

Sustainability and decarbonisation of Royal Mail Group

NSW Dept. of Trade Industry and
Investment. November 16th 2009

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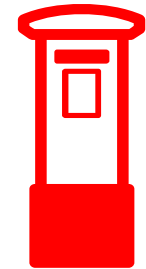
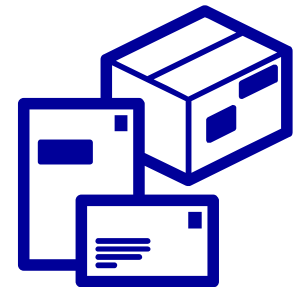


Agenda

- **Royal Mail group context**
- **Risks and drivers**
- **Royal Mail approach to Sustainability**
- **Transport**
- **Buildings**
- **Emerging Strategies (beyond Royal Mail)**

Royal Mail Group

- One of the largest employers in the UK - c.170,000 employees
- Handle 83 million items every working day
- 113,000 collection points
- 28 million delivery addresses
- 33,000 vehicles travelling 1.8 million miles a day
- 14,000 retail outlets.
- Turnover in excess of £8b per annum



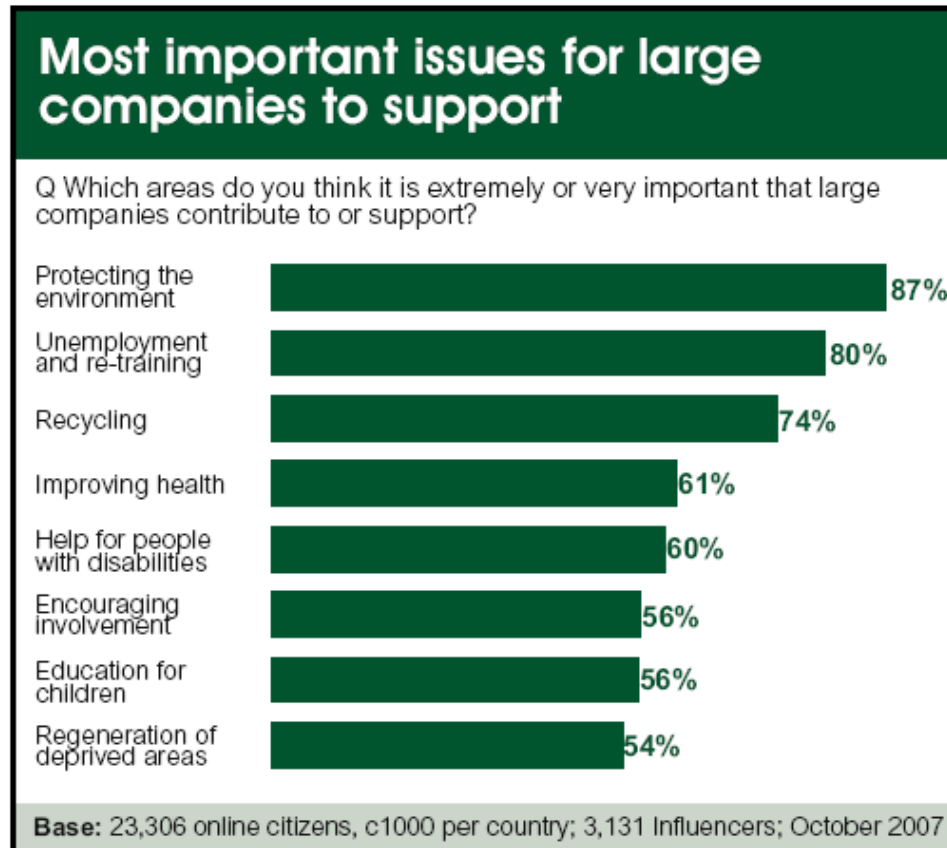
CSR Awards

- **Winner** - Quality in Print Media Environmental Award, Quality In Print Awards 2008
- **Winner** - Best use of payroll giving award, Institute of Fundraising Awards 2008
- **Winner** - Corporate Social Responsibility category, 2008 World Mail Awards
- **Winner** - Environmental Improvement - Chartered Institute of Logistics and Transport Awards for Excellence 2007
- **Winners** - Best payroll giving award - Pay Magazine Awards 2007
- **Big Tick** - Excellence in Health Award, BITC Awards for Excellence 2007
- **Silver Jubilee Big Tick** - Royal Mail Education Programme - BITC Awards for Excellence 2007
- **Big Tick** - Feeling First Class Award, BITC Awards for Excellence 2007
- **Gold Award**- Safety- RoSPA Awards 2009
- **Highly commended**- Occupational Health Award (Astor Trophy), RoSPA Awards 2009
- **MORR Trophy**- RoSPA Awards 2009
- **Gold Medal**- RoSPA Awards 2009
- Signatories to the UN Global Compact
- Carbon Trust Standard, March 2009



