

12 July 2023

## Input to ERGP's questions on environmental sustainability

### 1. Legislation on environmental sustainability

#### 1.1. Have you perceived any regulatory or legal changes on environmental sustainability within the postal sector?

At EU level, the regulatory framework on postal services has not undergone specific changes regarding environmental sustainability, as no need for such changes has been proven. According to the Postal Services Directive, environmental protection is considered an “essential requirement”, this meaning a “general non-economic reason which can induce a Member State to impose conditions on the supply of postal services”. This provision already allows Member States sufficient flexibility to adapt postal services (including the universal service obligation) in accordance with environmental protection needs.

Thus, we consider the current postal regulatory framework allows operators to design and implement their sustainability strategies following innovative and dynamic approaches and, ultimately to adapt their operations without unnecessary constraints. Operators are already working hard to achieve decarbonisation in line with EU objectives and regulatory requirements, without a need of sector-specific regulation or dedicated regulatory tools for the postal sector.

At International level (UPU) we are currently witnessing an increased ambition to tackle greenhouse gas emissions reduction in the postal value chain, to be able to effectively align with the commitments of the Paris Agreement. The Abidjan Congress resolution C17/2021 outlined the ambition for the UPU to take a leading role in advancing climate action for the postal sector. It also mandated the UPU International Bureau to identify feasible voluntary global emissions reduction targets for the UPU and to develop associated knowledge sharing and capacity. It is expected that the next UPU Extraordinary Congress in 2023 will define such common emission reduction targets at UPU level, which will serve as a common basis for global climate action in the postal sector.

#### 1.2. Have you noticed regulatory changes on environmental sustainability from outside the postal sector regulatory framework that affects the way postal operators operate?

Yes. As mentioned during our meeting, even in absence of “postal specific” pieces of legislation regarding environmental sustainability, postal operators are already facing a very complex regulatory framework regarding environmental sustainability, which directly impacts postal operators’ sustainability and corporate strategies. Such framework requires postal operators to make important efforts to comply with new regulatory requirements including but not limited to vehicle fleet transformation, improved energy efficiency in buildings and enhanced transparency and reporting obligations

On one hand, initiatives within the European Green Deal and Fit for 55 package are impacting postal businesses: for instance, given that postal operators are transport intensive businesses, we are already subject to complying with transport decarbonisation initiatives, such as the recently approved Regulation (EU) 2023/851, which strengthens the CO2 emission performance standards for new passenger cars and new light commercial vehicles by setting the target to reduce carbon emissions from new passenger cars and vans up to 100% from 2035 onwards. This means postal operators will not be able to purchase vehicles running with fossil fuels from 2035 on, and thus, will require heavy investments in order to transform their fleets and adjust their operations in the coming years.

Besides, further regulatory initiatives focusing on transport and dealing with emission reduction are expected in the near future. For example, a regulation on emission targets for heavy duty vehicles, an upcoming Emissions Trading System (ETS) for road transport or a proposal on an EU-wide common framework to calculate and report transport-related greenhouse gas emissions, aimed to apply to freight transport.

On another hand, there is a growing pressure at EU level to improve corporate transparency and reporting as regards sustainability. Large companies in the EU, including postal operators, are currently dealing with several obligations in this field, such as assessing and reporting about their alignment of activities with the EU Taxonomy of sustainable activities, and providing information on sustainability in line with the Corporate Sustainability Reporting Directive (CSRD). Moreover, regulatory initiatives setting additional reporting obligations on due diligence in human rights, as well as transparency regarding claims on the environmental impact of products and services are currently underway and will significantly impact postal operators.

PostEurop believes such a rapidly evolving and demanding EU legislative framework on environmental sustainability will strongly stimulate operators to adopt further measures in their path towards enhanced sustainability in a wide sense. As PostEurop, we welcome the simplifications and modifications made on the first set of reporting standards under the CSRD (e.g. materiality, phasing-in, choice for topical standards) to make sustainability reporting and administrative burdens more proportionate and the reporting more feasible, however, compliance with such an ambitious regulatory landscape requires postal operators, and companies in general, to make important investments (time, effort, resources and capital) to fulfil such obligations. Therefore, PostEurop asks to further postpone timelines regarding the sector-specific standards, and rather to assess whether the first set of standards will sufficiently disclose sustainability information for the need of investors and users. Additionally, in order to avoid exposing companies to double reporting requirements, compatibility of the European sustainability reporting standards with voluntary international standards is required. Finally, companies reporting on climate should avoid making use of information which may be business sensitive, for example leading to the revelation of business investments and models of companies in the supply chain or data protection related information (number of workers, work schedule, etc.), which may have an impact in the area of competition.

