

SUSTAINABLE FUELS IN PRACTICE

DECARBONIZATION OF LOGISTICS

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Corporate Development

Clean operations for climate protection

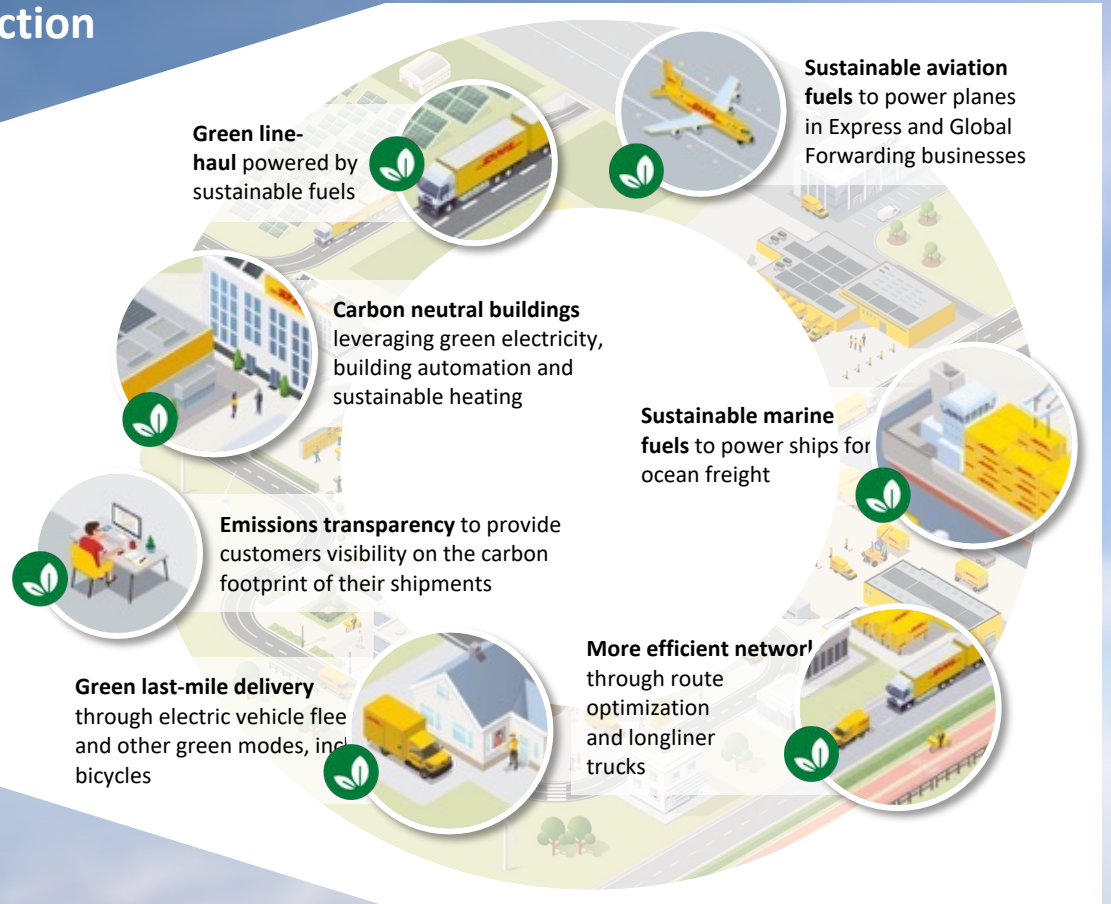
We will invest

€ 7 billion

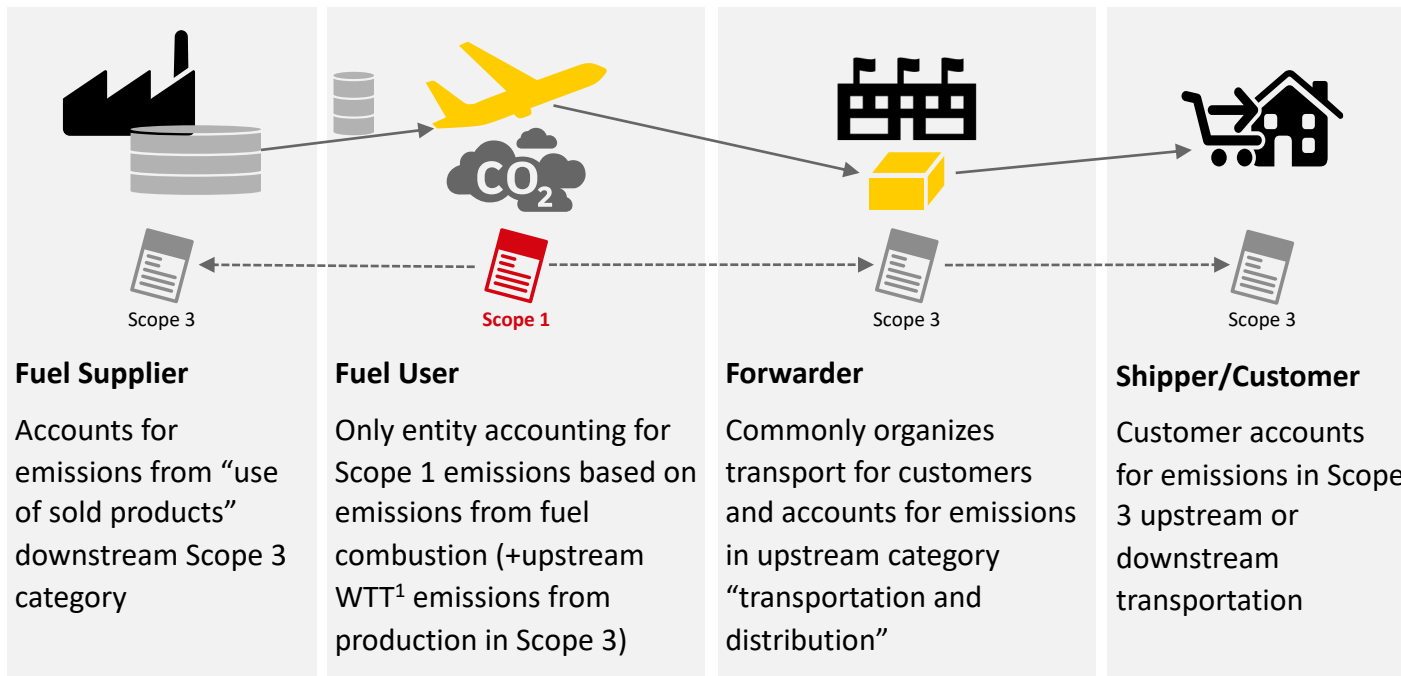
until 2030 in clean operations
