

climate the climate for a Sustainable Planet

CON VEC Sa LIONS FOR TOMORROW





KARIN SVENSSON Chief Sustainability Officer

Volvo Group





WINNING THE SUSTAINABILITY RACE TOGFTHER

V O L V O

The Volvo Group is one of the world's leading manufacturers of trucks, buses, construction equipment and marine and industrial engines. The Group also provides complete solutions for financing and service. The Volvo Group, with its headquarters in Gothenburg, employs about 100,000 people, has production facilities in 18 countries, and sells its products in more than 190 markets. The company was founded in 1915.

Karin Svensson has been a part of Volvo Group for over 27 years. Prior to her current role, she was Vice President Public Affairs and Group Strategy, roles in which she focused on public policy, the impact of industry, competitive trends on the current market and on the future of business. The Capgemini Research Institute spoke to Karin to hear her views on sustainability through collaboration.



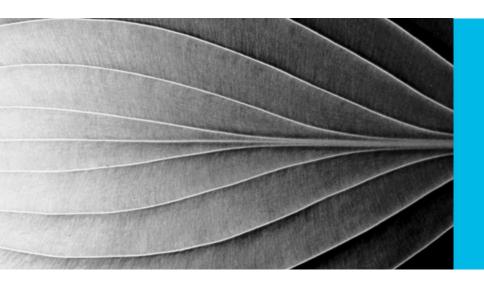
HOW SUSTAINABILITY HAS BECOME BUSINESS CRITICAL

As a veteran of transport, how do you think the industry has evolved from a sustainability perspective?

We know how important it is from an environmental perspective, but over the past few years, sustainability has now become business critical. We feel increasing pressure from stakeholders, investors, customers, employees, and society in general. Sustainability is no longer just a government-driven agenda; now, businesses are leading the way and setting ambitious goals. We are talking about sustainability as a business opportunity, rather than just a compliance requirement.



Karin Svensson, Chief Sustainability Officer Volvo Group



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WE ARE LOOKING TO GOVERNMENTS TO SUPPORT SUSTAINABILITY INITIATIVES; IF THEY PUT IN PLACE RELEVANT FAVORABLE LEGISLATION, THEN WE CAN ADJUST OUR POLICIES TO MAKE THESE CHANGES HAPPEN MORE QUICKLY.

How much progress has Volvo made towards achieving its own climate-related goals?

For the business industry in general, there is an intense focus on the environment, but our sustainability agenda is broader and includes climate, resources, and people. Climate change is one of the biggest challenges today and road transport is a significant emitter of CO₂ and greenhouse gases. We are addressing this challenge by transitioning our range to electric. We have set ambitions for 2040, including achieving net zero, validated by the Science Based Targets initiative. We are focusing on reducing our use-phase emissions, as well as our Scope 3-upstream emissions alongwith Scope 1 and 2. We are rolling out our electric vehicles (EVs) across different regions; further developing our charging infrastructure; and ensuring that renewables make up a greater proportion of our energy mix. We are looking to governments to support such initiatives; if they put in place relevant legislation, then we can adjust our policies to make these changes happen more quickly.



WINNING TOGETHER RATHER THAN RISK LOSING ALONE

How do partnerships help you to achieve your sustainability goals?

Partnerships are key. We all need to think about working together – with competitors and suppliers. We have been doing this for a while. We partnered with Swedish steel company SSAB to produce steel materials without the use of fossil fuels. With [Danish wind-turbine manufacturer] Vestas, we have established a partnership to develop renewable-energy sources. Our partnership with [German auto manufacturer] Daimler Truck and Traton on charging infrastructure is an interesting example of how we partner with competitors to address the complexities of climate change. In essence, we are forming partnerships across the value chain. Rather than risk losing alone, we want to win together.

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What investments have been made in sustainability initiatives at Volvo?