Risks and drivers

- **Brand and reputation**



Risks and drivers

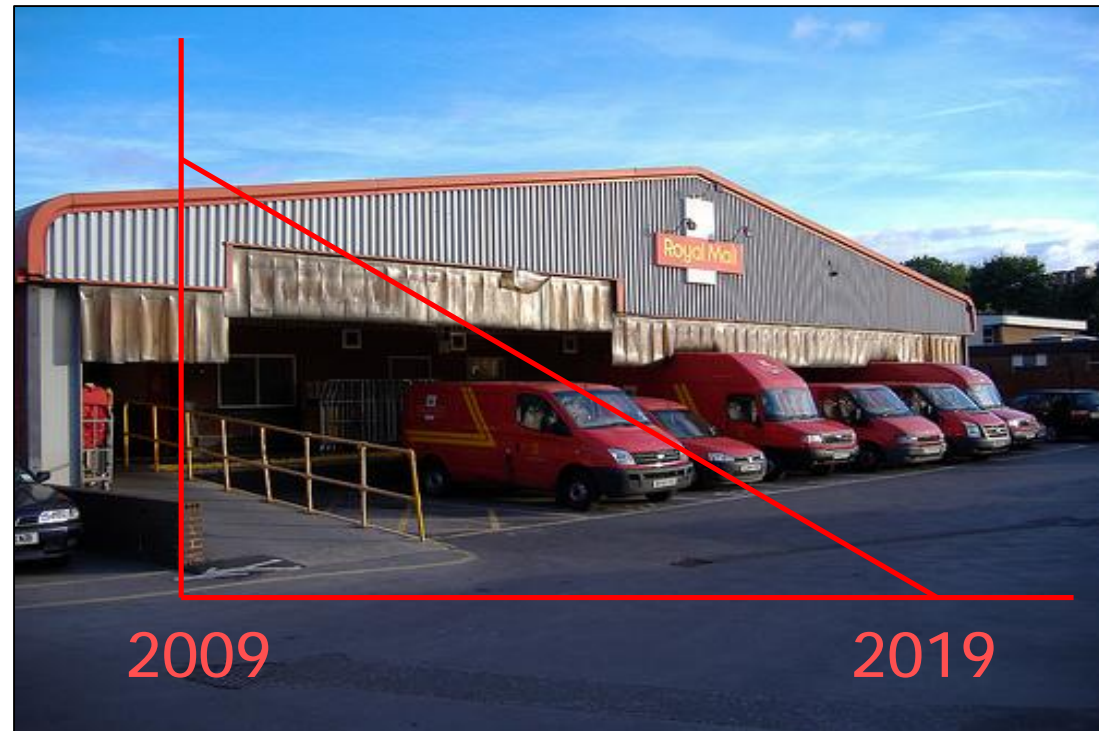
- Competitor activity



Royal Mail Group

Risk and drivers

- Depreciating book value of buildings



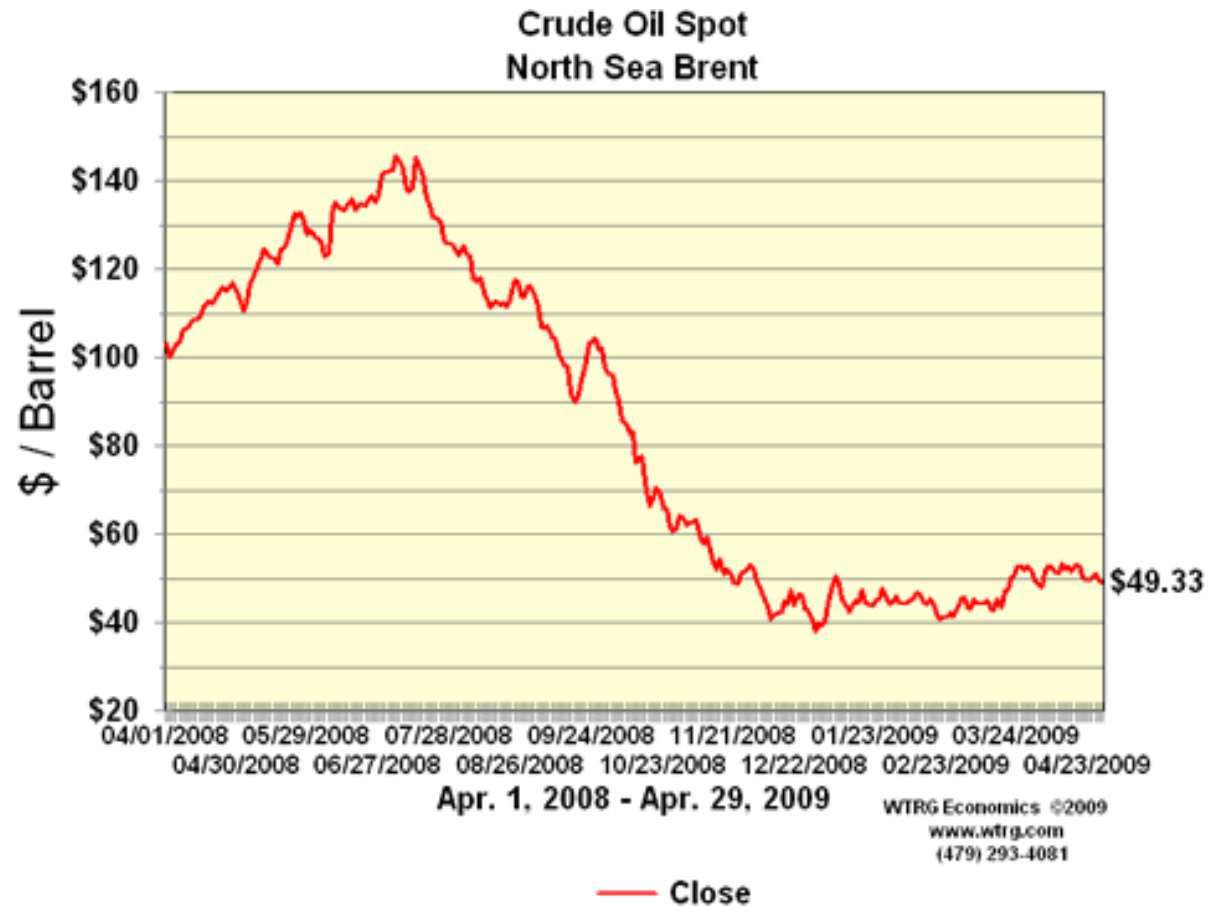
Risks and drivers

- **Security of supply**



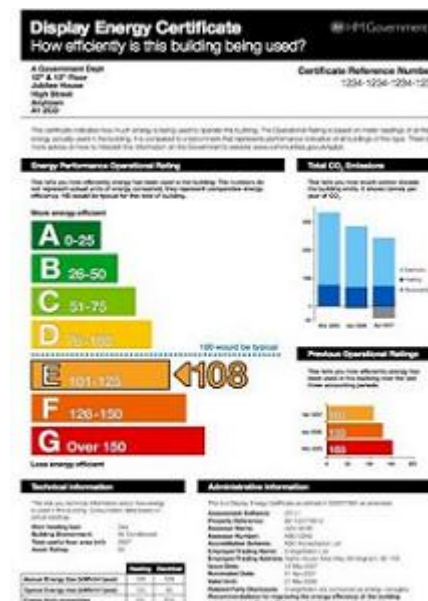
Risks and drivers

- Price volatility



Risks and drivers

- Legislation and policy



Overall Rank	Organisation	Absolute metric		Extent of voluntary AMR & CTS		Growth metric		Weighted average score 60:20:20
		% Reduction	Score	Absolute extent	Score	% Reduction	Score	
1	Organisation A	10%	4900	80%	4800	15%	3500	4600
2	Organisation B	9%	4850	75%	4400	10%	3000	4390
3	Organisation C	9%	4845	60%	3200	5%	2500	4047
-	-	-	-	-	-	-	-	-
2500	Organisation ABC	0%	2500	22%	1200	5%	2450	2230
-	-	-	-	-	-	-	-	-
5000	Organisation XYZ	-10%	1	15%	500	-15%	1	101