to reduce our emissions to under

29 MT CO₂e

by 2030 and thereby commit
to the Science-Based Targets
initiative (SBTi)



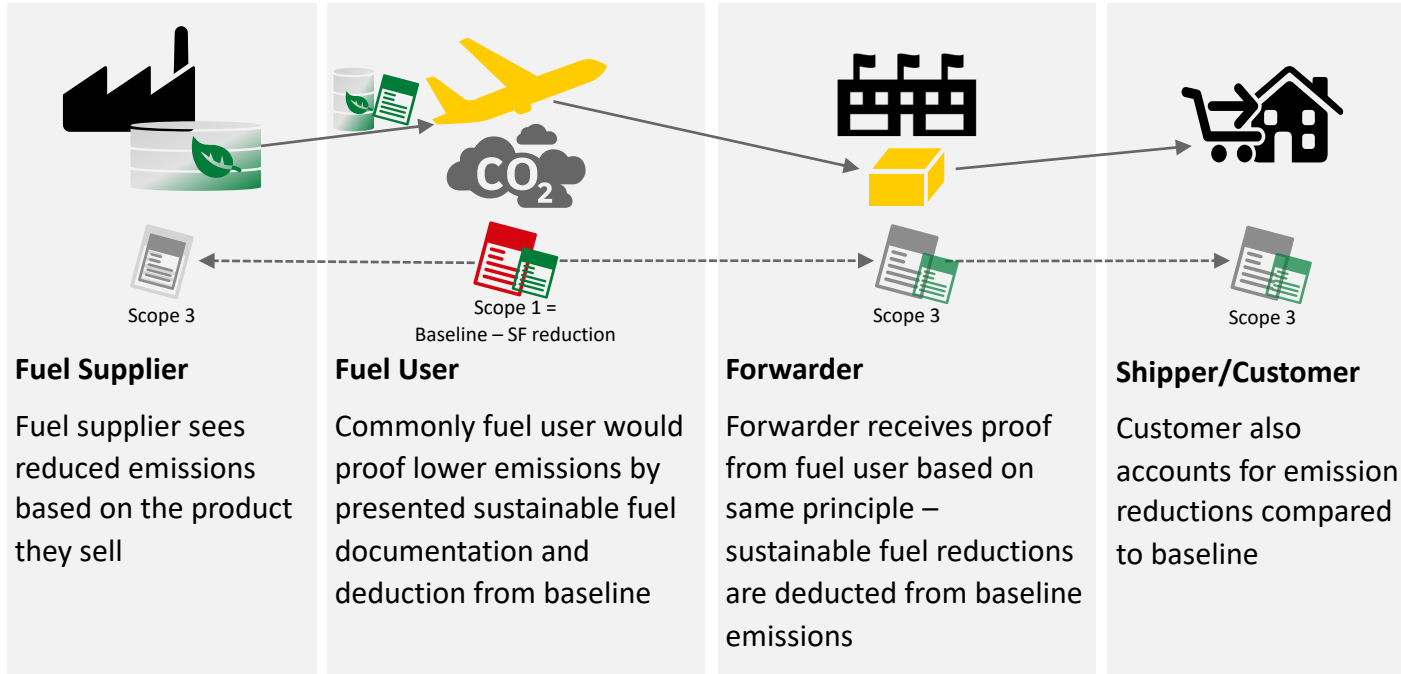
Excursion GHG Accounting: Scope 3 emissions are a legitimate duplication of Scope 1 emissions according to GHG Protocol – same should apply for reductions



