Steering a Collaborative Leadership Strategy in Container Shipping

Angie Farrag-Thibault, BSR Transport & Logistics Director and the Clean Cargo Working Group (CCWG)
BSR | Global Nonprofit Business Network

Working with our network of more than 250 member companies and their stakeholders to build a just and sustainable world.

We develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration.
BSR Transport & Logistic Practice

BSR works with companies and stakeholders across the T&L supply chain to advance climate resilience and other sustainability issues.

Scope of Activities

1. Translation
2. Solutions
3. Collaboration

Sample BSR Member Companies

- MAERSK
- MTR Corporation
- UPS
- CSX Corporation
- DHL
- Port Metro Vancouver
- Agility
- Ryder
- DAMCO
- Aramex
BSR Transport Industry Collaborations

**Clean Cargo Working Group (CCWG)**
A business to business leadership initiative dedicated to reducing the environmental impacts of global goods transportation and promoting responsible shipping.

**Maritime Anti-Corruption Initiative (MACN)**
A cross-sector initiative working toward a maritime industry free of corruption that enables fair trade to the benefit of society at large.

**Future of Fuels**
An initiative working towards a sustainable, resilient, and affordable transportation fuel system

**Green Freight Asia**
An industry-led network focused on driving sustainable road freight in the Asia Pacific region

**Railponsible**
An industry initiative focused on sustainable procurement throughout the railway industry supply chain
Collaboration is More than the Sum of its Parts

Out of collaboration comes new opportunities for innovation and leadership

- Collaborative problem solving
  - Shared goals and shared benefits
    - Reduce duplication
    - Drive innovation

- Drive systemic change
  - Ensure credibility
  - Influence the future of best practices

- Create efficiencies
  - Encourage continuous improvement.
  - Understand and manage risks

- Capability building
  - Industry recognition
    - Brand value
    - Transparency

Adapted from the Sustainable Apparel Coalition
Clean Cargo Working Group
A business to business leadership initiative involving major brands, cargo carriers and freight forwarders, dedicated to reducing the environmental impacts of global goods transportation and promoting responsible shipping
CCWG Membership

23 Cargo Carriers

22 Cargo Owners (Shippers) and LSP’s

85% container cargo capacity represented in the initiative
CCWG long history has built trust for increasing ambition today

- **2001**: Companies representing 20 percent of the top 50 U.S. importers of containerized cargo by volume gather to discuss and promote more environmentally sustainable transportation.

- **2003**: The group invites carrier companies to join and discuss how to improve air and sea quality by reducing emissions and improving fuel (engine) efficiency. BSR’s Clean Cargo Working Group is born.

- **2005**: The group develops voluntary environmental management guidelines and metrics to help evaluate and improve the performance of fleets and carriers. The Environmental Performance Survey (EPS) tool is created.

- **2007-2008**: The group builds up momentum in raising awareness about its existing methodologies and tools and develops and refines relationships with key industry bodies.

- **2010**: The group developed a verification protocol for the review of CO₂ and SO₂ data reported to Clean Cargo.* The tools and protocol together represent the industry standard for measuring and reporting ocean carriers' environmental performance on carbon dioxide emissions.

- **2012**: Clean Cargo publishes its first public progress report.

- **2013**: Clean Cargo publishes its third annual report on industry-leading aggregate emissions factors by trade lane.

- **2014**: Clean Cargo deploys a dedicated online reporting platform.

- **2015**: The group released a new Carbon Emission Accounting Methodology and its second public progress report.

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*(Developed in collaboration with Lloyd’s Register and reviewed by other classification societies.*
Clean Cargo Vision and Activities

Clean Cargo members share a Vision of a container shipping industry that is responsible part of sustainable supply chains, which supports clean oceans, healthy port communities and global climate goals.