Our Approach - Triple Bottom Line

Social wellbeing

Environmental protection

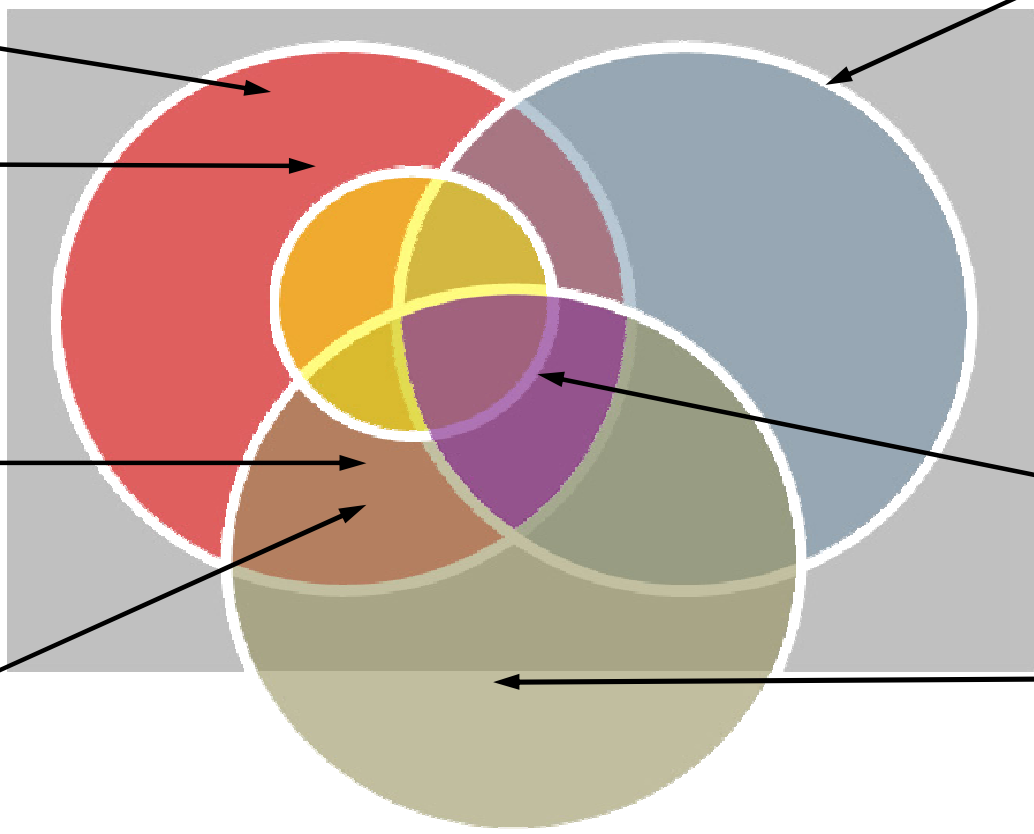
Health & safety

Diversity & inclusion

Community investment

Sustainable development

Economic prosperity

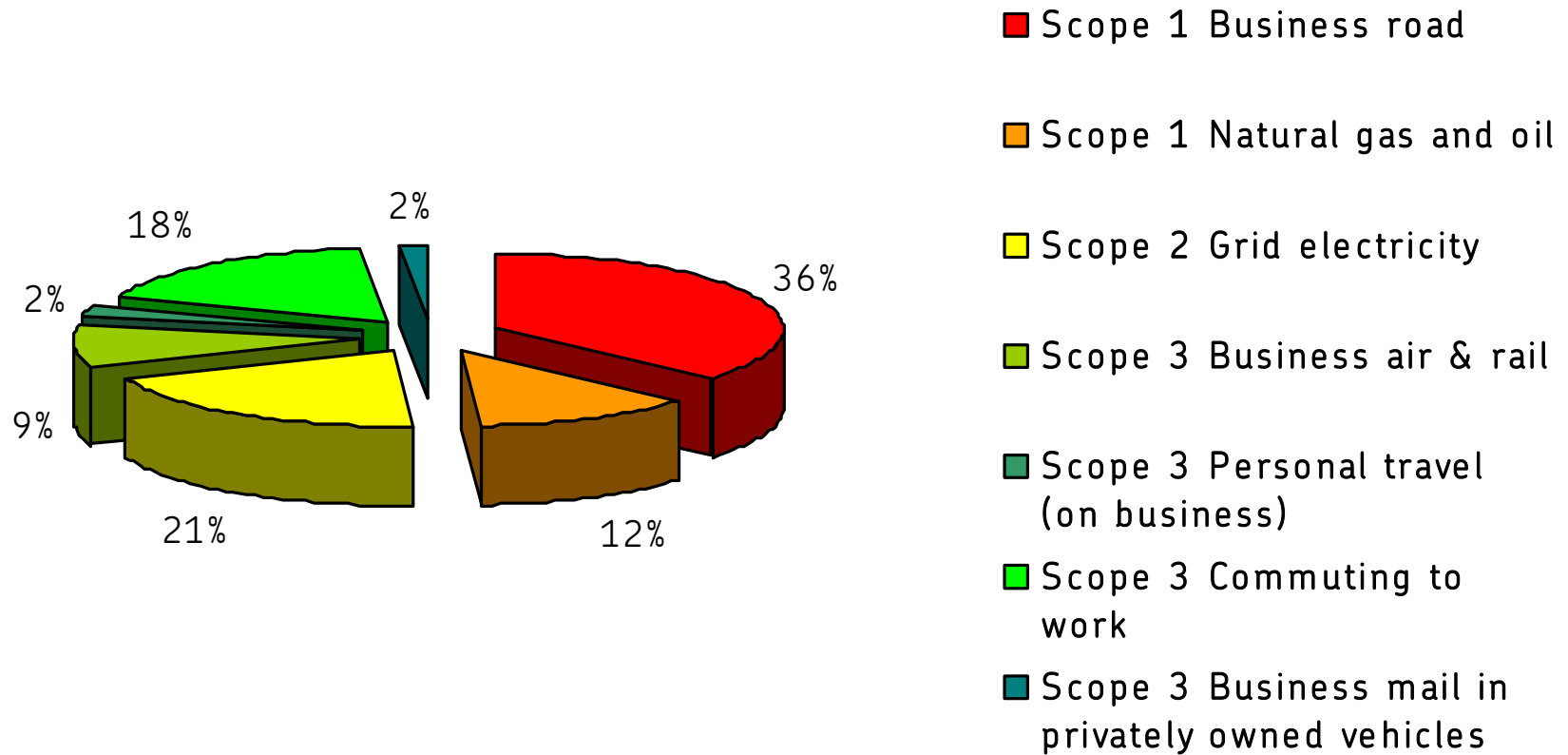


Royal Mail Group

Annual impacts

- **CO₂ emissions would fill 99 billion party balloons**
- **Road mileage is equivalent to a return trip to Jupiter**
- **Diesel volume would fill 59 Olympic-sized swimming pools**
- **Energy consumption would power 43,731 UK homes
1,152 GWh per annum**
- **Landfill waste is equivalent to 11,157 fully laden Ford Transits**
- **Water consumption equivalent to > 33 litres for everyone in the UK. c. 2 billion litres**

