GHG Emissions Accounting and Reporting for Transport
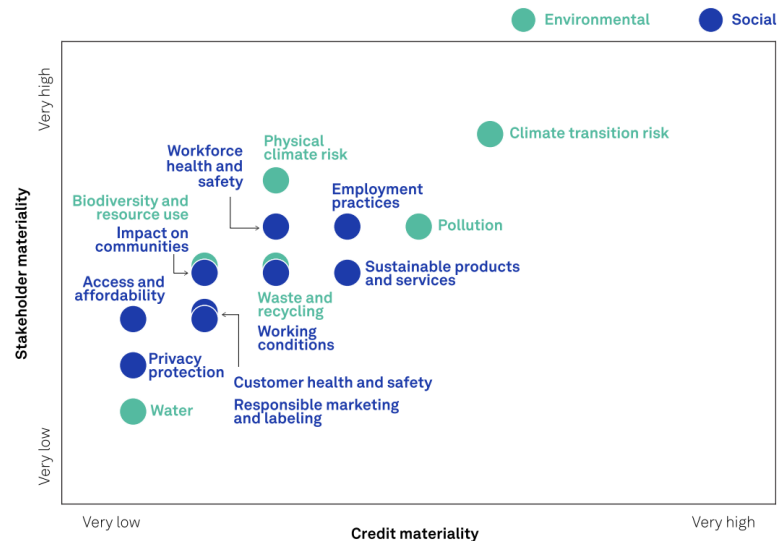
Project Workshop: 26 April 2024

A rapidly evolving reporting landscape not just for transport but for sustainability as a whole

The transport sector is a major contributor to global GHG emissions

- **Climate transition risk** is the most material factor, for both stakeholders and credit, and needs to be managed

- Companies face increasing pressure from **investors** and **regulators** for inadequate reporting

- **Tracking** and **reporting** GHG emissions is vital for companies to manage risks, meet NetZero targets and sustainable practices.

Double materiality map for the transportation sector

Source: S&P Global ratings

Transport sector is one of the fastest growing sources of emissions worldwide

Sector includes two major segments:

- freight and passenger transportation

Divided by various modes:

- aviation

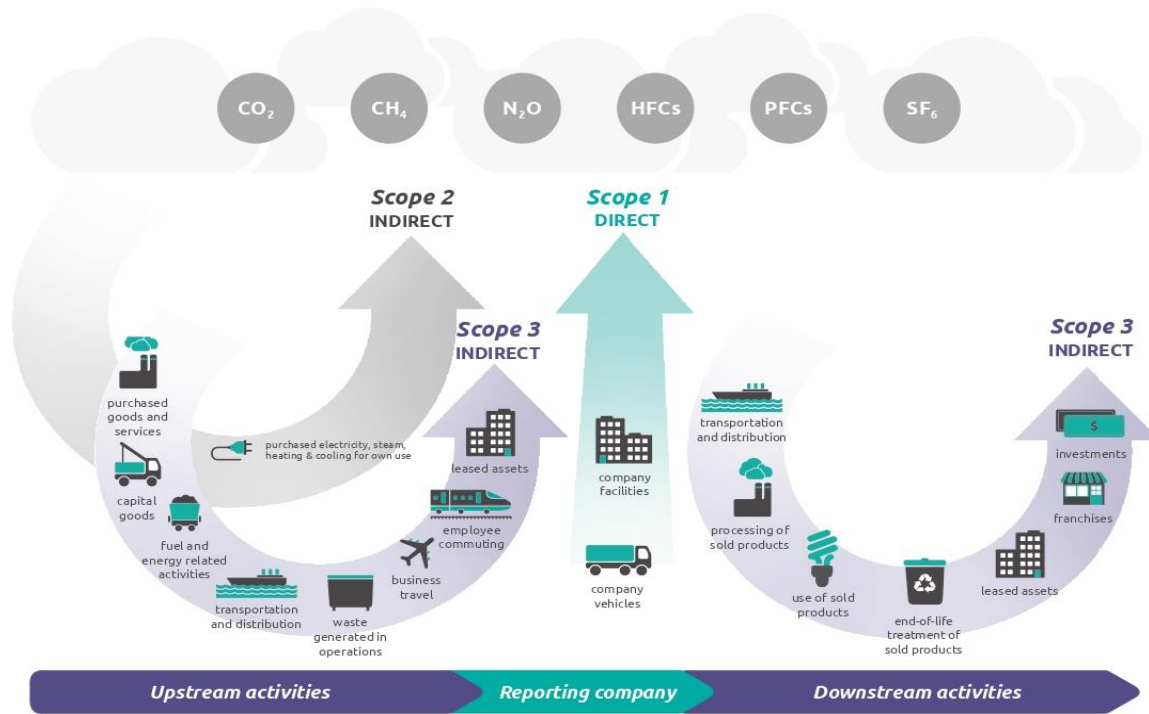- maritime (shipping, barges)

- road (cars, trucks, buses)

- rail

Emissions come mostly from transport services and automotive OEM (original equipment manufacturers)

Understanding GHG emissions

Scope 1 = the direct emissions from owned or operated assets (for example, the fumes from the tailpipes of a company's fleet of vehicles)

Scope 2 = the emissions from purchased energy (indirect emissions)

Scope 3 = all other indirect emissions in the value chain (suppliers, distributors, product use, etc.)