## **2. Practices of postal operators related to environmental sustainability**

### **2.1. In which phase of the postal value chain (collection, sorting, transport, delivery) do postal operators take most sustainable initiatives today (and tomorrow)?**

PostEurop members have been deeply committed to sustainable transformation, and we envision it as a very important part of our corporate strategies, in line also with our purpose to serve society. On ESG we are front runners.

This is why postal operators are embodying sustainability in the business from a holistic point of view, implementing measures in all phases of the value chain, from transport such as in the last mile, where actions are most evident (i.e. electrification/decarbonisation of fleets, installing parcel lockers and scheduling delivery options to avoid failed delivery attempts, promoting zero emission deliveries such as on foot delivery, or route optimization to reduce distances travelled...) as well as in line haul transport with increased use of rail transport and biofuels, collection (taking advantage of delivery rounds to collect items for posting) and sorting and fulfilment (installing solar panels for renewable energy production and consumption, using renewable energy in buildings, using recyclable and/or reusable packaging and minimising empty space in parcels...). With four postal-related CPV codes in the Clean Vehicles Directive (CVD), the postal sector expected that this framework would reward the use of climate-friendly technologies. Unfortunately, in practice, the codes listed in the CVD are rarely used in tenders and other CPV codes are used instead. It would be helpful for the overall decarbonisation of the sector to add other post-related CPV codes in the coming revision of the CVD.

Postal operators of course will continue decarbonising their operations across their whole value chain, in order to pursue their green transition goals, to comply with the applicable regulatory requirements and to respond to market demands for sustainable products and delivery options.

Nevertheless, it shall be considered that postal operators are currently operating in a very competitive market environment with new business models at play. Although alternative vehicles are more expensive to acquire, big e-commerce platforms are not willing to accept any service prices increase neither from their subcontracted providers nor from postal operators operating their last mile deliveries.

In addition, it is important to underline that currently in Europe:

- the charging infrastructure needed for a wide deployment of alternative vehicles is not developed enough (in terms of availability, accessibility and power capacity) to cover the needs the existing regulation will generate; even with the new AFIR regulation that sets minimum requirements for electrical and hydrogen infrastructure, these targets will not be adequate for the expected demand in the future;
- we are facing the risk of regulatory/market paradoxes (i.e. requiring cheap shipments or free returns while demanding lowering emissions and maintaining high quality employment standards).

## 2.2. Which of the initiatives taken by postal operators do have the highest positive impact in reducing the CO2 emissions?

All the initiatives taken by postal operators as part of their sustainability strategies are aimed at having a powerful positive environmental impact. It is generally stated that transport is the operational phase where most GHG emissions take place, and thus, action from postal operators in decarbonising transport and delivery are of utmost importance. Nevertheless, there are other initiatives which, despite not being focused on reducing GHG emissions, may bring important efficiency gains in terms of environmental footprint, such as reducing water consumption or packaging waste, or using renewable energy in buildings.

Using alternative fuels (like HVO100) for freight transport has a higher impact on CO2 reduction than the electrification in the last mile.

The focus of most operators lies in the last mile because that is where currently the market provides the most accessible means for CO2 reduction (electrical vehicles for example).

## 3. Role of the NRAs

### 3.1. How can NRAs help operators and users to act towards a sustainable postal environment?

In order to create a level playing field throughout the EU, we see the role of the ERGP as a means to coordinate implementation between Member States in order to limit differences in enforcement between national MS creating de facto different obligations per Member States.

We think it is important that NRAs act within their mandate and are predictable and reliable in their activities.

PostEurop members do not see any justification, or legal framework, for NRAs to have additional competences regarding the sustainability of postal services. Given that no market failures have been identified, no postal-specific regulatory intervention is needed. Otherwise, it would generate an unfair burden (and an unlevel playing field) for postal operators, who, as explained in previous questions, are already subject to complying with a great number of ambitious initiatives under the Green Deal covering transport, buildings, energy, packaging, transparent reporting.

Reporting obligations in the EU are in place for some years now. In addition, when the Corporate Sustainability Reporting Directive begins to apply to postal operators, all Posteurop members will be bound to report additional sustainability information in line with a common framework of standards applicable to all large companies (European Sustainability Reporting Standards). Such reporting will already be homogeneous and publicly available, thus improving visibility on sustainability performance from EU postal operators. Of course, such information will be also available for NRAs to consult it, without a need to set additional reporting obligations for postal companies.