To realize this ambition, members engage collectively on:

- Measurement, reporting and evaluation of environmental performance data in marine container transport
- Sharing best practice
- Supporting responsible corporate engagement with stakeholders and on public policy
- Catalyze and partner on projects that drive sustainability performance improvement
Measurement, reporting and evaluation of environmental performance data in marine container transport

What we measure:
• CO₂, SOx and NOx emissions
• Waste management, Water effluents, Chemical use
• Environmental Management System
• Transparency

How we measure it:
• Quantitative information, through a standardized set of metrics for assessing ocean carriers’ environmental performance vessel by vessel
• Qualitative information on carriers’ environmental management and performance through an annual survey
• CO₂ and SOx information is verified for over 70% of the vessels reported, with a protocol drafted in 2010 in partnership with Lloyds Register
Measurement, reporting and evaluation of environmental performance data in marine container transport

Output for shipping customers:

- CO$_2$ and SOx performance indexes by trade lane for each individual carrier and for the group
- Standardized scorecards enabling carrier benchmark

<table>
<thead>
<tr>
<th>CO$_2$ Emissions by Trade Lane (grams of CO$_2$ per TEU kilometer)</th>
<th>2014 (2,989 vessels)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia to Africa</td>
<td>56.1 93.3</td>
</tr>
<tr>
<td>Asia to the Mediterranean</td>
<td>45.0 79.5</td>
</tr>
<tr>
<td>Asia to the Middle East and India</td>
<td>51.6 85.9</td>
</tr>
<tr>
<td>Asia to North America (East Coast)</td>
<td>56.0 85.4</td>
</tr>
<tr>
<td>Asia to North America (West Coast)</td>
<td>50.9 82.3</td>
</tr>
<tr>
<td>Asia to North Europe</td>
<td>37.9 69.6</td>
</tr>
<tr>
<td>Asia to Oceania</td>
<td>62.7 97.3</td>
</tr>
<tr>
<td>Asia to South America (East and West Coasts)</td>
<td>46.6 78.5</td>
</tr>
<tr>
<td>Europe (North and Mediterranean) to Africa</td>
<td>69.0 119.4</td>
</tr>
<tr>
<td>Europe (North and Mediterranean) to Latin America and South America</td>
<td>52.9 88.0</td>
</tr>
</tbody>
</table>

Pragmatic
Simple
Comparable
In 2015, CCWG carriers represent over 85% of the container shipping industry, with more than 3,000 container vessels reported.
Measurement, reporting and evaluation of environmental performance data in marine container transport

Output for the industry:

• Public reports on industry-leading aggregate emissions factors by trade lane to share credible industry wide data for stakeholders to use and analyze


These reports are available on our website:
http://www.bsr.org/en/collaboration/groups/clean-cargo-working-group
Sharing best practice

CCWG is a forum where members can:

• Share expectations and exchange ideas on **customers requirements** and needs

• Enhance collaboration and networking opportunities for shippers to share best practices in **integrating environmental performance in procurement**

CCWG members meet twice a year to discuss environmental performance data and share best practices.
Supporting responsible corporate engagement with stakeholders and on public policy

Collaboration and dialogue between existing and emerging initiatives drives transparency and improvements. One voice to engage on public policy and harmonize carbon measurement methodologies across modes.
Catalyze and partner on projects that drive sustainability performance improvement

CCWG is currently setting its ‘Vision 2020’ and exploring performance improvement opportunities across the key areas of the agenda where we continue to measure and report annual emissions performance:

**CLIMATE**
- Setting a climate science based goal
- Report on carriers’ action to reach their own emission reduction targets
- Continue driving shipper commitments
- Work across value chain to improve adaptive capacity
- Advocate for market clarity and strong methodology backing MRV

**AIR POLLUTION**
- Encouraging, establishing and supporting voluntary low-sulphur fuel switch initiatives

**MARINE POLLUTION**
- Primary targets for action may include projects focusing on garbage and ballast water, in specific regions where impacts are significant

We want to work with global and local partners to enable this project specific performance improvement agenda.
Currently reviewing the science based target reduction required for container segment

Key Components of Setting Ambition:

1. Business As Usual (Baseline)
   - Business as usual with limited policy, efficiency, or other emissions-reduction activity.
2. Industry Climate Ambition
   - Industry ambition to progress toward global climate goals of “well below 2 degree” mean temp rise
3. Industry Trend line
   - Technologically feasible and cost-effective adoption of low-carbon technologies by industry
4. Gap
   - Gap between Industry Trend line and Industry Ambition for which policy and innovation support needed
Plan to report annually and update at specific milestones

Sample Reporting and Updating Approach

- Progress towards **targets measured** by CCWG annually
  - Annual reporting of efficiency improvements
  - Annual statistical modeling of remaining container CO2 budget
- Consistency with **UNFCCC**
- Make **public statement at COP 22** (7th - 18th November, 2016)
  - As CCWG is a key player, it is desirable to raise profile and especially at COP 22 if possible. Public statement is a good idea.
- Commit to submitting an **updated plan in 2020**
- Committing to **update science** when revisions to climate science are made by IPCC
  - Revisions with updates of IPCC and IMO studies

**Expert Recommendations**

- “Good to reference Paris schedule in addition to **Annual public reporting**… the best thing to do is publish best practice information to inform benchmarking and investment decisions.” – WRI
- “Go with **UNFCC Schedule**” – Emilie Pratitco (BSR)
- “For the CCWG, they will already be getting annual data from a company level. The issue more so is where the milestones are… so do **annual tracking but only milestones every 5 years**. Action plan can adjust based on annual tracking.” – Alan Lewis (GLEC)
- “Suggesting **annual reporting** to keep momentum” – Suzanne Greene (MIT)
- “**Align to UNFCC process and stock take process in 2018**. Soften or strengthen based off that. IMO process will not have great data until 2021. Then IMO will have the ability to calculate. WOC –could be useful to have a conversion with.” – Tristan Smith (UCL)
Summary | Effective Governance to address climate and other environmental issues

- Being **mindful of purpose and goals** amid evolving business maturity, regulation, other initiatives activities
  - Continuing to drive ambition with trust
  - Adjust and adapt but remain focused on key drivers and enablers
  - How far initiative goes and what is bilateral
- Appropriate governance, management and facilitation is necessary to evolve multi-stakeholder collaboration, in order to realize their end goal impacts.
- **Clarity on the role** that business, government and other stakeholders play within the partnership is critical for success.
- Accountability, Transparency, Progress - key to **proving impact of collaborative** efforts, in both assessing the challenges, devising the solutions, building momentum.
- We must work together to unlock financial mechanisms and drive coordinated efforts toward new norms for business, innovation and effective legislation, that enables durable solutions for a sustainable global freight sector.
Thank you

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About BSR
We are a global nonprofit organization that works with our network of more than 250 member companies to build a just and sustainable world. From our offices in Asia, Europe, and North America, we develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. www.bsr.org
The GLEC Framework builds on existing methodologies - Launched June 23 – WRI, Washington DC

Builds on existing methodologies and the outputs from the EU funded project COFRET on Carbon Footprinting of Freight Transport and the US National Cooperative Freight Research Program
Shippers increasingly use information in business decisions

Key Findings of the CCWG Shipper Survey 2013:

89% of responding shippers* use carrier data in procurement decision-making

- Procurement decision-making defined as:
  
  1. **Carrier Management** – measuring performance
  2. **KPIs** – scoring / rating performance
  3. **Bid Process** – required minimum performance

- Of those who use carrier data:
  
  - ~14% use ONLY the CCWG Scorecard
  - ~29% use ONLY the EPS (survey)
  - ~57% use both the CCWG Scorecard and EPS (survey)

*9 shippers out of 13 responded to survey
CCWG | Our Resources

CCWG Tools, Blogs, Reports

- Guide: How to Calculate and Manage CO2 Emissions from Ocean Transport
- Report: Global Maritime Trade Lane Emissions Factors 2014
- Guide: How CCWG Shippers Use, Integrate, and Benefit from Ocean Transport Emissions Data
- Blog: How BSR’s CCWG Helps Shippers Improve Environmental Performance