Royal Mail Group footprint 2008/09



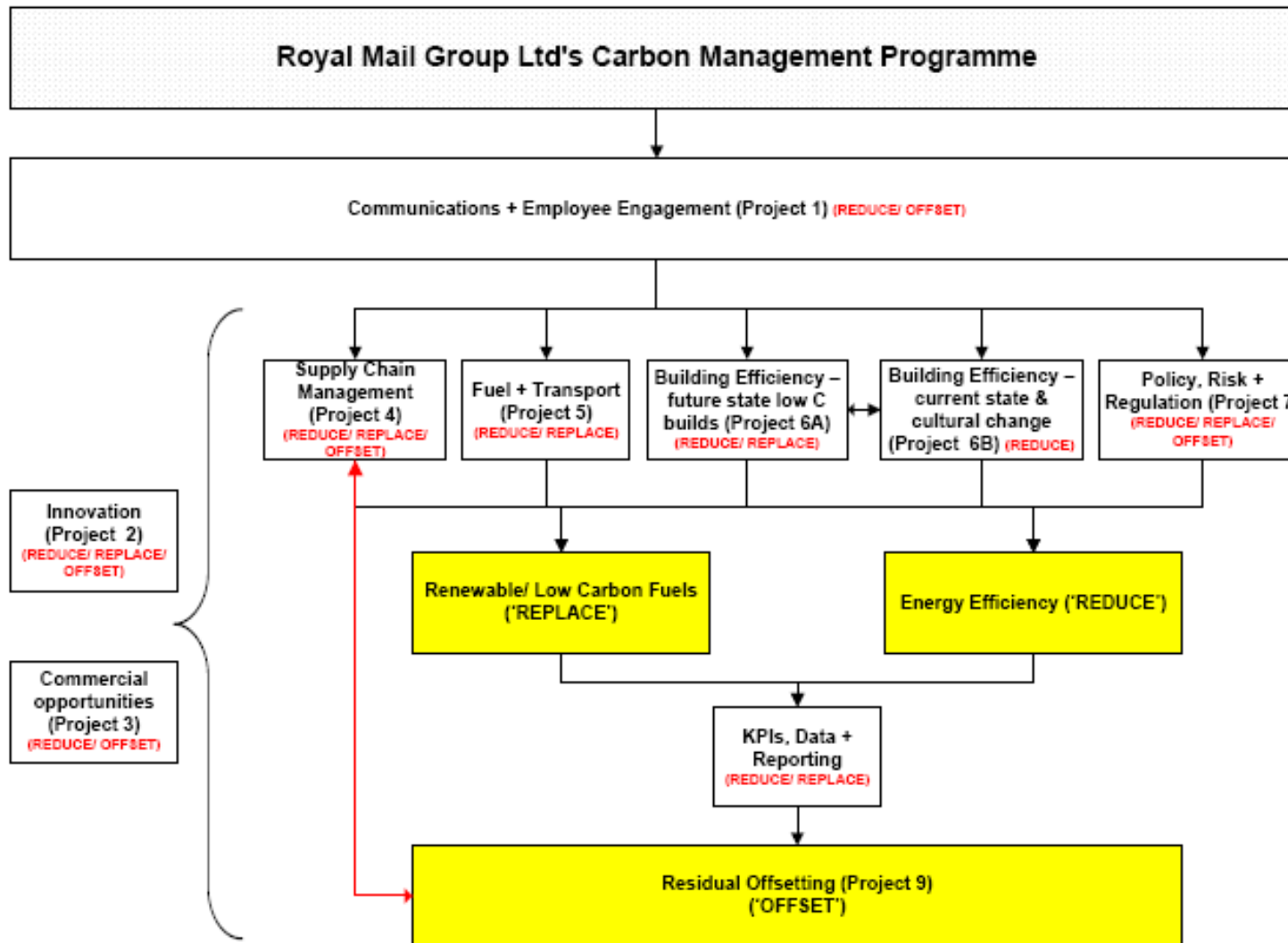
Our approach to carbon management

1. **Avoid and Reduce** fuel and energy consumption
2. **Replace** existing fuels with zero/low C equivalents
and finally...
3. **Offset and sequestrate** residual emissions through sustainable projects.

Priority



How we manage carbon..



