Regional Workshop Ennshafen Port

Calculating and reporting CO_2-emissions: How Ennshafen is starting to deal with the new requirements

Werner Auer, Managing Director, online on 21th September 2023

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New Legal Requirements

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CSRD / ESRS

Corporate Sustainability Reporting Directive | **European Sustainability Reporting Standards**

Materiality: A sustainability matter is MATERIAL if it meets the definition of IMPACT MATERIALITY, FINANCIAL MATERIALITY, or both.

Impact materiality : A sustainability matter is MATERIAL from an impact perspective when it pertains to the undertaking´s material actual or potential, positive or negative ***impacts on people or the environment*** over the short-medium- and long-term. A material sustainability matter from an impact perspective includes impacts connected with the undertaking´s own operations and upstream and downstream value chain, including through its products and services, as well as trough ist business relationships.

Financial materiality: A sustainability matter is MATERIAL from a financial perspective if it generates ***risks or opportunities*** that effect (or could reasonably be expected to effect) the undertaking´s ***financial*** position, financial performance, cash flows, access to finance or cost of capital over short-, medium or long-term.

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New Legal Requirements

- EU law requires all large companies and all listed companies (except listed micro-enterprises) to disclose information on what they see as the risks and opportunities arising from environmental and social issues, and on the impact of their activities on people and the environment.
- This should help investors, civil society organisations, consumes and other stakeholders to evaluate the sustainability performance of companies as part of the EU Green Deal.
- Beginning: SFRD – Sustainable Finance Disclosure Regulation
- **16.12.2022: CSRD – Corporate Sustainability Reporting Directive** / outlines the obligation for companies to use standards to fulfil their legal sustainability reporting obligations (>>> until 6.7.2024 into national laws)
- **2023 (ongoing): ESRS – European Sustainablity Reporting Standards** (draft / w.i.p.) / will be mandatory for use by companies, defines all details to ensure that companies across the EU report comperable and reliable sustainability information

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New Legal Requirements

- Companies have to start reporting under ESRS according to following timetable:

  a) Companies previously subject to the Non-Financial Reporting Directive (NFRD) - large listed companies, large banks and large insurance undertakings; all if they have more than 500 employees – as well as large non-EU listed companies with more than 500 employees: **financial year 2024**, with the first sustainability statement published in 2025

  b) Other large companies, including other large non-EU listed companies: **financial year 2025**, with first sustainability statement in 2026

  c) Listed SMEs, including non-EU listed SMEs: **financial year 2026**, with first sustainability statement published in 2027 (however, listed SMEs may decide to opt out of the requirements for a further two years; the last possible date to start reporting is financial year 2028, with first sustainability statement published in 2029

- In addition, non-EU companies that generate over 150 mio € per year in the EU and that have in the EU either a branch with a turnover exceeding 40 mio € or a subsidiary that is a large company or a listed SME will have to report on the sustainability impacts at the group level oft hat non-EU company as from **financial year 2028**, with first sustainability statement published in 2029 (separate standards will be adopted specifically for this case)

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ESRS Reporting
ESRS Sustainability Statement

The draft delegated on European Sustainability Reporting Standards (ESRS) contains **twelve draft standards:**

Cross-cutting	ESRS1	General Requirements
Cross-cutting	ESRS2	General Disclosures
Environment	ESRS E1	Climate
Environment	ESRS E2	Pollution
Environment	ESRS E3	Water and marine resources
Environment	ESRS E4	Biodiversity and ecosystems
Environment	ESRS E5	Resource use and circular economy
Social	ESRS S1	Own workforce
Social	ESRS S2	Workers in the value chain
Social	ESRS S3	Affected communities
Social	ESRS S4	Consumers and end users
Governance	ESRS G1	Business conduct

3 categories of ESRS:

1) *cross-cutting standards*
2) *topical standards (environmental, social & governance standards)*
3) *sector-specific standards*

Each standard: very much paragraphs / appendix with all details ("application requirements")

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Reporting Details

Governance, Strategy and Materiality Assessment / ONLY FOR THE EXAMPLE CLIMATE CHANGE (others: own workforce, ...)

