Strengthening these areas would reinforce KLN's commitment to ethical governance and protect the interests of stakeholders in an increasingly digital landscape.

Cultural dimensions and workplace environment: KLN's emphasis on employee engagement, diversity, and inclusion reflects a commitment to cultivating a positive work environment, aligning with SDG 5 (Gender Equality). Initiatives like the WE KARE program and gender equality promotion signal KLN's efforts to support a diverse and inclusive workplace. However, feedback from employees indicates challenges in communication and workload management, suggesting that additional measures are needed to address these concerns and foster a universally supportive work culture. Continuous improvement in these areas will enhance KLN's reputation as an employer and reinforce its commitment to employee well-being.

Ethical stakeholder management: The ethical stakeholder analysis highlights the importance of transparent and ethical management of stakeholder relationships. By prioritizing high-power, high-interest stakeholders, KLN demonstrates its commitment to stakeholder satisfaction. Fair labor practices and adherence to environmental standards are essential for improving KLN's overall sustainability performance. Ensuring that stakeholder expectations are managed ethically and transparently will further enhance trust and satisfaction, supporting KLN's long-term sustainability goals.

7. Implications for practice

The analysis of Kerry Logistics Network Limited's (KLN) initiatives in employee welfare, environmental ethics, feminist ethics, and care ethics offers several valuable implications for logistics companies seeking to enhance their sustainability and ethical practices.

Prioritizing transparency in reporting: Logistics companies must prioritize transparency in reporting their sustainability and ethical practices to build stakeholder trust and credibility. This involves conducting regular third-party audits to validate the accuracy of sustainability reports and ensure accountability. Transparent reporting not only aligns with best practices but also helps companies identify improvement areas, demonstrating a genuine commitment to ethical practices. KLN's 2022 annual report highlights that transparency in reporting can significantly enhance stakeholder confidence and reinforce a company's alignment between actions and stated commitments.

Enhancing employee welfare and well-being: Logistics companies should take a holistic approach to employee welfare, implementing comprehensive wellness

programs that encompass mental health support, physical fitness initiatives, and policies promoting work-life balance. KLN's initiatives, such as a 24-h counseling hotline and fitness centers, exemplify how companies can support employee well-being effectively. Furthermore, addressing concerns around salary adequacy and human resource management effectiveness is essential. Regular employee feedback through platforms like Glassdoor and Indeed can provide insights into areas needing improvement. By focusing on employee welfare, companies can cultivate a motivated and satisfied workforce, which is critical for achieving long-term success.

Investing in sustainable technologies: To reduce environmental footprints, logistics companies should invest in sustainable technologies and innovations. This includes increasing the use of renewable energy sources, enhancing energy efficiency in operations, and establishing robust recycling and waste management programs. By adopting these practices, companies not only comply with environmental regulations but also enhance their reputation as responsible corporate citizens. KLN's use of electric trucks and renewable materials, for instance, aligns with these goals, showing how sustainable technologies can reduce environmental impact, improve operational efficiency, and contribute to cost-effectiveness.

Strengthening stakeholder engagement: Effective stakeholder engagement is essential for fostering trust and collaboration. Logistics companies should establish formal channels for stakeholder feedback, ensuring concerns are addressed promptly and transparently. Community engagement through Corporate Social Responsibility (CSR) initiatives helps build strong relationships with local communities and demonstrates a commitment to societal well-being. Internally, promoting open communication channels ensures employees feel heard and valued, contributing to a positive workplace culture. Active stakeholder engagement allows companies to understand and address the diverse needs and expectations of different stakeholder groups, thereby enhancing overall business sustainability and ethical practices.

8. Recommendations for improving sustainability and ethical practices

To further enhance sustainability and ethical practices, logistics companies can adopt the following recommendations, which are informed by Kerry Logistics Network Limited's (KLN) initiatives and aligned with best practices in the industry.