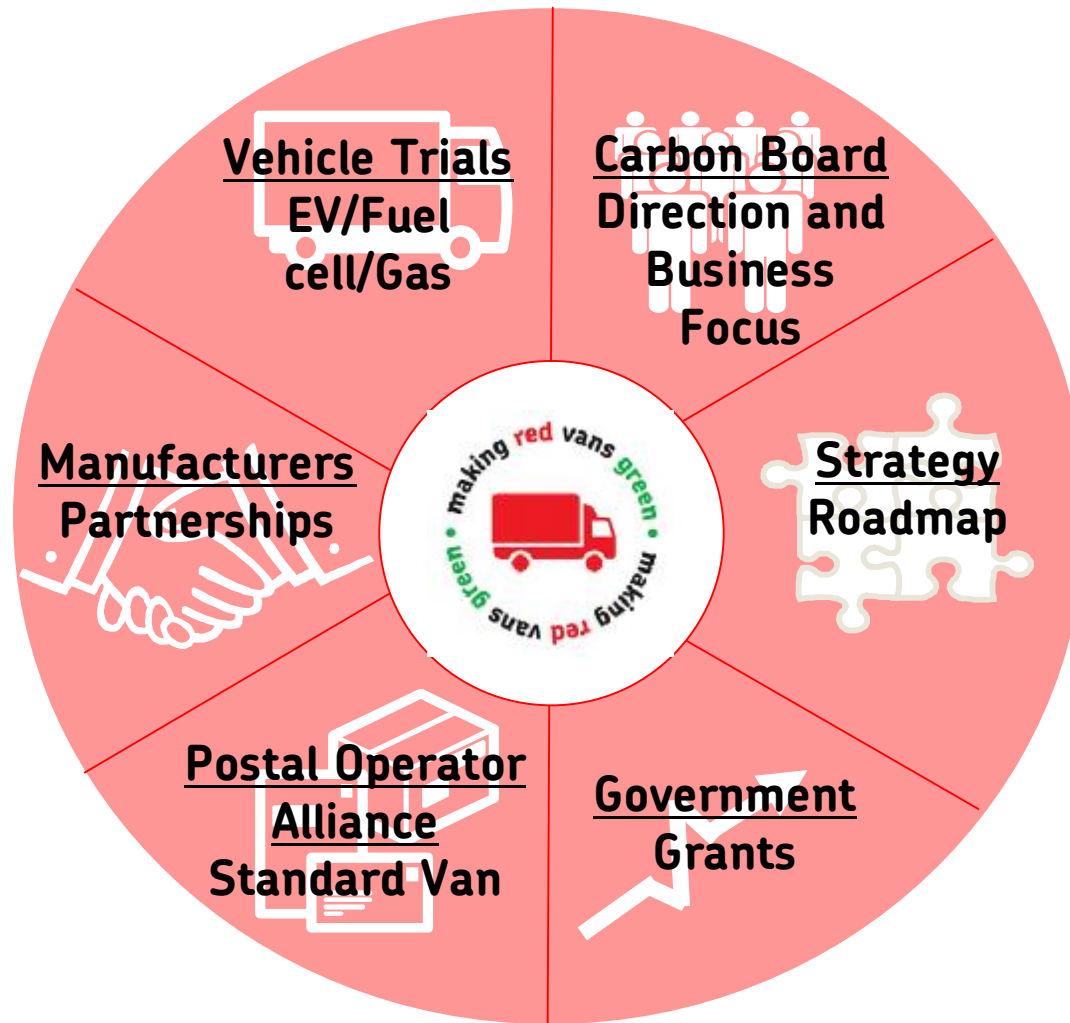
Transport

Activity to Date

- Technology
 - Alternative fuel Vehicle trials
 - Bio diesel
- Specification
 - Aerodynamics
 - Speed Limiters
- Culture
 - Telemetry
 - Driver Risk Assessment