- Scope 3 emission accounting reflects shared responsibility for Scope 1 emissions across the value chain
- Any Scope 3 emissions need to have matching Scope 1 emissions
- Scope 1 reductions “automatically” reduce Scope 3 emissions
- This is independent of the type of reduction (efficiency or sustainable fuel)

Source: DPDHL Clean Operations ; 1) WTT = Well-to-Tank – refers to upstream emissions from production of fuel (e.g. processing, transport, etc.) and are accounted for in Scope 3 of fuel user and Scope 1 of actual emitter (e. g. fuel producer)

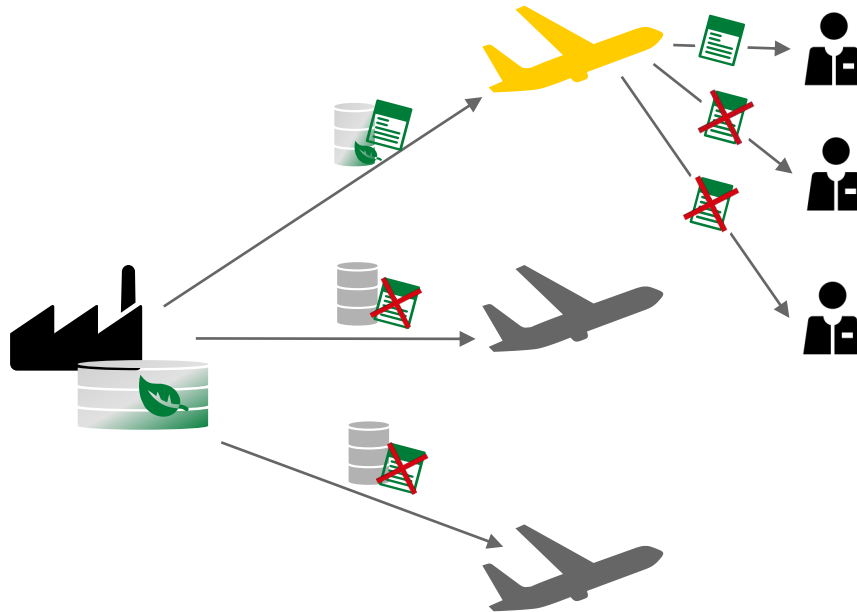
Reduced emissions from Sust. Fuels (SF) use are not automatically reflected in Scope 3 but need to be proven through certificates across the value chain



- Scope 1 emissions are typically calculated based on actual fuel consumption – lower GHG intensity needs to be proven by SF documentation
- In Scope 3, emissions are often modelled to calculate emissions due to lack of actuals
- SF emission reductions need to be appropriately shared across the Scope 3 value chain

