



Breakbulk Americas

Smart Freight Centre

GHG Monitoring & Reporting standard est.

Sep 29th, 2022

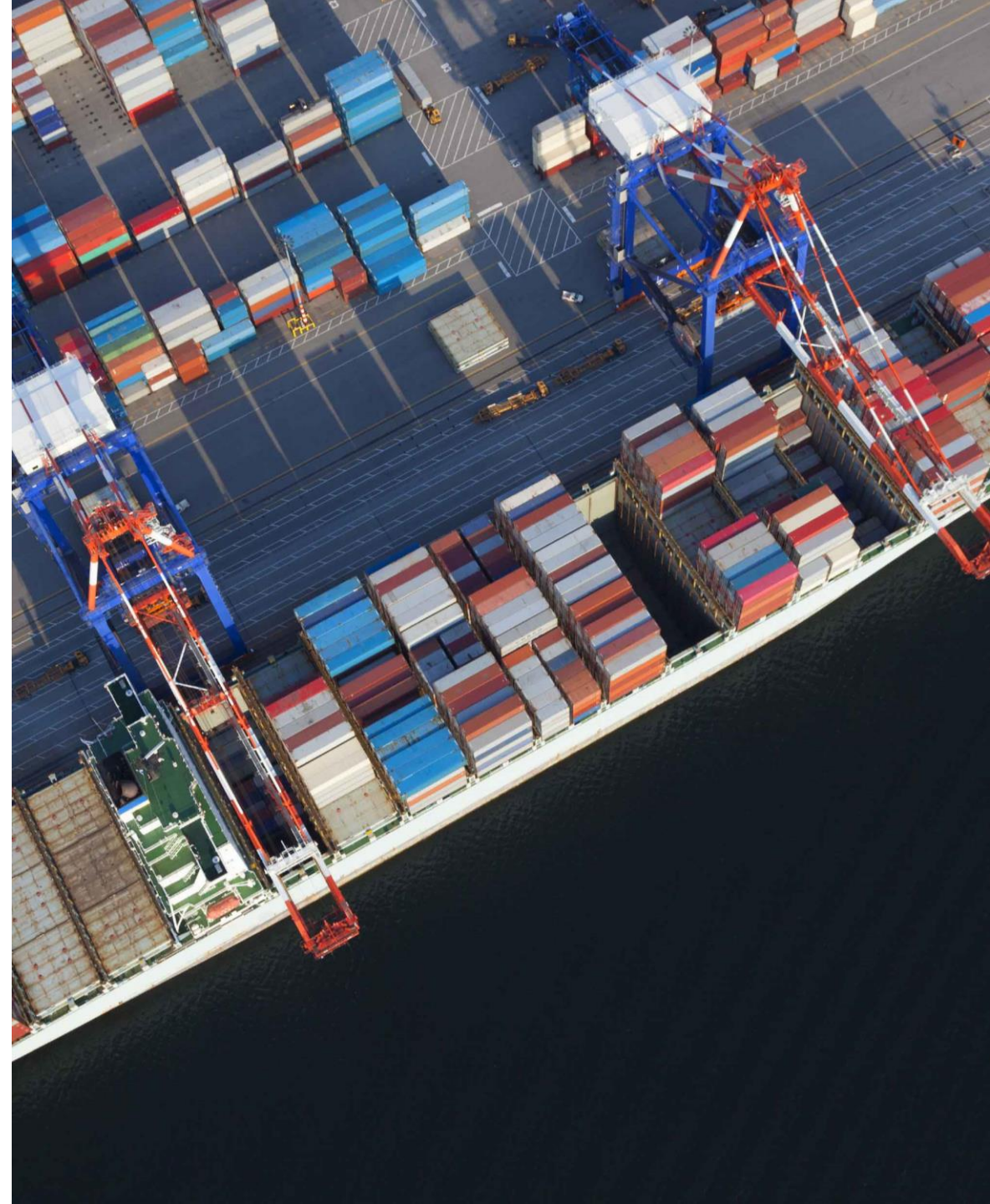


INTRODUCTION

An industry agreed GHG methodology for standardized monitoring and reporting can act as a foundation for buyer-supplier engagement to speed up decarbonization efforts. A uniform system may increase trust and willingness, hence facilitate reporting, informed procurement and extended GHG related collaboration across the industry.

Breakbulk stakeholders are currently exploring the possible establishment of such a standard and its potential impact on joint decarb efforts. Smart Freight Centre (SFC) has offered to lead the development and host the project within its Global Logistics Emissions Council frame of activity.

