



Environmental Report 2010

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After the Climate Meeting in Copenhagen at the end of 2009 many people felt slightly confused and maybe disappointed that no final document could be approved by all states. At TransFargo we are continuing our environmental work at full pace. We have had a plan for this work since 1994 when we first received ISO 14001 certification. It will continue to be a top priority for us.

The transportation industry is currently responsible for a third of the environmental impact that is the result of carbon dioxide emissions. Types of transportation vary in terms of emissions amounts – both as regards absolute numbers and the amount of goods that can be transported per unit of emitted carbon dioxide equivalent. Air and road transportation impact the environment to the greatest extent together with industry. Small lorries and city traffic distribution have the greatest impact on the environment within the road transport segment.

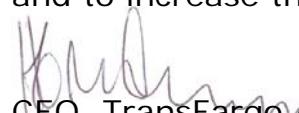
Time and know-how are important parameters in environmental work. Goods production is governed by demand and availability, and just-in-time deliveries create a need for flexible and quick transportation solutions. In order to create the conditions necessary for slower transportation, purchasing patterns must change. Modifying purchasing behaviours requires information and education on how the different types of transportation impact the environment.

Individual transportation companies have a responsibility in this respect in terms of informing their customers and offering environmentally friendly options. TransFargo has noticed an increased level of interest from our customers who receive information about how the environment is impacted by their transports, and we regularly report the statistics.

At TransFargo, environmental issues have been on the agenda for a long time:

- As early as the beginning of the 1990s, we introduced 'green diesel' to our terminals.
- We received environmental certification in 1998, and we constantly work with our haulage contractors to invest in more environmentally friendly EURO 4 and 5 vehicle engines.
- We use combination transportation, putting trailers on trains and we measure the degree of outloading on our load carriers against lofty objectives.
- Our company cars are clean cars, of course.

Our objective is to reduce carbon dioxide emissions by 20 per cent by 2020, and to increase the proportion of alternative fuels by 20 per cent.


CEO, TransFargo AB

Increasing the proportion of combined transportation in TransFargo's total production

This environmental objective has been a part of TransFargo's environmental management programme since 2004. The targets and results that are linked to combined production are presented below for 2004-2009.

Fig. 1 Proportion of combined transportation

Year	Target	Result
2004	3%	4.1%
2005	5%	5.1%
2006	7%	8.4%
2007	9%	7.8%
2008	9%	10.1%
2009	10%	8.9%

This target was greatly surpassed in 2008. Domestic production in Malmö was transferred from remote distribution to a further HUB in a distribution area with the terminal in Örebro at the centre. We have been putting trailers on trains between Malmö-Hallsberg-Örebro from Sunday to Thursday every week since March 2008.

The proportion of combined production from Italy to Malmö also increased in 2008. The proportion of combined production from Italy to Sweden increased due to an active production choice.

In 2009 we were forced to change our production methods. This was because the supplier reduced its capacity on the Malmö-Hallsberg stretch. This was why the aim to reduce combined production could not be achieved.

Using combined transportation for long stretches results in the environment being less negatively affected compared to lorry traffic.

Alternative Fuel Project – Clean Truck

Lorries account for half of the environmental load in the City of Stockholm, but only 10 per cent of the traffic. This is something we want to change.

Along with our partner in Stockholm, Stockholms Åkeri, TransFargo is collaborating with the City of Stockholm, AGA Gas AB and IDS to test and demonstrate new kinds of environmental lorries and to set up filling stations in the Stockholm area for renewable lorry fuel.

A total of 80 environmental lorries will be bought, driven and evaluated in the project. These vehicles are used for goods and product distribution in Stockholm.

This project receives financial support from the EU (Life+), VINNOVA and the Swedish Energy Agency.

City Logistics – an interesting environmental project

TransFargo is currently producing a new service concept, which involves many stakeholders, in order to reduce its environmental impact in city cores. Working with environmental issues involves a new approach – a new system. Hauliers, shipping agents, product owners, stores in city cores and the municipalities must be prepared to become partners to ensure that the service is a success.

Interesting pilot projects, including one from the Dutch city of Nijmegen, shows that the following variables need to be met if the project is going to succeed:

- The user in the centre
- Joint loading and delivery to the stores
- Additional services such as unpacking, warehousing and reverse logistics
- Social responsibility

The advantages of City Logistics include:

- More efficient coordinated distribution routes
- Better availability
- Better air and better trading climate

Efficient coordinated distribution routes based on volume and distribution methods. Better availability because the number of distribution vehicles falls, and better outloading and choice of alternative methods of transport, which often run on renewable energy. The major benefit for trade is that stores would be able to work flat out in the mornings; the traditional transport solutions make it crowded, dangerous and dirty to be in a city core. The reason for this is that all goods transport often has to take place before 11 a.m. on weekdays in most city cores.

Network under the management of the Swedish Transport Administration (Swedish Road Administration)

Participation in a new shipping and product owner network under the management of the Swedish Transport Administration (Swedish Road Administration). The objective is to:

- Network at regular theme meetings
- Develop procurement requirements for the environment and traffic safety
- Develop monitoring/audits, e.g. random tests for speed, sobriety and seatbelt use.

In return the Swedish Transport Administration will receive information about what TransFargo is doing in this area, e.g. CO2 emissions.

