

# Union of the **EUROPEAN LUBRICANTS INDUSTRY**

Union Européenne de l'Industrie des Lubrifiants



**WWW.UEIL.ORG** 

## Agenda

- Objectives of the Sustainability Committee
- External Message
- Changing Regulatory and Customer Landscape
- UEIL Sustainability Committee and Working Groups
- Working Groups Progress
- Summary



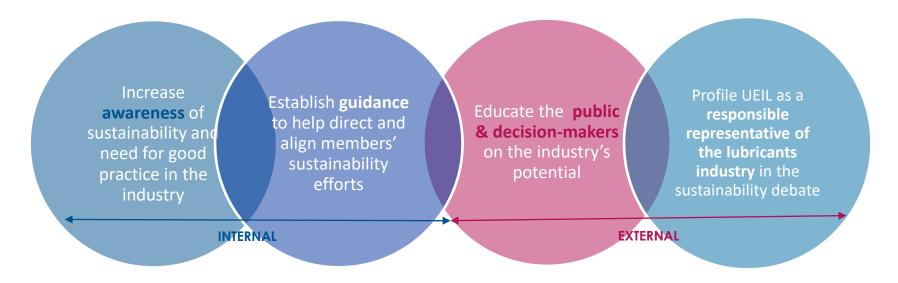
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https://www.ueil.org/sustainability/



### From Task Force to Sustainability Committee

### **Objectives** for the Sustainability Committee



Task Force: March 2019 – June 2020

### **External Message**

The lubricants industry is a valuable asset to society and economy in Europe and beyond

We keep the world turning

We keep the world turning, behind the scenes. We make the world run smoothly, efficiently and effectively.

#### **Buzzwords:**

- What are lubricants?
- Breadth of applications- how many other sectors depend on lubricants?
- Impact of a world without lubricants?

The European lubricants industry is safe and sustainable.

#### **Buzzwords:**

- Contribution to energy saving
- CO<sub>2</sub>-reductions
- Circular Economy
- Cradle to cradle
- Commitment to sustainability
- Transparency on technical requirements
- Increasing the lifetime of machines, using fewer high-quality resources



We drive growth and innovation

Our sector is competitive, modern and innovative, evolving with technological advancements

#### **Buzzwords:**

- · Level playing field
- Impact on the economy
- Investments in innovation
- Key role of SMEs

Definition: Lubricants created by innovative businesses enabling the use of safe, resource saving technologies and processes which reduce the burden on the planet, local environments and benefit people and society.

## **Changing Regulatory and Customer Landscape**

Growing customer and market needs for sustainable solutions

#### Increasing legislative requirements

- EU Green Deal
  - Sustainable Product Initiative / Ecodesign for Sustainable Product Regulation
  - Transition to Circular Economy
  - Chemicals Strategy for Sustainability
  - Safe and Sustainable by Design
- REACH revision and other global chemical regulations
- Global emission reduction climate targets

#### **Conscious consumers**

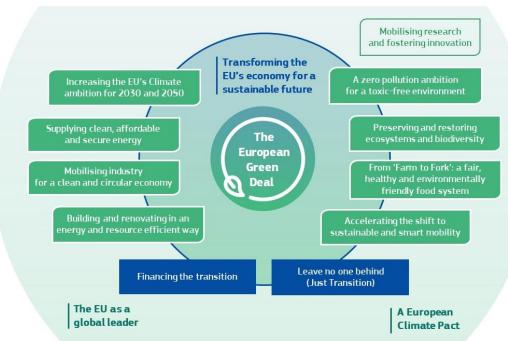
Growing population that consciously wants to purchase sustainable products