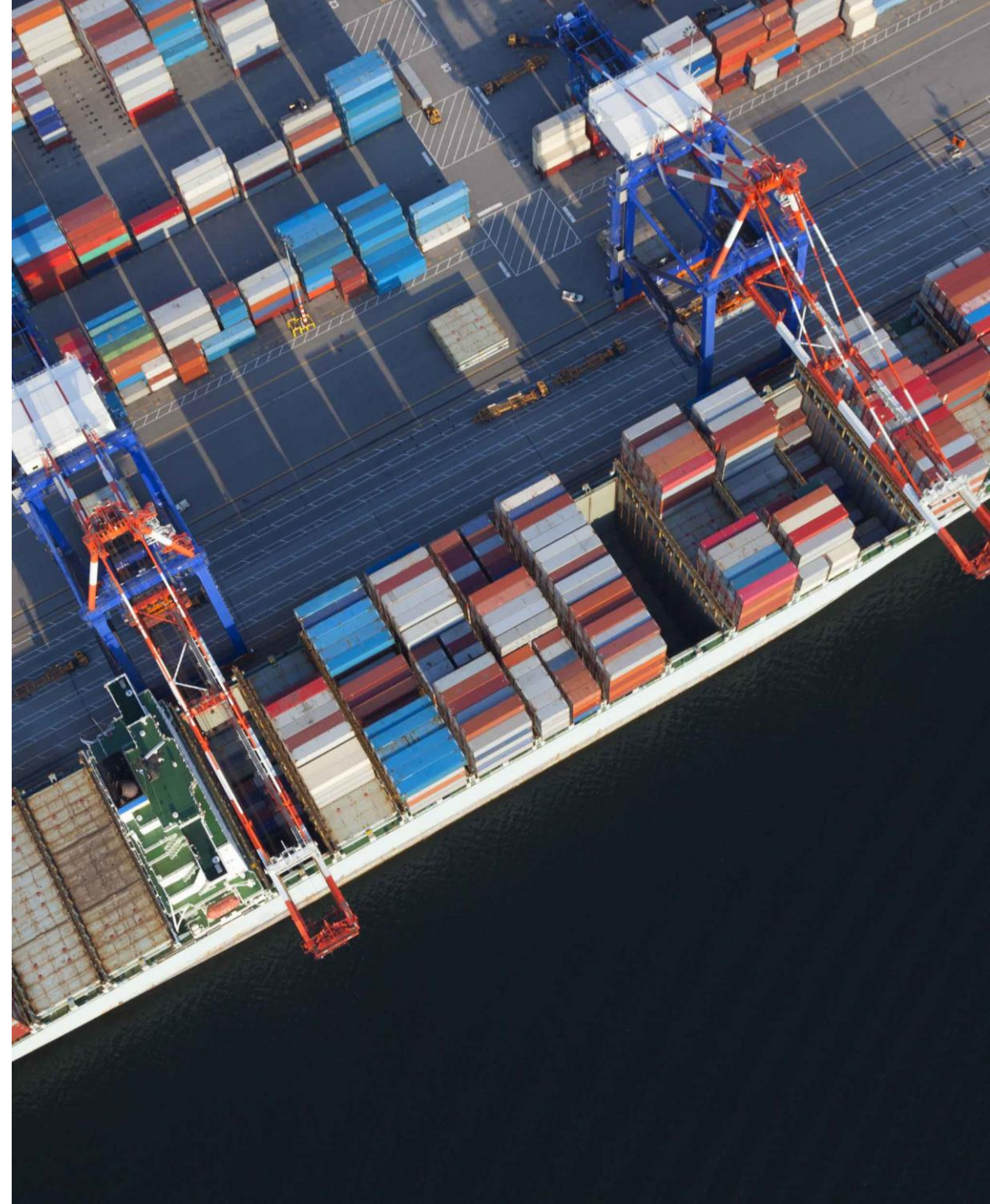
SFC possess extensive theoretical and practical expertise in emissions accounting, reporting and various stakeholder collaborations within the transport sector. Its GLEC Framework has become a globally acknowledged standard for transport emissions tracking and reporting and the organization pilot several projects and large-scale industry initiatives.