Now in the spring of 2010 the Swedish Transport Administration is carrying out national measurements; these measurements have been carried out for a few years. They register whether companies in the road transport industry are keeping to speed limits using 'painted' lorries and buses at selected locations in Sweden. No licence plates are used; the objective is not to single out any individual driver.

Environmental objective – Increasing the degree of outloading

This environmental objective relates to export-related traffic, where the load carrier carries more than one shipment. All export transportation planning is done by TransFargo personnel. It is possible to set objectives and then monitor them. If we successfully load more goods onto the producing units we already use, we can reduce negative effects on the environment.

When we do not meet the targets, a detailed investigation is carried out along with the traffic manager. This investigation will show what has happened and what if any action needs to be taken. This investigation also forms the basis when setting future objectives.

Unfortunately, the relative change in all export traffic between 2008 and 2009 shows a clear reduction in outloading by 102 kg for each load unit produced where more than one shipment is loaded.

Emission values in 2009 in relation to 2008

The total emissions and change are reported in the table below. The change is shown in per cent.

Type of emission	Symbol	2008 Emissions in tonnes	2009 Emissions in tonnes	change in %
Nitrogen oxides	NOx	82.4088584	54.7084018	-34%
Particles	PM	3.05	1.22	-60%
Hydrocarbon	HC	5.225	1.5675	-70%
Carbon monoxide	CO	21.1705556	7.19	-66%
Carbon dioxide	CO2	11,730.3059	11,618.3144	-1%
Sulphur	S	0.084	0.084	0%

The emissions are shown in grammes per tonne kilometre (gr/tonne-km) in the table below. The following factors affect the result

- Distance
- Degree of outloading
- Engine performance expressed in Euro class
- Alternative fuel

Emissions in tonnes and in gr/tonne-km follow each other.

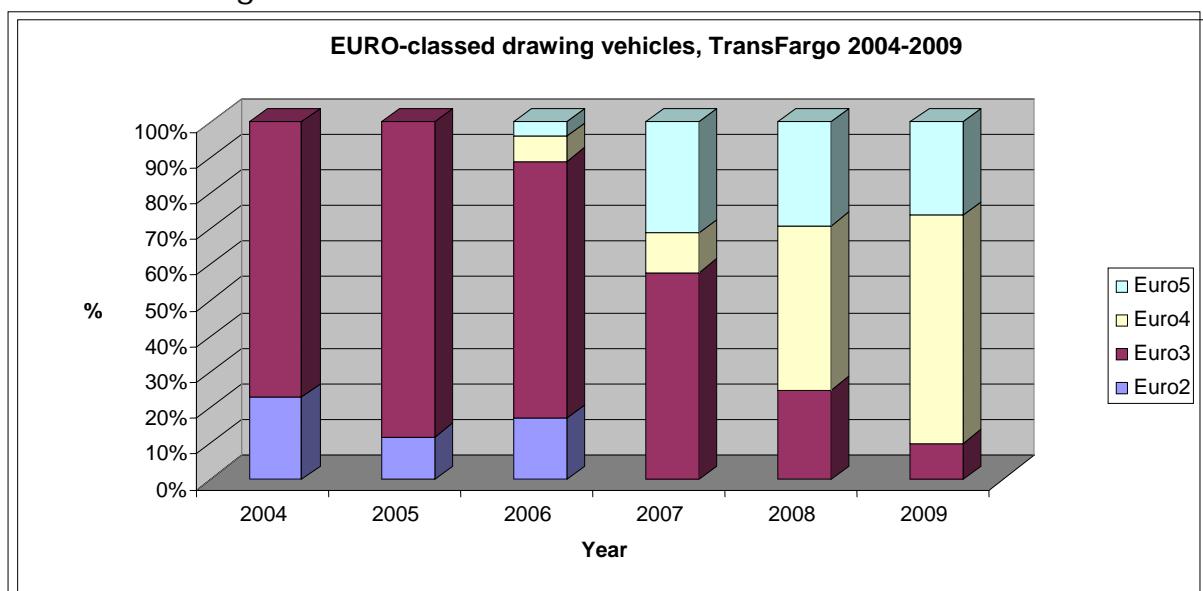
Emission	Chem.	Gr/tonne-km		Gr/tonne-km		Gr/tonne-km	
		2005	2006	2007	2008*	2009	
Nitrogen oxides	NOx	0.249	0.248	0.219	0.238	0.158	
Particles	PM	0.004	0.004	0.001	0.005	0.002	
Hydrocarbon	HC	0.020	0.019	0.004	0.010	0.003	
Carbon monoxide	CO	0.034	0.033	0.018	0.053	0.018	
Carbon dioxide	CO2	37.990	37.869	37.17	36.241	35.895	
Sulphur	S	0.000015	0.000015	0.000015	0.000014	0.000014	

*transfer to NTM's (Network for the Traffic and Environment) emission values for lorry traffic 14-28 tonnes in motorway traffic with an average outloading of 50%

Engine performance expressed in EURO class

As of 31 December 2009, as much as 90% of TransFargo's engaged drawing vehicles and lorries had EURO 4 and EURO 5 engines.

The proportion of Euro-classed drawing vehicles engaged by TransFargo is set out in the diagram below.



This figure means that TransFargo can increase environmental requirements for its subcontractors at a faster pace. These requirements are included in the relevant haulage contracts.