allane mobility consulting

A guide for orientation in CO2 reporting

Understanding EU taxonomy, CSRD and the role of the fleet.

Understanding EU-Taxonomie, CSRD und and the rolel of the fleet

In an era of increasing environmental awareness, the European Union (EU) has introduced the EU Taxonomy Regulation. This white paper is designed primarily to guide fleet management staff through the complexities of the EU Taxonomy. The aim is to enable professionals to make informed and sustainable vehicle leasing decisions.
From a fleet management perspective, corporate mobility can make a significant contribution to EU taxonomy reporting. The EU taxonomy is a classification system that aims to assess economic activities in terms of their environmental impact, particularly with regard to the goals of CO2 reduction and climate protection.

The topics of sustainability and responsible business practices have become indispensable components of entrepreneurial activity. The European Union is endeavouring to regulate and promote these aspects. Various regulations and framework conditions are intended to help companies make a significant contribution to environmental protection in the future.

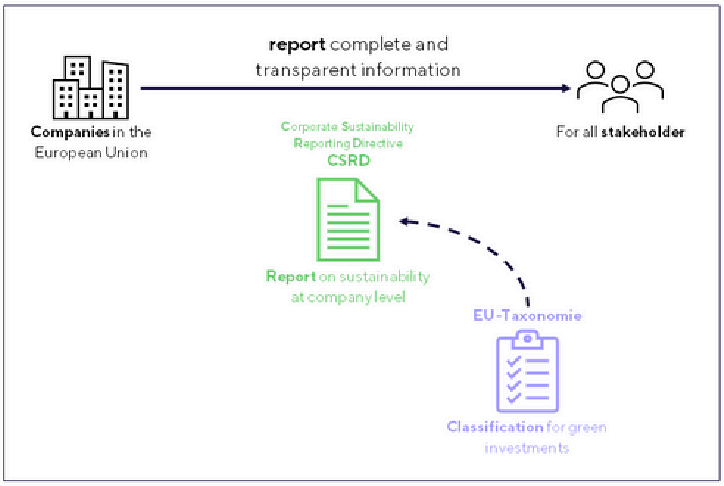

Figure 1: Connection between companies, CSRD and the EU taxonomy

Objective of the Whitepaper

The Allane Mobility Group would like to use this white paper to help companies position themselves for the future. The complexity of the role of a company's own fleet, fleet management and the further development of corporate mobility management must be reconciled with the upcoming regulatory requirements.

Overview about the EU taxonomy

The EU taxonomy regulation is a set of rules aimed at defining and classifying economic activities in terms of their environmental impact. It serves as an instrument to promote sustainable investments and create transparency with regard to the environmental impact of companies.

Sustainability requirements: The EU taxonomy sets out criteria that an economic activity must fulfill in order to be considered environmentally friendly or sustainable. Companies must ensure that their corporate mobility, for example, meets these criteria in order to be classified as sustainable.

Risk assessment: Companies could be required to disclose their financial and operational risks related to environmental impacts, including those arising from corporate mobility.

The taxonomy should also help to reduce the risk of "greenwashing". This makes it more difficult for companies to present investments as more environmentally friendly than they actually are.
This strengthens the focus on investments that primarily achieve an ecologically sustainable effect. In fleet management in particular, the EU taxonomy aims to focus on the procurement and use of vehicles with environmentally friendly drive systems, among other aspects. These can be considered sustainable investments if they meet the criteria of the EU taxonomy. In addition, more comprehensive corporate mobility management can also initiate measures to make the operation of the existing fleet and the mobility of all employees more environmentally friendly. These include, for example, the introduction of corporate car-sharing programs or the promotion of local public transport for all employees. The introduction of a mobility budget can also achieve positive effects, particularly through flexibility.

Categorization of sustainable economic activities

The EU taxonomy defines six main environmental objectives to help assess which economic activities can be considered environmentally sustainable:

- Climate protection
- Adaption to climate change
- Sustainable use and protection of water and marine resources
- Transition to circular economy
- Prevention and reduction of pollution
- Protection and restoration of biodiversity and ecosystems

Companies must review whether their corporate mobility activities meet these objectives in order to be classified as environmentally sustainable.

Corporate Sustainability Reporting Directive (CSRD)

The EU Taxonomy and CSRD complement each other and work together to create a transparent, credible and consistent framework for sustainable action. The EU Taxonomy creates a uniform understanding of sustainability, while the CSRD expands this understanding at company level through comprehensive reporting.

Development and background of the CSRD

The Corporate Sustainability Reporting Directive is an EU directive that fundamentally changes the requirements for sustainability reporting by companies. After the European Commission published its proposal for a directive in April 2021, the negotiating parties from the Commission, Council and European Parliament agreed on a compromise in June 2022. The CSRD was formally adopted and came into force on January 5, 2023. The member states must implement the new regulations within 18 months.

