

Setting an example for the logistics industry

PostNord achieved its climate goal for 2020 and has thus reduced its carbon footprint by 40 percent compared to the 2009 level. With a continued focus on sustainability, an ambitious new goal has now been set: fossil-free operations by 2030. PostNord President and Group CEO Annemarie Gardshol argues that with its leading position and important role in society, PostNord has a considerable responsibility to contribute to sustainable development in an industry that depends on transport. The Group has conducted goal-oriented work on sustainability issues for a long time, and is now raising its ambitions yet again. “The aim is to lead the mail and logistics industry into the low-carbon economy by becoming fossil free by 2030. With a clear goal of becoming fossil free, PostNord continues to take responsibility for the national and global climate goals,” she comments.

Ms. Gardshol joined PostNord in 2012 and has held a number of senior executive positions within the company, including CEO of PostNord Strålfors Group, and Chief Strategy Officer. She was serving as acting CEO until she was formally appointed as CEO of PostNord in 2019, not long before COVID-19 arrived in the Nordics.

Like all other logistics firms, PostNord has been directly affected by the pandemic. When the pandemic first hit, global trade quickly faltered. Countries

locked their borders and international shipping took a nosedive. At the same time, the efforts to battle COVID-19 through lockdowns and social distancing increased the need for fast online consumption and fast home delivery. In fact, since the pandemic began, more than one in three consumers have admitted to beginning with- or increasing their online grocery shopping. Ms. Gardshol feels ‘extremely proud’ of how PostNord has coped throughout it all. “Fortunately, we had the capabilities

and capacity to quickly adapt to these extraordinary circumstances. We’ve seen a big shift towards home deliveries and had to switch to touchless deliveries, for example. And then we’ve also seen our workforce impacted. We have experienced locations where down to only 50 percent of our workforce showed up for work from one day to the next. Everybody had to step up and they all did. I can proudly see that there’s not been one single day of us letting the Nordics down.” On a broader organisational level, the pandemic has meant that PostNord had to accelerate investment and speed up plans for expansion. “We’re now delivering the volumes we expected to reach in 2022,” Ms. Gardshol points out. She emphasises that while PostNord is part Swedish and part Danish owned, it serves four countries in the Nordics and presents itself as a Nordic company. For last-mile deliveries for customers located outside of the Nordics, PostNord is represented by the Direct Link group in





Europe, the US and Asia-Pacific. Direct Link's offices are found in Germany, UK, USA, Singapore, Hong Kong, Australia and Sweden, and it also represented in China. In the parcel delivery space, PostNord has partnerships with several international logistics groups notably including DPDgroup, the largest international parcel delivery network in Europe.

With so many forms of transportation working throughout large periods of time to deliver products, emissions are an important factor to pay attention to for PostNord. It has integrated sustainability into its overall strategy, releasing annual reports on sustainability efforts, and generally making sure its fleet and operations reduce emissions. "Transport is a big source of carbon emissions, so that's a big focus area for us," says Ms. Gardshol. "We train our drivers in eco driving, for example: this is a style of driving that significantly reduces the impact of gasoline on the environment, by reducing fuel consumption and improving the vehicle's efficiency. Regulatory reliefs for mail deliveries in both Sweden and Denmark has allowed for general efficiency and that more letter volumes in Sweden can be transported by train rather than by plane We've also invested in electric vehicles, and now more than 30 percent of our fleet is electric. Where we can, we make use of

renewable energy sources such as bio-fuel and biogas."

Ms. Gardshol emphasises that they are being very targeted in their approach. "We set ourselves CO2 emission targets that we can't exceed. And we're very disciplined. When you have a budget of for example 100 million you have to stick to it and cannot spend more. We stick to our CO2 emissions targets in the same way of course without compromising on our customer promise."

It's an approach that clearly pays off. In March 2021, PostNord announced it has

achieved its climate goal for 2020 and has thus reduced its carbon footprint by 40 percent compared to the 2009 level. "We've also taken significant steps towards a sustainable supply chain," Ms. Gardshol adds. "We have identified critical (sub) suppliers to us, the potentially high risk suppliers in terms of CO2 emissions but also all matters related to fair transports, and have them sign our supplier code of conduct, with the aim of ensuring that 80 percent of the volume they handle complies with that code of conduct.



Compliance is monitored through self-audits and on-site audits. What we're also putting a lot of effort into is to achieving gender equality. We're in a business that is traditionally male-oriented so that's important to us. Our target is to ensure that 40 to 60 percent of our people in leading positions are women. We want to be an inclusive workplace on every level of the organisation and hope we can convince more women to see a career in logistics as an exciting opportunity for them. Thankfully we're seeing more and more women coming into industry now, and we will continue to promote role models."

In PostNord's most ambitious target to date, it strives for fossil-free operations by 2030. "We don't know exactly how we'll achieve this," Ms. Gardshol admits. "But it's our goal and we will work to make it happen."

She explains that they work along four lines: first, they aim to become even more efficient in everything they do. "This is about educating our drivers, and about optimising routes, for example. We acknowledge that we need to incorporate more and more advanced planning tools and data, and put those data in the hands of the right people. So this is where IT and change management are very important." Second, the plan is to continue to replace PostNord's vehicles with electric vehicles. "We have a huge fleet so this won't be easy," says Ms. Gardshol. "It wouldn't be sustainable to simply get rid of existing vehicles." This ties in with their third focus area, she adds. "To keep electric vehicles operational you need to ensure access to electrical power. Here in Sweden there's a shortage in peak times, and that's an issue that needs to be addressed." For heavy transports, we rely on biofuels like HVO and biogas and we need to secure long term access to these energy sources. Fourth, and finally, PostNord prioritises innovation in partnership with its suppliers. "Ensuring fossil-free last-mile delivery is probably doable, but in long haul where we drive



heavy trucks it will be difficult. This is where we need access to innovation."

While parts of the Nordics are heavily urbanised, other parts are quite remote, and that's a complicating factor for PostNord not just from a logistics perspective but with regards to sustainability. "There also are differences politically, from one Nordic country to the next. Norway has announced that it will invest in building a nationwide charging network for electric vehicles, but in Sweden and Denmark the path forward isn't that obvious, for example," says Ms. Gardshol. "Meanwhile consumers expect fast and cheap delivery and as we want to become the favourite carrier of the Nordics, we need to make sure that we meet their expectations. Consumers need to have options, also around sustainability. In partnership with our customers and suppliers we need to offer them sustainable delivery options, that also minimizes the carbon footprint from actually receiving or picking up the parcel."

She points out that one big source of energy consumption is the fact that there's a lot of air being transported. "Packaging is often not made to fit for the product. We have estimated t

hat we move around 30 percent of air, which is a waste of space, and also an unnecessary environmental burden. We're trying to address this issue and have just recently been granted a two-year research contract with Chalmers University of Technology in Gothenburg, Sweden and others to see how we can reduce amount of air. Another area where we can improve and lower the environmental burden of our operation is to help reduce the number of product returns."

Despite all of these challenges, Ms. Gardshol remains optimistic that PostNord can achieve its goals. "We hope our ambitious fossil-free target inspires people to think outside the box."

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