Source: DPDHL Clean Operations

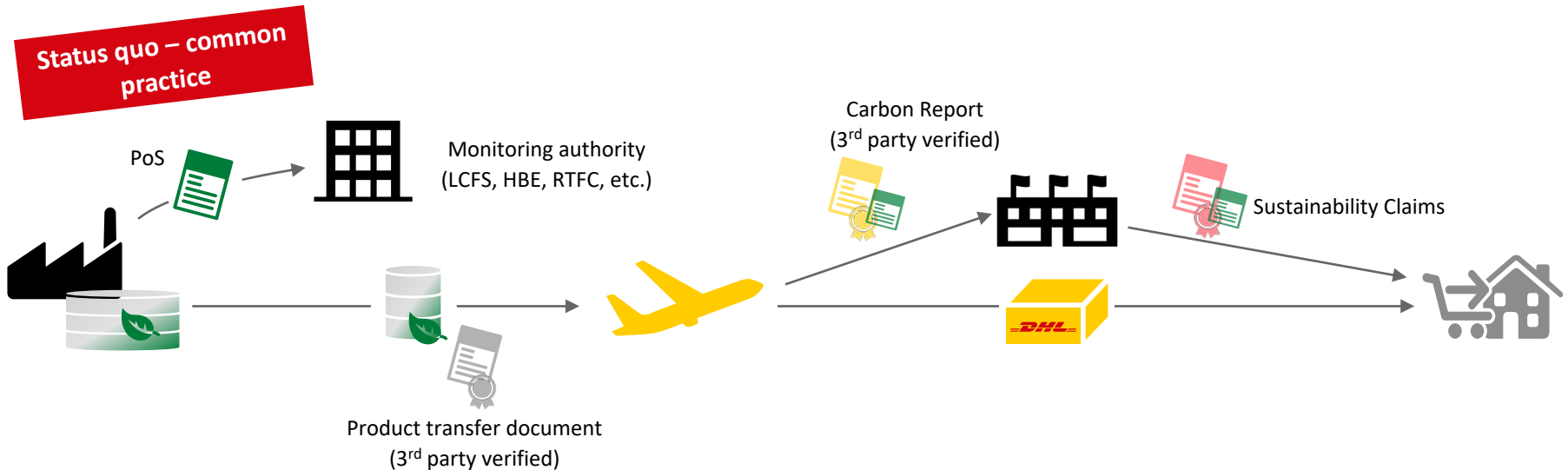
In contrast to legitimate multiple counting across the value chain, double counting of the same SF volume in Scope 1 or at the same Scope 3 stage is illegitimate



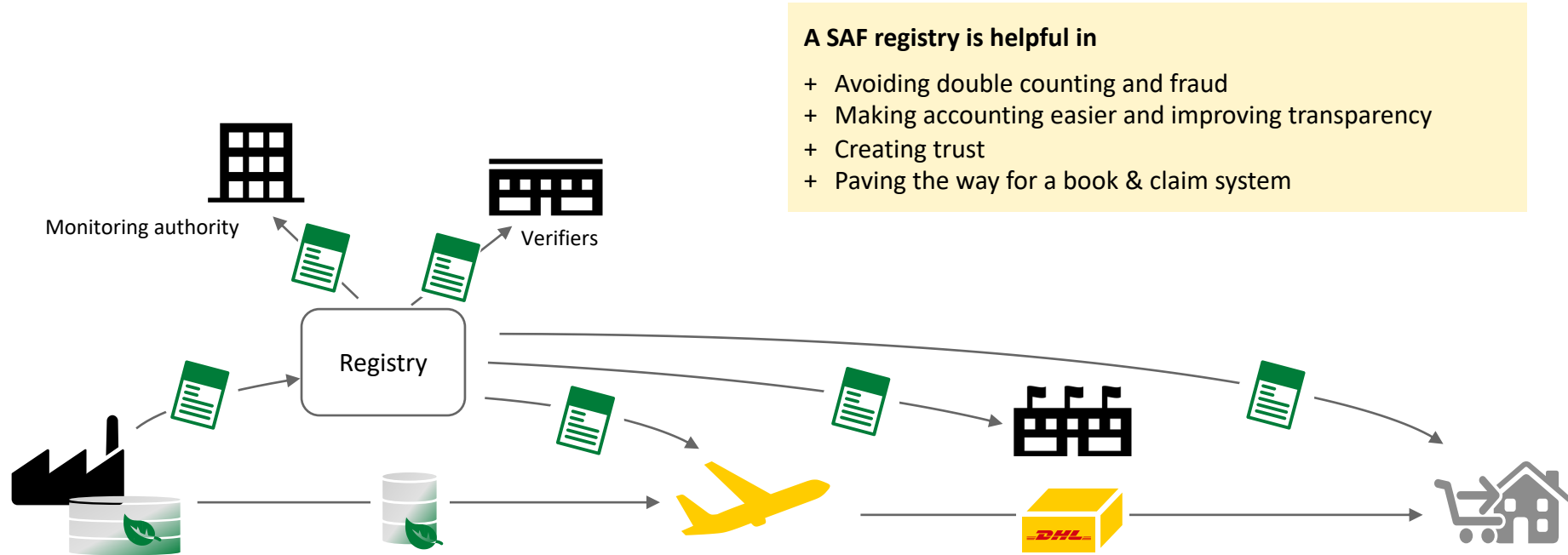
- Selling the emissions reduction related to a volume of SAF several times to fuel users is fraudulent double counting and not legitimate
- Verification systems (such as ISCC) and monitoring authorities (in relation to incentive schemes) have significantly reduced risk of illegitimate multiple counting
- Rule of thumb to avoid illegitimate double counting
 - Scope 1 emissions and reductions can only be counted once
 - Any reduction in Scope 3 needs to be related to a physical fuel volume that is replaced by SF