INTRODUCTION

A proposal is made to create two work streams in the pursue of results:

1. The development of an industry standard methodology for tracking and reporting GHG emissions in the Breakbulk shipping sector. Among sources of reference are the [Clean Cargo](#) (SFC) methodology and collaboration, as well as its historical sub-group on RoRo methods
2. The exploration and possible establishment of an SFC led breakbulk industry community aspiring supply-chain collective commitment to monitor and report GHG emissions in line with the suppositious breakbulk standard and try facilitate a swifter decarbonization



SESSION CONTENT

1. Objectives
2. Clean Cargo example
3. Development plan – proposal
4. Breakbulk Methodology – first level outlook
5. Discussion points (breakout)
6. Next steps proposed



OBJECTIVES

- ✓ A level playing field for Breakbulk GHG performance
-and reduction claims

How

A unified GHG emissions Monitoring & Reporting scheme for the sector

- ✓ Transparency on, and mutual understanding of, GHG-related targets, expectations, trajectories and viability

How

Regular supply-chain meetings, BPS sessions and explorative elaborations on optimizations & technology adoption

PARTICIPANTS' INPUT

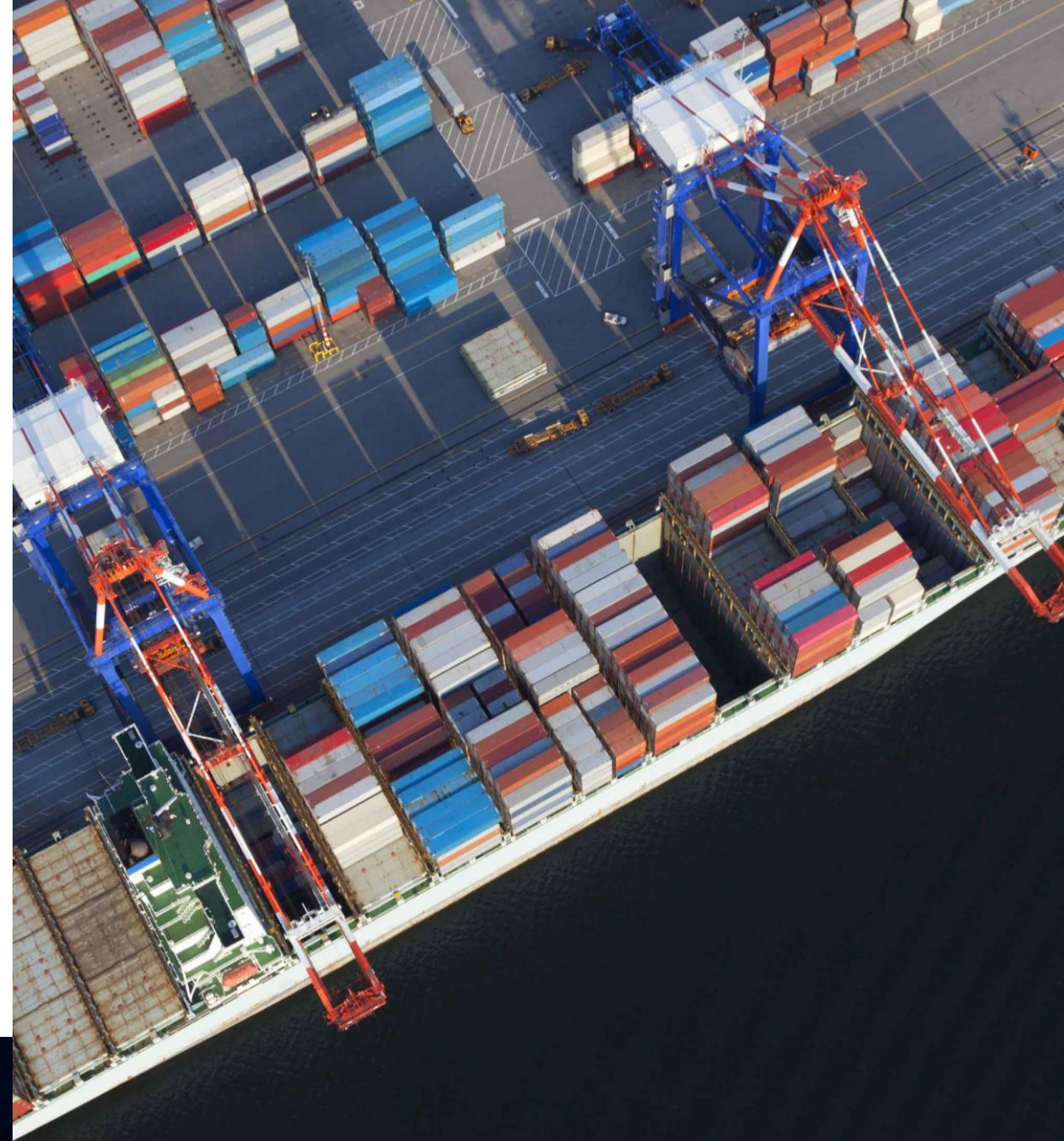
- Reasonable formulations of the drivers?
- Written "Terms of reference" required?
Governance - SFC led, consider future group composition and scope?