We are investing a lot in sustainability initiatives through our R&D, both in battery-operated EVs and in fuel-cell electric vehicles [FCEVs]. But for some applications, the existing internal combustion engine will still be required, so we need to ensure they run efficiently at the same time as investing in the transition to fossil-free alternatives. Sustainability is at the core of our business and scaling our EV offering is a major part of our strategy. We are also investing significantly in reducing our future industrial footprint; for instance, we have invested heavily in the development of sustainable manufacturing techniques at our Skövde plant, with reduced consumption of non-renewable materials. Some investments are also being directed towards the development of technology platforms and re- and upskilling the workforce to ensure a successful transition to sustainability. This is what we are doing to tackle sustainability from the perspective of climate, people, and resources.

DEVELOPING SUSTAINABILITY SKILLS

How are you overcoming talent shortages related to sustainability?

Sustainability is a growing field of expertise and ensuring the right talent is in place to tackle our societal issues is a challenge for all manufacturers. It starts in school, and this is why we are pushing for more sustainability competency development in the educational system in Sweden, France, and the US, among other countries, to secure the talent pipeline for the future. Attracting and retaining employees with sustainability-focused expertise is crucial – not only for us, but across many industries – meaning there is significant competition for these skills. We are a business that is driven by our passion to deliver a net-zero society, so even with our existing employees we are all playing our part to drive change from the inside out. We are also developing specific competencies in areas such as human rights, where finding qualified individuals can be challenging.

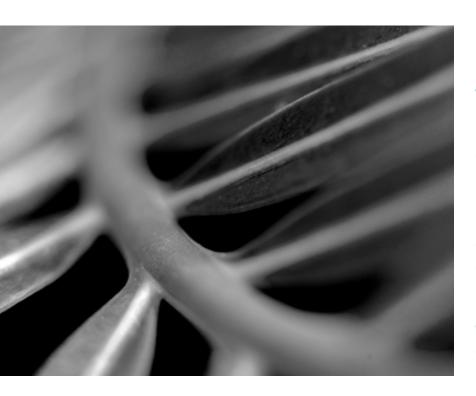
Furthermore, as the scope of sustainability widens to include areas such as biodiversity, we will require access to a wider range of skillsets.



A THREE-PATH APPROACH TO TECHNOLOGIES

Our research found that 80% of the environmental impact of a product is linked to decisions made at the design stage. What are your views on product design and sustainability?

I agree, it's very important to influence the early design phase. We work closely with all departments – including purchasing, technology, and R&D teams, as well as our suppliers – to ensure this happens. Our decision to become a founding member of the First Movers Coalition, a public-private partnership seeking to commercialize clean technologies through advance-purchase commitments, is testament to this. Another example of this is our partnership with SSAB on fossil-free steel. We need to think about different types of materials we use within our products and find clever ways to mitigate their impact.



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What are some of the key technologies accelerating your sustainability journey?

We believe three technologies are needed to reduce transport emissions. The first path is related to the technology around battery EVs. The second is around FCEVs, which includes technologies allowing longer driving ranges that circumvent issues around inadequate charging infrastructure.

The third path relates to our ICE range. We're looking into new types of biofuels and other fossil-free fuels, including hydrogen. This wide-ranging three-path approach is unique. Efficient data collection and effective analysis of that data are essential to making the right technology choices for the many varied applications we have in our industry.

Which challenges do you face in taking suppliers/partners along on your sustainability journey?

We are working both with members of our own supply chain and across sectors to address sustainability challenges. One challenge is that our network consists not only of large companies, but also several small and medium-sized companies. Another challenge is that we need to go very deep into our supply chain, not only by looking at our tier-one suppliers, but also at tiers two/three/four. So, when we talk about partnerships and making sure that we're all on this journey together, a lot of people need to be in alignment.

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If you had a magic wand, what would you change to accelerate progress towards sustainability?

We need access to greater quantities of renewable energy for sustainability reasons, but also as a prerequisite for achieving our net zero targets. Currently, that's not something we can fix, so that's what I would do, given a magic wand.

Con ver sa tions

Executive Conversations



Karin Svensson, Chief Sustainability Officer, Volvo Group

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