Source: Greenhouse Gas (GHG) Protocol

Project aims

- To assess the current state of accounting and reporting practices for GHG emissions within the transport industry.

- To identify the key challenges and barriers to GHG accounting and reporting for transport.

- To demonstrate current best practices for accounting and reporting GHG emissions in the transport sector.

- To explore ways to reinforce the roll-out of the existing reporting standards in the transport sector to harmonise reporting.

- To propose a roadmap or guidance to support GHG emissions accounting and reporting in the transport industry.

Workshop aims

- Establish a baseline of what is already there in terms of accounting and reporting. What is aligned and to which extent ?

- What is missing, what are the gaps ?

- What work is on-going /upcoming from the standard setting and reporting bodies ?

- What is mandatory and what is voluntary in terms of accounting and reporting ?

- What are the best practices for companies to be sustainable and to be prepared for future developments?
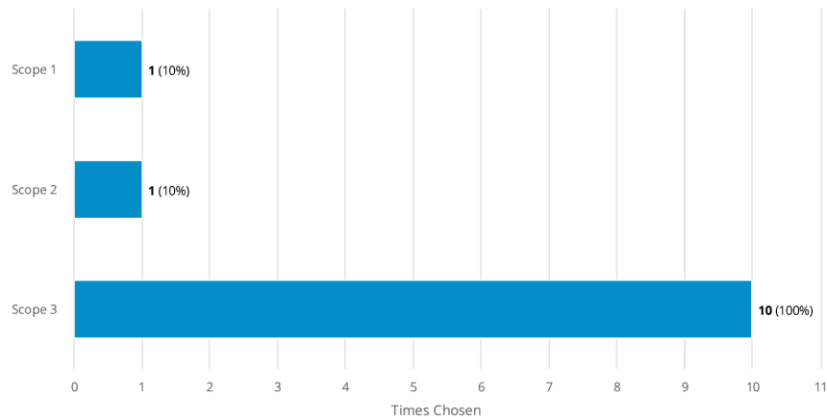
- Recommendations for policymakers.

Also some clarifications:

- Understanding primary data and secondary data for emissions reporting

- Understanding "well-to-wheel" and "tank-to-wheel" emissions accounting and reporting

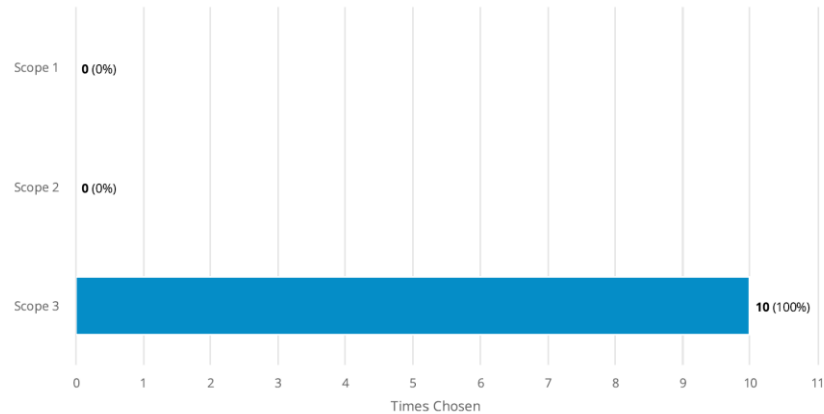- Understanding corporate carbon footprint and product carbon footprint

ITF Survey Insights

Which of these Scopes are the most challenging for you to collect data on and report for transport?

Number of responses: 10

Scope 1	**1** (10%)
Scope 2	**1** (10%)
Scope 3	**10** (100%)

Times Chosen

Based on your GHG accounting, under which Scope does the majority of your emissions from transport fall?

Number of responses: 10

Scope 1	**0** (0%)
Scope 2	**0** (0%)
Scope 3	**10** (100%)

Times Chosen

ITF Survey Insights

Challenges are:

- (Perceived) Lack of comparable and harmonized reporting standards, and ways of calculation (e.g. GHG Protocol: fuel based, distance based, spend based). Differences in metrics, boundaries, emissions factors

- Data collection- primary data, especially Scope 3 data, data from upstream and downstream suppliers.