CLEAN CARGO EXAMPLE



- ✓ 2003: Collaborative initiative btw container shippers, LSPs and carriers. Origins – shipper group (20% of US top 50 importers by volume, discussion & promotion of greener shipping)
- ✓ 2008: Standardized emissions reporting
- ✓ 2022: Pure GHG focus (Smart Freight Centre)
- ✓ 2022-23: Methodology renewal and repositioning since part of SFC. Clean Cargo Methods Committee establishment - decision making body



80%
of global container shipping capacity

SESSION 1 - Reflections on Clean Cargo RoRo (to be scheduled at Break Bulk Americas)

Group meeting dedicated to GHG emissions intensity methodology, put existing examples of potential relevance at the table as reference for kickstarting discussions, below may serve as useful references (recommended focus on “Clean Cargo RoRo”):

- Clean Cargo RoRo workstream methodology (2021 draft, further development ongoing)
- ISO 14083 (forthcoming)
- IMO’s Carbon Intensity Indicator
- EU MRV
- Clean Cargo container methodology (industry standard since 2008)

Discussions and considerations to try conclude on suitable structure, governance and home for a Breakbulk group. Further, finding a formulation around the collective long-term objective(s), if any.

SESSION 2 - Principles of “fairness”

Group meeting reviewing how to assess “fairness” between different vessel –and cargo types, this would serve as a basis in the endeavor of enabling a meaningful benchmark across subsegments and over time. In this regard, for an efficient methodological development, distinguishing between different GHG reporting purposes may be of value (decision), main ones:

- (1) Footprint calculations (scope 3, scope 1) – *“THE RESULT”*
- (2) Procurement decision making – *“THE EXPECTED RESULT”*

SESSION 3 – Formula(s) and Correction Factor(s)

Group meeting to discuss methodological key elements. Final decision whether to partner a footprint suitable measure with a benchmarking adapted one. If so, identify potential correction factors/formula(s), continuing the discussion from the “principles of fairness” session. Cargo density and space-occupation-based correction factor formula conversation. If needed, additional review of the Clean Cargo RoRo proposal. ICE-class correction factors needed?

DEVELOPMENT PLAN PROPOSAL

SESSION 4 – Review and agree

Group meeting to review all comments and agree on a final product.

BREAKBULK METHODOLOGY AND ITS APPLICATION

First level outlook

- **Fundamental decisions:** Alignment with [GLEC Framework](#) (?)
- **GHG intensity factors with multimodal coherence:** gCO₂e/TonneKm (?)
- **Vessel level reporting and output:** A given approach for Breakbulk shipping (?)
- **Breakbulk specific potential:** Long-term vessel chartering entail cargo owner influence and willingness to commit and engage on monitoring and targets (?)
- **Potential challenges:** Benchmarking “fairness” and its methodological implications

SESSION CONTENT

5. Discussion points (breakout)

6. Next steps proposed



ANTI-TRUST STATEMENT REMINDER

Avoid any discussion in any conversation of competitively sensitive topics such as:

- Pricing, costs
- Bid strategies
- Future capacity additions or reductions
- Customers
- Output decisions

We follow a consensus-based approach, with content developed in break-out groups and decisions made in the plenary

Consensus-based approach

- **No voting** mechanisms by default
- Participants are expected to **voice concerns on proposals** by providing **articulated reasoning**, either **during meetings or in writing** within specific deadline
- **No comment** is considered as **tacit approval** of proposal

Break-out groups

- **Advance topics and propose approaches** in break-outs
- **Present conclusions** within plenary parts of workshops
- **Review concerns** formulated by participants in plenary and **provide responses**

Plenary parts in workshops

- **Review submitted proposals**
- If no consensus is reached, **final call made by Smart Freight Centre** (taking into consideration general project objectives and prior discussions)
- Note: Relevant **discussion and decisions recorded**

DISCUSSION POINTS

1. GHG reporting may serve both **footprint calculations** (scope 3 & 1) and **benchmarking** purposes (comparisons among different carriers and vessels). How would you rate the Breakbulk interest in those two, separate and relative to each other, different applications?
2. There's a saying that goes "you need to measure in order to manage". It's of course in principle possible to put a sail on a vessel, shut down the engine, and then confidently claim you've decarbonized your transport without any measure/calculation/GHG reporting. So, is this saying a valid one? To what extent and why so?
3. Would you say that a uniform monitoring and reporting on carrier/vessel specific GHG emissions intensity numbers would have the potential to impact the Breakbulk decarbonization pace? If so, how?

SESSION WRAP-UP & NEXT STEPS

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Best wishes,
The SFC team