#### **Brand-owners setting sustainability targets**

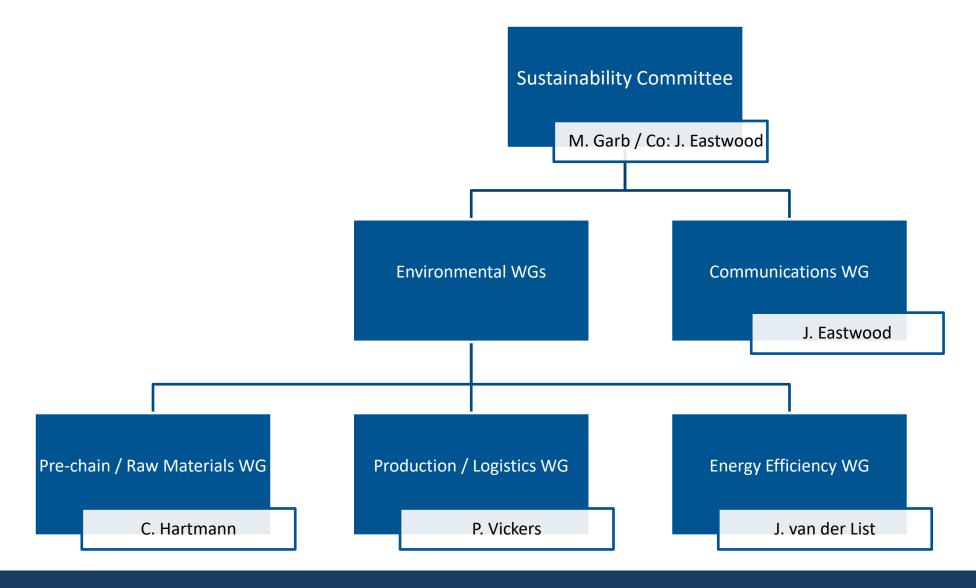
- Pushing demand for sustainable and innovative solutions
- Supply chain transparency and certification

#### Integrity of green credentials

Green claims substantiation

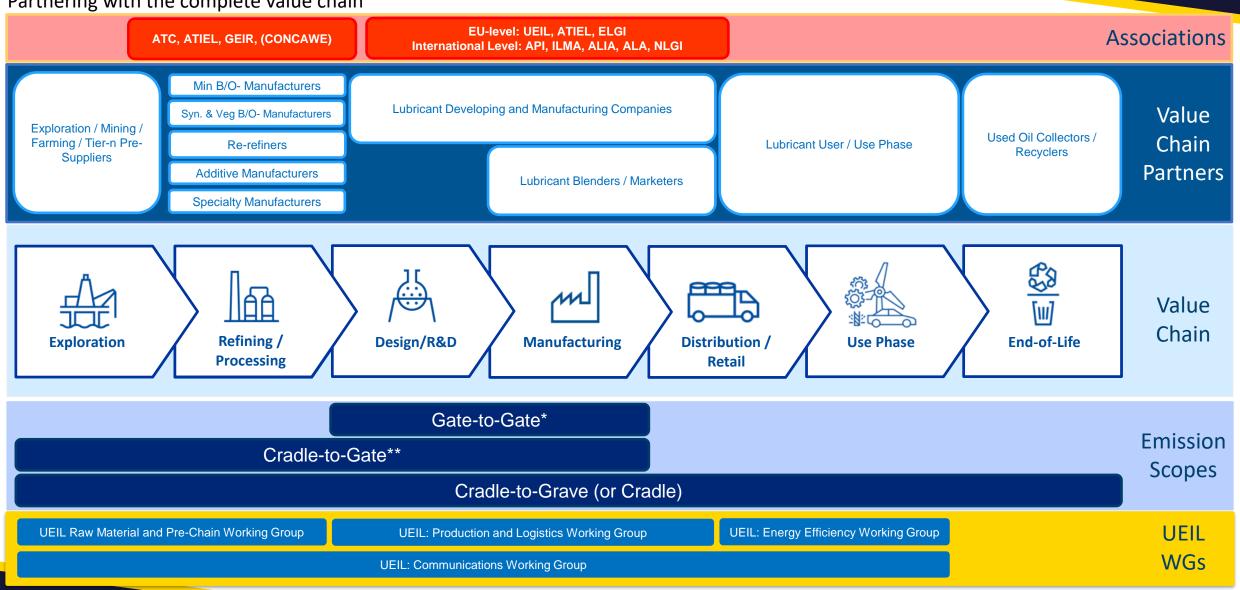


## **UEIL Sustainability Committee**



### Carbon Footprint Scopes in the lubricant industry

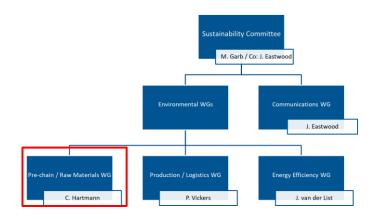
Partnering with the complete value chain