Besides, in light of the upcoming regulation on sustainability reporting (specifically the Corporate Due Diligence Directive) postal operators will have to develop and implement "prevention action plans" to limit and mitigate negative human rights and environmental impacts of their actions. This is yet another example showing that more transparency and reporting obligations are in the pipeline and will have to be implemented by postal operators too. Thus, there is no need for additional sector-specific reporting obligations given the very demanding regulation in place and in progress.

### **3.2. What could an NRA do to support cooperation between postal operators for a more sustainable postal sector?**

Making sure that cooperation in the areas of sustainability is possible under the constraints of competition law. We see no concrete examples or needs at this moment.

Postal operators already cooperate to the extent possible in order to achieve environmental improvements, for example, by sharing best practices. Indeed, PostEurop plays an important role, acting as a platform for exchange regarding sustainable fleets, packaging, energy efficiency, etc. It is also important to bear in mind that postal operators (even those members of PostEurop) are also competitors in certain markets, so cooperation faces some limits. For example, it would not make sense to promote cooperation by forcing operators to disclose sustainability data (other than the information already compulsory to make publicly available as provided by regulations), that may be strategic and commercially sensitive, and therefore negatively impact competition in the market.

## **4. Measurement and management of sustainability**

### **4.1. What kind of impact can legally defined sustainability measures have on competition in the mail and parcel sector?**

The impact on competition depends on the conditions laid down in the measures. I.e., do they exempt certain companies (based on size), is it constrained to a certain geographical location. If legislation sets a common target for all types of companies, then in principle there is little impact on competition, depending on how the measures align with a company's specific business practices.

As explained before, a legal obligation to share sensitive information on sustainability matters should not be implemented, as it would potentially have an undesired effect on competition.

Besides, PostEurop members consider there is no need for regulatory intervention in the parcel market, given that it is already very competitive and innovative, with operators competing fiercely and implementing measures to offer sustainable delivery alternatives which also improve convenience for postal services users.

However, PostEurop members welcome the initiative of the European Commission to provide a common framework for calculating and reporting GHG emissions of transport Operations (i.e. CountEmission EU). For postal operators to continually improve their environmental performance, they need to have a good understanding of where carbon and air pollution hot spots are in the value chain to be able to meaningfully address them. PostEurop calls for a unified methodology that addresses the specificities of the postal service industry, defined in close collaboration with the postal sector, which is also compatible with the ISO 14083 standard but also includes an opening clause for postal service providers to adapt its use to postal operations. The methodology must allow the postal service industry to 1) better measure and manage their environmental impact; and 2) better communicate their performance to, among others, customers, consumers, and investors.

### **4.2. What are your views on the application and implementation of directive 2022/2464 (corporate sustainability reporting)?**

The implementation of the CSRD will be very demanding for operators to comply with, it imposes quite stringent obligations and obliges to report on an extensive set of sustainability indicators that will improve visibility and comparability of corporate progresses in sustainability. The reporting obligations set by this Directive are strict enough so that it will not be necessary to create specific reporting obligations for postal companies. Otherwise, we would incur in double reporting obligations, which would impose an extra burden on postal operators.

## 5. Good practices

### 5.1. Are there in your view concrete good practices regarding sustainability in general, in measuring sustainability or in comparing the effects of incentives regarding sustainability (both in and outside the postal sector)?

Yes, many sectors are working hard in order to develop accurate and reliable measurements of the impact sustainability measures generate.

The postal sector is a frontrunner industry with regard to measuring its environmental impact and implementing actions to mitigate it. Currently, one of the areas where our industry is focusing its efforts is the ability to offer customers a clear, objective and comparable insight on the environmental footprint of different products and delivery options. The goal is to offer customers key information so that they can make informed decisions based on the real environmental impact of their consumption choices.

More generally, PostEurop is gathering sustainability best practices from its members. As an example, a brochure is published every year and can be found [here](#).

### 5.2. What are your views on specific certification for postal operators on sustainability issues provided by notified bodies?

PostEurop does not have a clear view on the benefits that the suggested “specific certifications for postal operators on sustainability issues” may bring to the sector. Given that there are currently a number of EU regulatory initiatives dealing with substantiating environmental claims and aimed at tackling greenwashing and the emergence of sustainability labels/certifications, we believe the general regulatory framework should be sufficient to ensure that claims on sustainability of products and services are truthful and objectively justified also in relation with the postal sector. We do not see the need for sector specific provisions in this regard.

Where specific certification can add value, this will most likely need to be national initiatives as the markets and national contexts differ widely.