Since 2014, certain public interest entities in the EU have been obliged to report on sustainability in accordance with the Non-Financial Reporting Directive (NFRD). This directive enables stakeholders to better assess the sustainability contribution of companies.

The CSRD has now significantly expanded the reporting obligations. It affects around 49,000 companies across the EU. This includes:

- ·large companies as defined by accounting law,
- ·small and medium-sized enterprises (SMEs) that are capital-market-oriented and
- ·third-country companies whose subsidiaries or branches meet certain turnover criteria.

These extended reporting obligations aim to increase transparency and accountability with regard to sustainability. On this basis, companies are obliged to report comprehensively on their social and environmental impact.

Key innovations of the CSRD

The central innovations of the Corporate Sustainability Reporting Directive are the standardized reporting obligation, a new understanding of materiality, the obligation to have an external audit and inclusion in the management report.

Standardized reporting obligation:
In future, companies must report more comprehensively and according to uniform standards. Greater quantification of report content in relation to key figures is also intended to improve the measurability and comparability of disclosures.

New understanding of materiality:
The CSRD enshrines so-called dual materiality. This means that companies are obliged to report both on the impact of their own business operations on people and the environment and on the impact of sustainability aspects on the company. Previously, reporting was only required if one of the two materiality aspects applied.

External assurance:
In future, sustainability reporting, like financial reporting, must be externally audited. The EU Commission has defined corresponding audit standards for this.

Part of management report:
In future, sustainability information is to be part of the management report. This shows the great importance of sustainability reporting, which is to be gradually given the same relevance as traditional financial reporting.

Scope of application for affected companies

The disclosure of environmental indicators including greenhouse gas emissions (GHG emissions) plays a central role in the regulations described above. Companies are obliged to quantify their GHG emissions by scope 1, 2 and 3 and report accordingly. The disclosure of these key figures enables companies to align their business strategies with sustainability and drive forward the transformation to a sustainable economy.