- Fragmentation of legislation between national and supra-national levels, and global regions

Overview of different standards/ methodologies

Standard/methodology	Transport modes covered	Geographical coverage	Type of instrument
Corporate Value Chain (Scope 3) Standard of the GHG Protocol	All modes	World-wide	Standard
CEN Standard EN 16258	All modes	EU	Standard
ISO 14083	All modes	World-wide	Standard
Product Environmental Footprint (PEF)	All modes	EU	Legislation with methodology
Article L. 1431-3 of the French transport code (Objectif CO_2)	All modes*	France	Legislation with methodology and programme (Objectif CO_2)
Parcel Delivery Environmental Footprint	All modes involved in parcel delivery	EU	Standard
GLEC framework v1.0	All freight modes*	World-wide	Methodology framework
SmartWay program	All freight modes*	North America	Programme and methodology
Top Sector Logistics Method	All freight modes*	EU (mainly applied in NL)	Methodology
Clean Cargo Working Group Carbon Emissions Accounting Methodology	Sea transport of containers	Worldwide	Programme and methodology
EU MRV	Sea shipping	EU	Legislation with methodology
IMO DCS	Sea shipping	World-wide	Legislation with methodology
CORSIA	Aviation	World-wide	Programme and methodology
ICAO/IATA RP1678	Aviation freight	World-wide	Standard
IATA Recommended practice per-passenger CO_2 calculation methodology	Aviation passenger	World-wide	Standard
EU ETS aviation	Aviation	EU	Legislation with methodology

Source: European Commission study supporting the Impact Assessment of the CountEmissions EU initiative

There is harmonization in GHG methodologies:

- GLEC, ISO 14083, ESRS, Count Emissions EU, EPA Smartway Program based on GHG Protocol

- GLEC aligned with ISO 14083

- Upcoming Count Emissions EU directive from the European Commission for harmonization of transport emissions accounting – aligned to ISO 14083

However, some challenges remain.. Let's discuss!

Agenda

Session 1: Global methodologies guiding GHG emissions accounting in transport (Freight and Passenger Overview)

- Introduction to Session: High-level summary of survey, key challenges, and insights (10 mins)
  Parnika Ray (Policy Analyst, ITF)

- GHG Protocol: Corporate Carbon Footprint - Transport focus (20 mins)
  Amir Safaei (Senior Manager, GHG Protocol)

- CountEmissionsEU: Regulation on the accounting of GHG emissions of transport services (20mins)
  Niccolo Pieri (Policy Officer, European Commission, DG MOVE)

- Global Logistics Emissions Council (GLEC) Framework & ISO14083, standardisation of methodologies, discussion on Emissions Factors (20 mins)
  Alan Lewis (Chief Technical Officer, Smart Freight Centre)

Continuation Session 1

- Gaps in data collection (20 mins)
  Presenter and session moderator: **Verena Ehrler** (Professor International Supply Chain Management, IÉSEG School Management)
- Q&A (40 mins)

Agenda

Session 2: Standards, Reporting and Regulations - Transport focus

- **Global Perspectives:**

  Carbon Disclosure Project (CDP): Requirements for transport, insights on what is being reported and gaps, guidance on what should be reported (15 mins)
  Usman Khan (Senior Analyst, CDP)

  Science Based Targets Initiative (SBTi): Overview of land, air and sea standards (15 mins)
  Saul Chambers (Transport Lead, Research & Technical Development, SBTi)

  International Sustainability Standards Board (ISSB): Transport sector specific reporting and standard setting (15 mins)
  Greg Waters (Industry Standard Setting Lead, ISSB)

  UNECE (United Nations Economic Commission for Europe): Global Regulations, Database, Product Carbon Footprints, New/upcoming projects (15 mins)
  Francois Cuenot (Clean Mobility Engineer, UNECE)

Session 2: Standards, Reporting and Regulations - Transport focus

- **Country Perspectives:**

  French Environment and Energy Management Agency (ADEME): French standards and regulations. (15 mins)
  Marc Cottignies (Expert Engineer, ADEME)

  US Environmental Protection Agency (EPA), SmartWay Transport Partnership: US standards and regulations, database for freight (15 mins)
  Buddy Polovick (Environmental Protection Specialist, EPA)

  Overview from China (15 mins)
  Boyong Wang (China Director, Smart Freight Centre)

Session 3: The role of international organisations

  UNEP FI (United Nations Environment Programme Finance Initiative): Overview of assistance to financial institutions in navigating sustainability risks (15 mins)
  Hiu Yan Cheng (Climate Risk Specialist, UNEP FI)

  UN Global Compact : Overview of collaboration with bussinessess and organisations, including different types of training, collaboration, and knowledge-sharing activities (15 mins)
  Sarah Cook (Head of Environment Programme)

Thank you

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