Implement regular third-party audits: Conducting regular third-party audits of sustainability reports is essential to ensure accuracy, reliability, and transparency in reporting. Verifiable reporting of Environmental, Social, and Governance (ESG) metrics not only enhances credibility but also builds trust among stakeholders. Transparent reporting practices demonstrate a company's genuine commitment to ethical standards and sustainability goals, which is crucial in today's accountability-focused business environment.

Enhance employee welfare and inclusivity: Regular employee satisfaction surveys, combined with responsive actions on the feedback received, are essential for improving workplace conditions and employee welfare. Companies should ensure that compensation and benefits packages are fair and competitive, while workloads are managed to prevent employee burnout. Developing targeted initiatives

to promote gender diversity and inclusion will create a more inclusive workplace, fostering higher job satisfaction, stronger retention rates, and a positive company culture.

Invest in sustainable logistics solutions: Investing in research and development for sustainable logistics solutions is crucial to reduce the environmental impact of logistics operations. Companies should expand their use of renewable energy sources and continuously improve energy efficiency throughout their operations. Establishing robust recycling and waste management programs will further reduce environmental footprints, while compliance with regulatory standards can position companies as leaders in sustainability. Such investments not only align with environmental regulations but also enhance the company's reputation as a responsible corporate citizen.

Strengthen stakeholder engagement: Creating clear and accessible channels for stakeholder feedback is vital for maintaining strong relationships. Logistics companies should engage with local communities through Corporate Social Responsibility (CSR) initiatives that address local needs and contribute to societal well-being. Internally, promoting a culture of open communication ensures that employees feel valued and heard, which is essential for maintaining morale and trust. Effective stakeholder engagement fosters collaboration, strengthens company reputation, and is vital for long-term success.

Align with United Nations Sustainable Development Goals (UNSDGs): Logistics companies should align their business operations with the United Nations Sustainable Development Goals (UNSDGs) to demonstrate a commitment to global sustainability priorities. Adopting internationally recognized standards, such as the Global Reporting Initiative (GRI) and ISO 26000 guidelines on social responsibility, helps companies ensure that their practices meet global ethical and sustainability standards. Alignment with these frameworks not only shows a commitment to sustainable practices but also resonates with stakeholders who increasingly value ethical business operations.

9. Conclusion

This study provides a comprehensive evaluation of the corporate sustainability and ethical practices of Kerry Logistics Network Limited (KLN), highlighting its alignment with global sustainability standards, particularly the United Nations Sustainable Development Goals (SDGs). The analysis demonstrates that KLN has made considerable progress in various areas, including environmental management, social responsibility, and governance.

KLN's initiatives, such as deploying electric trucks, adopting renewable energy sources, and promoting fair labor practices, underscore its strong commitment to sustainability. The company's strict governance policies and active community engagement further reflect a dedication to ethical business practices. However, the study also identifies areas where KLN could enhance its sustainability efforts. These include direct actions to protect biodiversity, improving battery recycling processes for electric vehicles, and increasing transparency in stakeholder engagement.

Addressing these gaps is essential for KLN to fully align with sustainable and ethical business principles.

A key limitation of this study is the reliance on self-reported data from KLN's sustainability reports. While these reports offer valuable insights, the lack of external validation introduces a level of skepticism regarding the accuracy of the information. Future studies should incorporate third-party audits and independent assessments to improve the credibility of the data and provide a more objective evaluation of KLN's sustainability performance.

In addition, future research could explore the long-term impacts of KLN's sustainability initiatives on its financial performance and stakeholder satisfaction. A longitudinal study design could yield deeper insights into the influence of sustainability and ethical practices on KLN's growth and reputation over time. Comparative studies with other logistics companies could also provide industry benchmarks and highlight best practices for enhancing sustainability and ethical standards.

Overall, KLN's commitment to integrating sustainability into its operations positions it as a leader in the logistics industry. By addressing the identified gaps and continuously evolving its strategies, KLN can further strengthen its sustainability efforts, create long-term value for stakeholders, and contribute positively to global sustainability goals. This case study provides valuable insights for other logistics companies aiming to improve their sustainability performance, emphasizing the importance of integrating ethical practices into business operations.

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