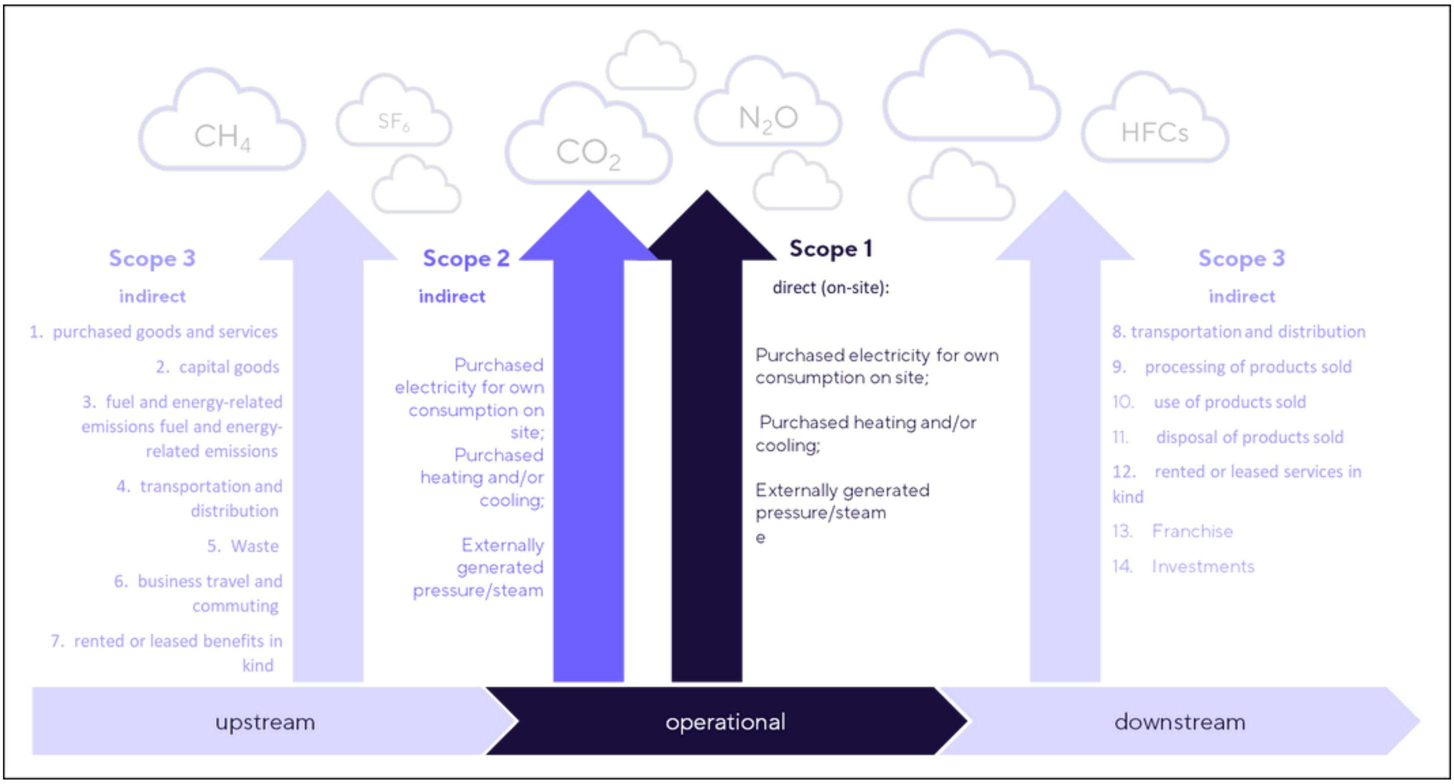

Figure 2: Emission classification in scope 1, 2 and 3

GHG accounting by scope refers to the organizational and corporate levels. The Greenhouse Gas Protocol (GHG missions) has established itself as an internationally recognized guideline for the accounting of private and public organizations. The division into three areas, known as “scopes”, means that both direct and indirect sources of GHG emissions are recorded.

Mobility in companies can be found in all scopes, depending on its characteristics. Scope 1, for example, includes the emissions from the company vehicles in the vehicle fleet. The electricity purchased for the company's own consumption of e-vehicles, on the other hand, is included in Scope 2. In addition, GHG emissions from business trips and commuting by all employees are included in Scope 3. This makes it clear that a transformation towards comprehensive corporate mobility management will be unavoidable in many companies in order to meet the far-reaching requirements.

Impact on the mobility of companies

As explained above, the topic of scope 1, 2 and 3 emissions is becoming a relevant for more and more companies. What steps can be taken to raise awareness of this issue and implement the new regulations?

The new role in fleet management

The upcoming demands on companies are putting the role of fleet managers in a new light. The specialist department's area of responsibility is changing significantly. As a result, the remit of this specialist area is shifting away from pure fleet management towards comprehensive mobility management as a central task in everyday working life. In so-called corporate mobility management, more than just the vehicle fleet is considered and the responsibility includes further components. In addition to the vehicle fleet and the corresponding framework construct of the car or already extended mobility policy, the business travel policy through to the commuter mobility of the entire company can supplement the areas of responsibility of corporate mobility management. Each area has a different impact on business-related traffic and therefore on a company's CO2 footprint.

Identification of potential savings

"The whole is greater than the sum of its parts," said Aristotle. Consequently, companies should not only focus on analyzing their vehicle fleet, but also on their entire corporate mobility management in order to identify various potential savings. This can achieve a leverage effect that should not be underestimated. A systematic approach is strongly recommended. To begin with, it is necessary to determine the status quo in the company in order to be able to analyze it in a targeted manner. The interdisciplinary exchange between the different departments of the company plays a central role in the likelihood of success. For example, cooperation between the fleet management department, which specializes in the company's vehicle fleet, and the purchasing, facility management, HR, compensation & benefits, sustainability management or management departments would be useful in order to XXXX.

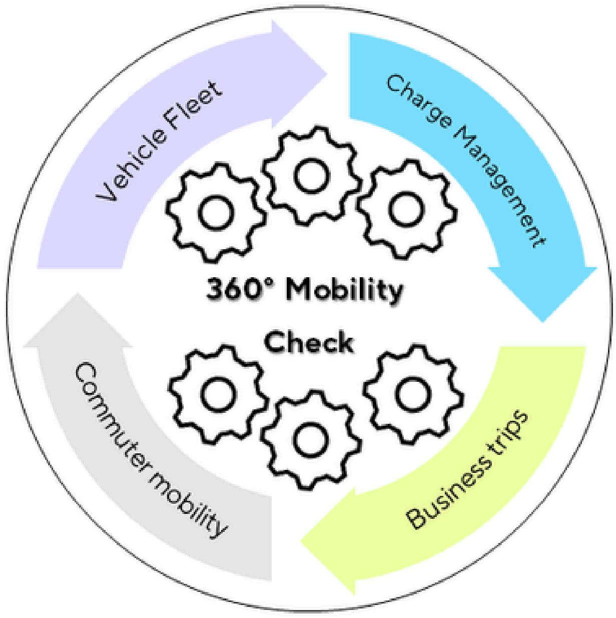

Figure 3: Scope of the 360° Mobility Check by Allane

New Mobility Competence Center by Allane

True to our mission: "We make mobility easy for you in every way!", the Allane Mobility Group has set itself the goal of providing fleet managers with the best possible support for the sustainable development of all mobility requirements. With the establishment of the New Mobility Competence Center, this goal has been further substantiated. The experts from the department are available for customer-specific inquiries in order to develop a sustainable mobility strategy for companies and shape the new era of environmentally conscious corporate mobility.

The 360°-Mobility-Check by Allane

Work with us to examine your company's potential for new mobility options. With the results, we can assess your status quo with regard to sustainable mobility and, based on this, make concrete recommendations for action to make your company's mobility management fit for the future.

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