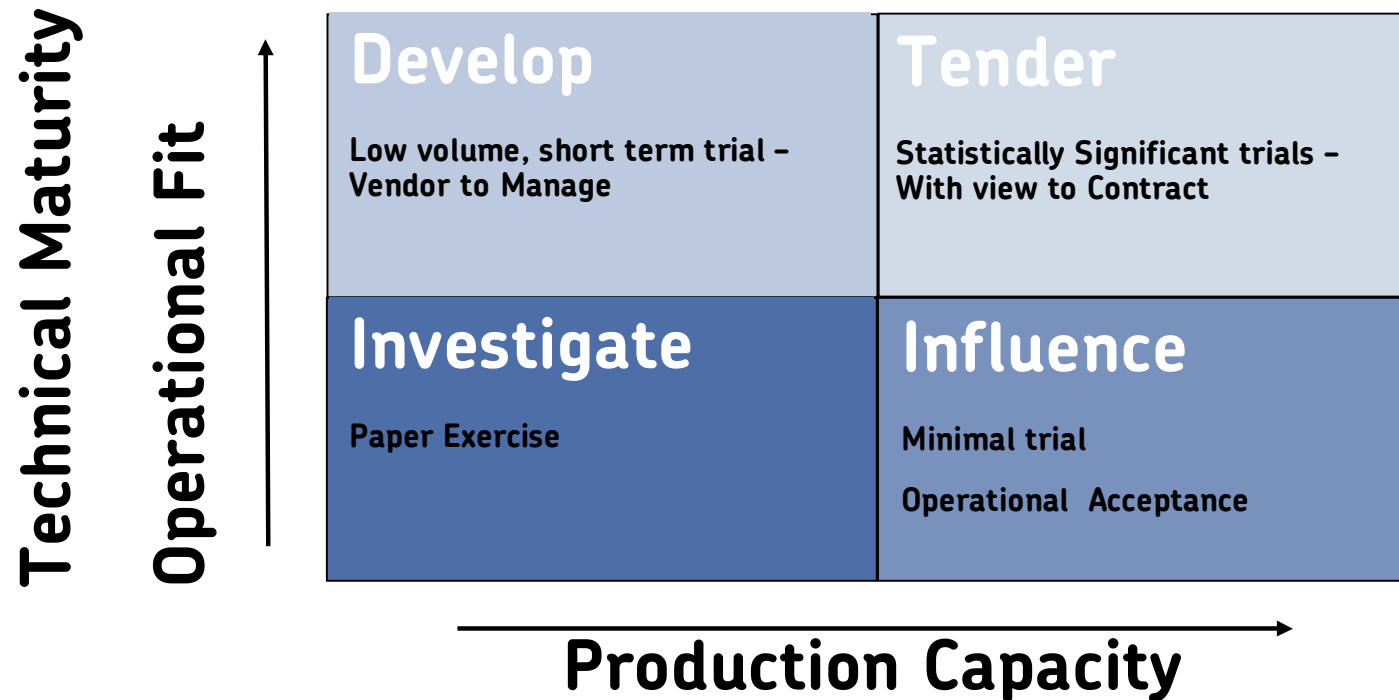


Developing Our Vehicle Strategy



Royal Mails Vehicle Strategy

- 4 Box Model





H 2 - ICE conversions



Electric 7.5t



Diesel/electric hybrid



H2 Fuel Cell



Petrol micro-vans



Double deck trailer

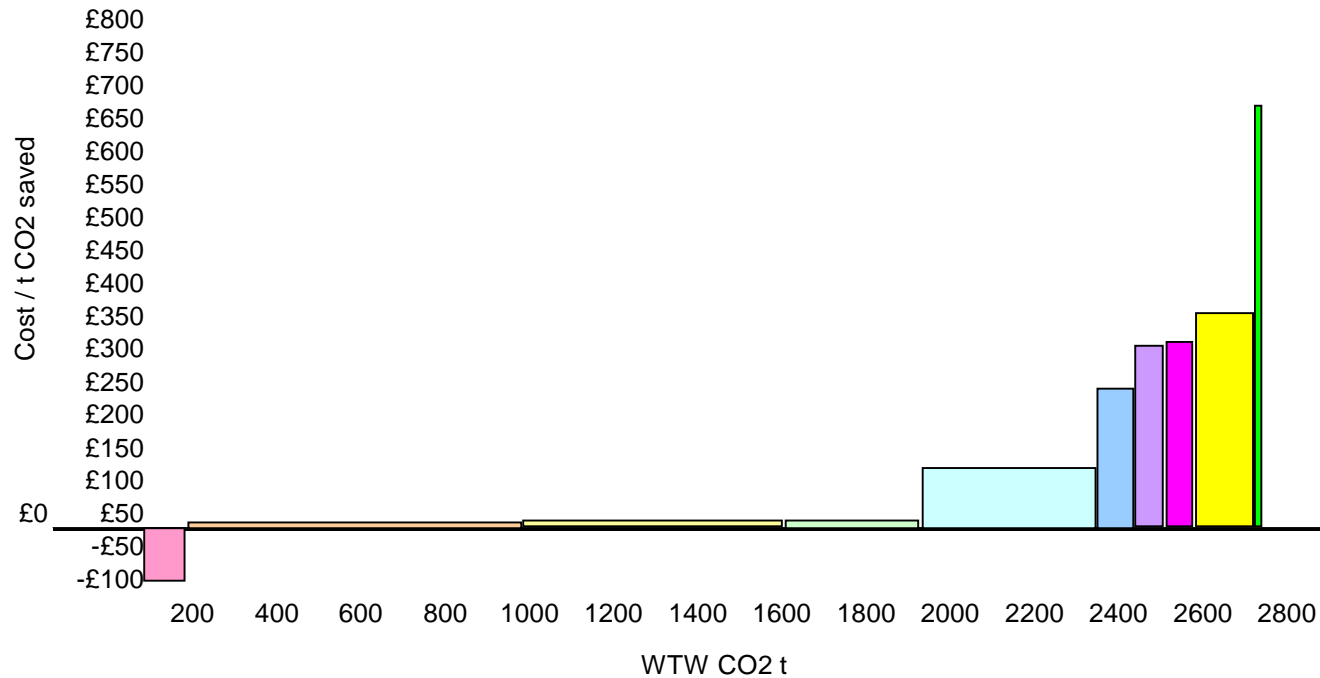
Royal Mail Group

MAC Curve

Vehicle Technology MAC Curve - WTW

	t CO2	£ / t CO2
Trailer Aero Kit	71	-111
LGV Tractor Methane †	898	£1
LGV Rigid Methane †	611	£3
LGV 7.5t Methane †	317	£18
LGV 7.5t Hybrid	404	£96
LGV 7.5t e	47	£221
CDV Methane	76	£274
CDV e	60	£280
LGV Rigid Hybrid	147	£327
CDV Hybrid - Full	11	£651

† Technology not yet in production



Royal Mail Group

Buildings

Building efficiency

- **Bonus worthy objective for specific business units**
- **Automated Meter Reading (AMR) technology**
- **Low carbon design for new builds and refurbishments**
- **Development of Marginal Abatement Cost Curve and inclusion of carbon liability in business cases**
- **100% electricity from grid supplied CCL exempt renewable sources**
- **Climate change pack & incentivisation of energy saving measures.**