- transition plan for climate change mitigation (E1-1)
- resilience of strategy and business model (relate to ESRS 2 SBM 4)
- material climate-related impacts, risks and opportunities (ESRS IRO 1)
- integration of sustainability strategies and performance in incentive schemes (ESRS 2 GOV 3)

Policies and Targets

- policies related to climate change mitigation and adaptation (E 1-2)
- targets related to climate change mitigation and adaptation (E 1-3)
- action plans and resources related to climate change mitigation and adaptation (E 1-4)

Metrics

- Energy, Energy consumption and mix (E 1-5)
- GHG emissions / removals: Scope 1, 2, 3 and total GHG emissions (E 1-6); GHG removals and GHG mitigation projects financed through carbon credits (E 1-7) [emissions of all GHG: CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3]
- Financial effects: Internal carbon pricing (E 1-8); Financial effects from material physical risks, transition risks and climate-related opportunities (E 1-9)

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Reporting Details / ESRS E1-6 Green House Gas Emissions

Gross Scopes 1,2,3 and Total GHG Emissions

Scope 1: direct GHG emissions - emissions from stationary combustion, mobile combustion, process emissions and fugitive emissions

Scope 2: indirect GHG emissions – include purchased or acquired electricity, steam, heat and cooling consumed by the undertaking

Scope 3: indirect GHG emissions – based on the 15 Scope 3 categories identified by the GHG Protocol Standard and GHG Protocol Value Chain Accounting and Reporting Standard (… suppliers and value chain partners …)

GHG emissions (Scope 1, 2, 3 and total): emissions of CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3 > CO2-equivalent

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Scope 3 / 15 categories of GHG emissions

1) Purchased goods and services
2) Capital goods
3) Fuel and energy-related activities (not included in Scope 1 or Scope 2)
4) Upstream transportation and distribution
5) Waste generated in operations
6) Business traveling
7) Employee commuting
8) Upstream leased assets
9) Downstream transportation
10) Processing of sold products
11) Use of sold products
12) End-of-life treatment of sold products
13) Downstream leased assets
14) Franchises
15) investments

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How to manage GHG emission requirements for an Inland Port ?

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Need for detailed investigations of the port processes

- Scope 1: could be relatively easy – please consider: not only CO_2 !
  - primary data > emission factors > CO2-equivalents
- Scope 2: may be derived from business data (procurement) ?
  - get the relevant data from your suppliers ? (do the have all data ? / electricity !)
- Scope 3: great challenge – what is really „material“ for the company – transport figures „from cradle to gate“ (and vice versa) ??? – hard work is upcoming even to ports !
- LCA / ISO 14064 or similar / state of the art emission factors / methodologies / a lot of standards & literature / ….

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Life Cycle Assessment as part of an approach to CO_2-balancing for a port

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Only a draft approach - a "3-shell-principle" – process oriented, not legal entity-based ??? (work in progress)

- SHELL 1: all processes which are part of the "CORE PORT PROCESSES" and have a turnover-dependent dimension (e.g. transhipment of cargo on places for waterside transhipment (incl. land/land transhipment on these places) - i.e. "quays", … / (foreign) vessels during staying within the port / transhipment of containers at the container terminal (except in/out of lorries) / traffic of the bunkering vessel within the port / ….)
- SHELL 2: basic infrastructural items (fix / not turnover-dependent) and EXTENDED PORT PROCESSES within the port (e.g. (foreign) vessels during staying within the port – winterstand / infrastructural elements for transhipment places (lightning on quays, …) / energy consumption for core buildings of the port administration (office buildings) / energy consumptions of other assets/infrastructures of the port company - maintenance work, cars (total), PVs, …) / energy consumption for lightning of own roads, parking spaces, …)
- SHELL 3: outer transhipment/logistic processes - only logistics, not business park activities/production (e.g. "first storage" step of cargo (facilities) - hold: definition not finalized / in-out of cargo (mass balance) by railway (emissions for 100 km each ?) / in-out of cargo (mass balance by trcuks (emissions for 100 km each ?) / other traffic within the port area (car traffic of employees, visitors, …)

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Why dealing with CSRD / ESRS ? (combined with EU-Taxonomy)

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1) ***In the future the financing sector will give much more attention to CSRD & Taxonomy, because the sector is forced by own regulations > it will be part of the process to get money from there (credits, …) – „fit for 55 (2030)“ has entered the financing sector in order to influence the whole economy***

2) ***CO_2-pricing and resilienz of the undertaking against climate change aspects will become much more important within the next years***

3) ***Funding programs will be connected to CSRD & Taxonomy for future calls > „we are going to a world of „green and sustainable programs & calls“***

4) ***…. and last but not least: your clients will ask you for data regarding your own processes as they are forced to evaluate the whole process chain !***

discusssions for upcoming „supply chain law“

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THANK YOU
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