Currently transactions of environmental attributes / emission reduction claims are verified at different stages of the value chain independently

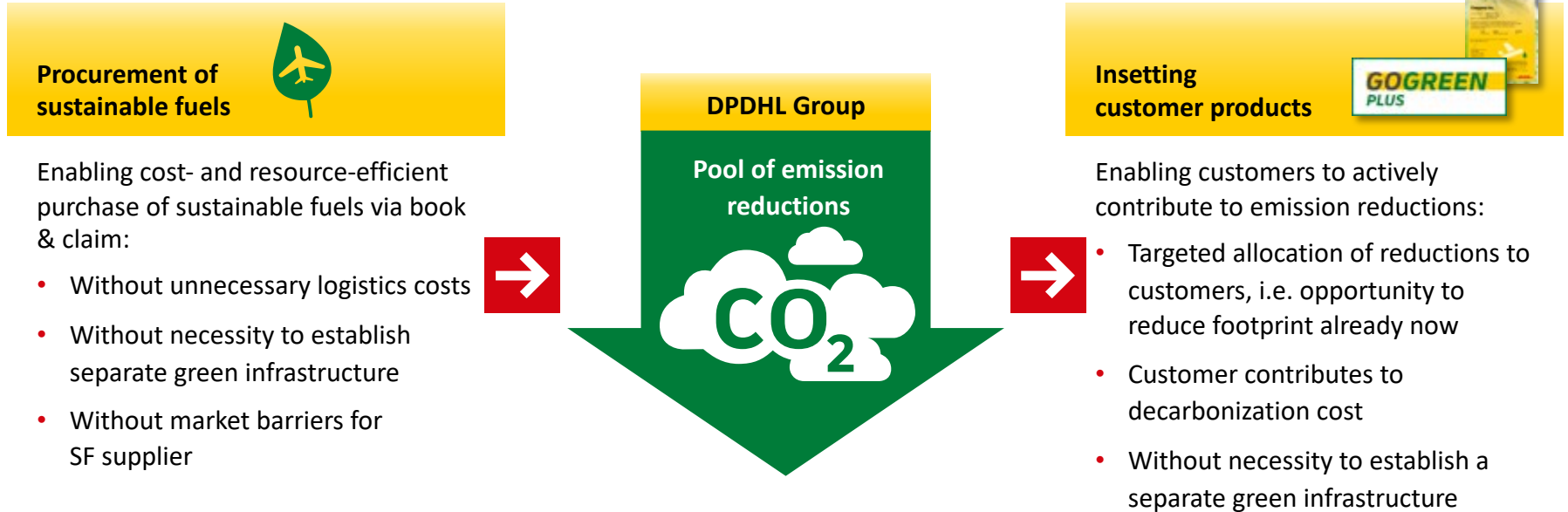
- Currently different types of documents proof emission reductions along the value chain
- Several of the steps are verified by third parties but there is very limited visibility between the different stages of the process
- Parties often have limited transparency of upstream or downstream transactions making it impossible to ensure adherence to own standards



A central registry provides transparency on relevant aspects of the transaction to verifiers and stakeholders along the value chain



Once a robust registry exists – book & claim/insetting is the logical next step



Prerequisite: Clear standard and system for a robust and fraud-resistant book & claim mechanism