sustainit

Data-driven sustainability: powering the shipping industry's future

The shipping industry is a key player in the global economy but is also a significant contributor to greenhouse gas emissions, accounting for nearly 3% of human-caused emissions[1]. In an era of increasing environmental consciousness and regulatory scrutiny, the sector faces a growing need to embrace sustainability. By examining the challenges and opportunities that arise, we want to shed light on how effective data management can not only benefit the planet but also drive business success. As sustainability data experts, we're committed to assisting the shipping industry in the journey towards a more sustainable future.

Navigating compliance - regulations and targets

It's becoming increasingly clear that sustainability in the shipping industry is moving higher up the agenda of legislators and global bodies. There are ambitious emission reduction targets with deadlines looming:

The International Maritime Organization (IMO) has set targets to reduce the **carbon footprint of international shipping by a minimum of 40% by 2030.**
[2]

The EU Green Deal set targets for a **90% reduction in port city GHG emissions by 2050.**
[3]

As recently as January this year, the EU's legislative bodies have agreed to include **shipping in the Emission Trading System (EU ETS).** This will see caps on the emissions from businesses per annum, with financial implications for exceeding the limit.
[4]

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[1] https://ec.europa.eu/research-and-innovation/en/horizon-magazine/emissions-free-sailing-full-steam-ahead-ocean-going-shipping
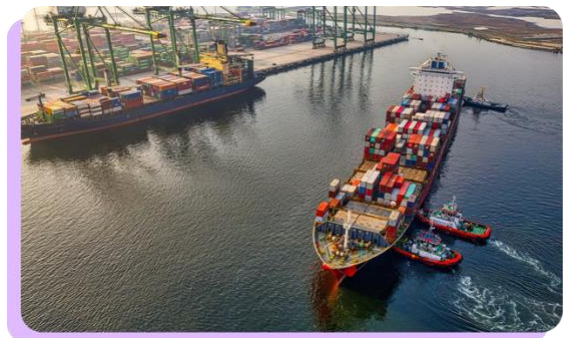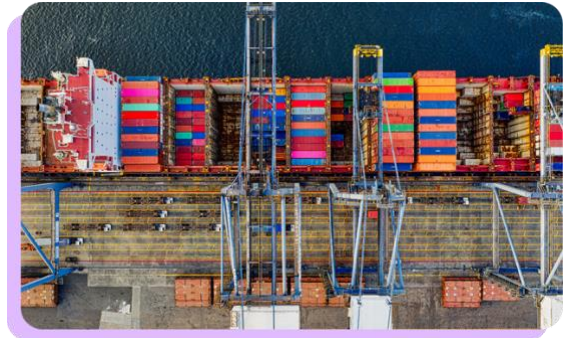[2] https://www.imo.org/en/MediaCentre/HotTopics/Pages/Cutting-GHG-emissions.aspx
[3] https://www.greenbiz.com/article/port-cities-are-key-reducing-maritime-carbon-emissions
[4] https://climate.ec.europa.eu/eu-action/transport-emissions/reducing-emissions-shipping-sector_en

Demand for decarbonisation - revolutionising supply chains

Investors, clients, and consumers are also increasingly looking for evidence of decarbonisation and sustainability commitments throughout the supply chain. Major multinational businesses are also looking to clean up their shipping operations. Large corporations, including Amazon, Unilever and IKEA, have joined **'Cargo Owners for Zero Emission Vessels (CoZEV)'** which aims to use only zero-carbon maritime freight transport by 2024[5]. To stay competitive and maintain investor and customer confidence, it's vital to demonstrate transparency and progress towards sustainability.

Meeting targets and demands - how can shipping rise to the challenge?

We understand that this can be overwhelming. However, the first step to reaching a target is measuring, reporting, and tracking your sustainability data. This also becoming a recognised requirement:

As of this year, the IMO's new certification scheme requires all ships to report energy efficiency (EEXI) and carbon intensity (CII) data with initial ratings to be assigned in 2024.[6]

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[5] https://www.cozev.org/thelatest/cargo-owners-for-zero-emission-vessels-cozev-unites-19-global-brands-for-2040-zero-carbon-ocean-shipping-ambition#

[6] https://www.imo.org/en/MediaCentre/PressBriefings/pages/CII-and-EEXI-entry-into-force.aspx

A white paper published by Opsealog highlighted the potential of data collected for other compliance reasons, such as onboard log- and record books[7]. This wealth of information has the potential to be used to improve operational efficiency, reduce greenhouse gas emissions (GHGs) and other waste outputs.

At the moment, much of this information is collected in spreadsheets, emails or paper notes. Limited data transparency, inconsistencies and complexity, and scalability issues are all challenges faced by the maritime transport industry. With the need for climate action and the ever-increasing pressure to report sustainability data, it's crucial to implement good data management methods.

Good for the planet and for business

Transparent and accurate reporting of sustainability data has many benefits, as well as being demanded by regulators, investors, and customers. Having reliable, accessible emissions data may allow shipping companies to charge a higher rate for lower emissions services. Reporting and disclosing this information displays a commitment to decarbonisation that may also provide access to better rates for sustainable finance[8].

Moreover, with the incoming IMO certifications and ratings, reporting emissions data will allow companies to monitor and manage the risk of carbon-intensive vessels becoming stranded assets. Reporting data is not only an important step in working towards environmental and social change, but it also has the potential to facilitate significant financial gains.

Managing sustainability data – how can we help?

With so many moving parts, it's easy for important data to slip through the cracks. And without a streamlined system in place, you risk falling behind on sustainability goals and missing out on opportunities. So, how can the shipping industry address these challenges to drive positive change and business growth? Managing data for transparent and accurate reporting is crucial.

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[7] https://opsealog.com/harnessing-technology-for-ship-environmental-compliance/
[8] https://www.business.hsbc.com/en-gb/insights/sustainability/data-in-net-zero-shipping

Questions to consider:

Do you trust the quality of your data?

Are your data collection methods streamlined?

Is the way you process your data working for your business?

Can you easily map data across international borders?

If you have ESG software in place, are you maximising its potential?

At Sustainit, we're data software and sustainability experts. We have extensive experience working with FTSEs and large multinational businesses in the transport industry.

Wherever you are on your journey, we can help.