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ESG AIRPORTS HOT TOPICS

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Introduction

ESG and airports – why does it matter?

- ESG is dynamic and ever changing

- Airports are high profile targets for their:
 - carbon footprint,
 - diverse customer base and workforce, and
 - the role of governments in their operations

- Sustainable procurement is likely to become an increasingly complex issue
 - Airports provide campaigners and activists with high-profile targets for demonstrations and protests (German Supply Chain Law of 2023)
 - curfews and flight caps targets for ESG campaigners? **(e.g. AMS Schiphol airport court decision and FRA noise abatement programme)**

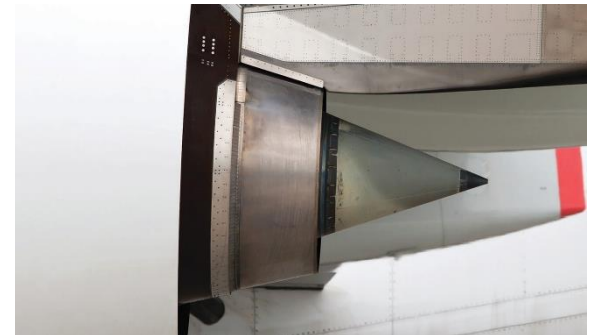
Focus On the “E”nvironment

- Carbon trading
- Emissions reduction plans and targets (**EU Fit for 55 package**)
- **EU Directive on corporate sustainability due diligence**
- Employee, Board, Shareholder and Consumer pressure and focus
- Airport/infra green financing



Focus On the “E”nvironment

- **SAF use and cost and investment in SAF Infra (is it worthwhile?)**
 - Easy and visible target to achieve?
 - Actual production versus demand
 - Does SAF actually make a difference?
 - SAF availability and connectivity across the network
 - Is the SAF infrastructure investment worth it (considering supply and demand)



Focus on the “S”ocial: (Anti) Social?

- Inclusive workplaces: across the supply network?
- Inclusive workplaces and outsourced staff
- Discrimination : prevention is better than the cure?
- Diversity and inclusion (e.g. gender equality, disability)



On and over the horizon: focus on the “G”overnance

- ESG litigation
 - Greenwashing claims : status and trends
 - Bluwashing: Shareholder and stakeholder pressure and claims
 - Records and documents disclosed during investigations and raids



Board games?

- Greenwashing versus greenhushing : what do you advise management?
 - Management and Board review of decisions and ESG policies
 - Where does the buck stop?
 - Is E more important than S or G?
 - What should management know?
 - What should the Board know? Does the Board need independent advice on ESG issues?
 - What should shareholders know?



EU Enforcement trends

Unfair Commercial Practices

- EU INVESTIGATION / EU CPC
 - Tipping off from the European Consumer Organisation (BEUC) to the EU Commission and EU consumer authorities (Network of Consumer Protection Cooperation - CPC - Authorities)
 - Joint enforcement approach by the EU Commission and EU national consumer protection authorities re potential greenwashing by airlines industry
- ACTION TAKEN:
 - 20 airlines targeted with letter to review some potentially **misleading green claims** (public statements and contributions towards carbon offset)
 - 30 days to bring their practices in line with EU consumer law
 - UK CMA open wide investigation on **misleading environmental claims (“eco-friendly) in January 2023**

EUROPEAN INVESTIGATION / EU CPC

Potentially misleading practices and implicit green claims

- Extra fees to finance climate projects/ support the use of alternative aviation fuels to reduce or fully counterbalance CO2 emissions;
- Reference to “*sustainable aviation fuels*” (SAF) without clarity re SAF’s environmental impact;
- Reference to “*green*”, “*sustainable*” or “*responsible*” in an absolute terms;
- Airline’s claims on net-zero greenhouse gas emissions (GHG) without clear and verifiable commitments, targets and an independent monitoring system;
- “*calculator*” for the CO2 emissions of a specific flight (without sufficient scientific proof on reliability and verifiable data used);
- flight comparison re CO2 emissions (without sufficient and accurate information on the elements of the comparison).

Conclusion

ESG – Road ahead

- Developing regulatory framework
- Supply chain focus and disparities
- Global issues versus local reality

- **Article “The ABC of ESG for airports” www.wfw.com**

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