## Environmental WG: Pre-chain / Raw Materials Working Group

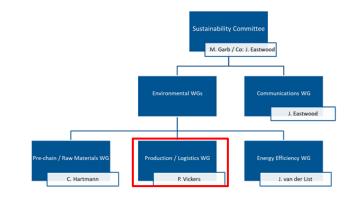
### Product Carbon Footprint

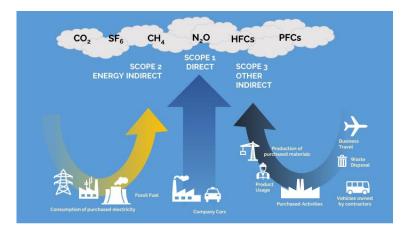
- Carbon is currently considered the highest impact factor aligned with net-zero ambitions of regions, countries and organisations
- Companies are already making regular requests for PCF from their suppliers, along the entire supply chain
- The Lubricants Industry is aligning to define methodology and guidance documents for calculating and reporting PCF (gate-to-gate; i.e. formulated lubricants and greases)
  - UEIL (WIP) is coordinating a review of major PCF methodologies, with an objective of developing a common methodology for the (global) Lubricants Industry, moderated by a consultant (target date Q2 2023)
  - API (WIP) Recommended Best Practice (target date Q4 /Q1 2023)
- The Chemical Industry has now published guidelines for calculating PCF (cradle-to-gate; i.e. raw materials converted into chemical products / materials) - Together for Sustainability



## **Environmental WGs:** Production/Logistics Sub-WG

- Corporate Carbon Footprint UEIL's self-assessment tool
- Toolbox contains:
  - Guidance notes to explain what data you need and where to find it
  - A "fictitious company" to use as an example and guide, to help you think about your own emissions
  - A spreadsheet with clear places to enter your data
  - Formulae to automatically calculate your Scope 1, 2 and 3 emissions from your data





https://www.ueil.org/sustainability/toolbox/



## **Environmental WGs:** Production/Logistics Sub-WG

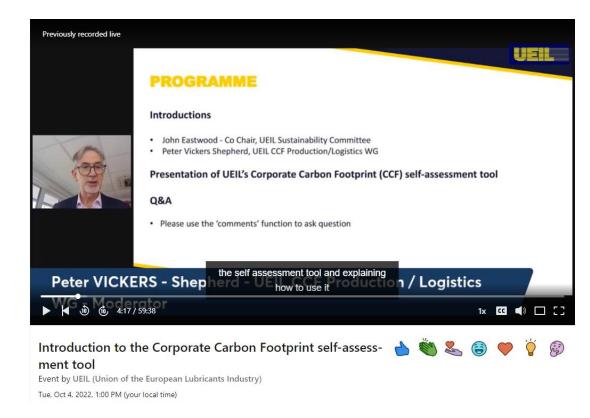
October 4th: LinkedIn hosted webinar

Presented by Peter Vickers

#### **Q&A Panel Session:**

- Mat Evans
- Neal Milne
- John Eastwood

#### 144 attendees



'Only by understanding where carbon emissions come from can lubricant blenders put in place a well-defined strategy, identify key performance indicators and take action to reduce their overall carbon footprint.'

https://www.linkedin.com/video/event/urn:li:ugcPost:6976523372180480000/



## **Environmental WGs:** Energy Efficiency Sub-working Group









LCA hydraulics excavator application:

Analysis of the environmental properties and costs for three mineral oil-based hydraulic lubricants, over the entire life cycle for the excavator application

2x case studies (UTTO and Rear Axle Oil) mostly based on energy improvements related to FZG energy efficiency testing.

2x case studies Milling/drilling fluid with the benefit of reduced emulsion concentration (and Boron/Formaldehyde/Chlorine and secondary Amine free)

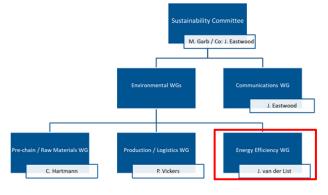
3x high performance (GR III) against traditional product longer oil life and reduced consumption.

Three mineral oil-based hydraulic lubricants, over the entire life cycle for the excavator application.

Confirmation of handprint benefits

LCA

Next step:
Prepare templates
for website launch



Elements:

• LCA framework (acc ISO 14040): 1. Goal/Scope, 2. inventory analysis, 3. impact assessment (incl. interpretation steps)

• Life Cycle **Impact** Assessment (and how to compare environmental impact categories)

- Conclusions about which life cycle stage is the most relevant.
- Which data must be gathered for future studies to improve quality?

Create LCA toolbox with learnings/guidelines from this detailed example.



Waste Oil regulations Circular Economy Action Plan (CEAP)

BASF / Fuchs



### **Communications WG**

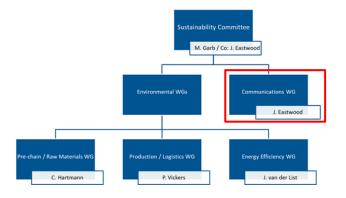


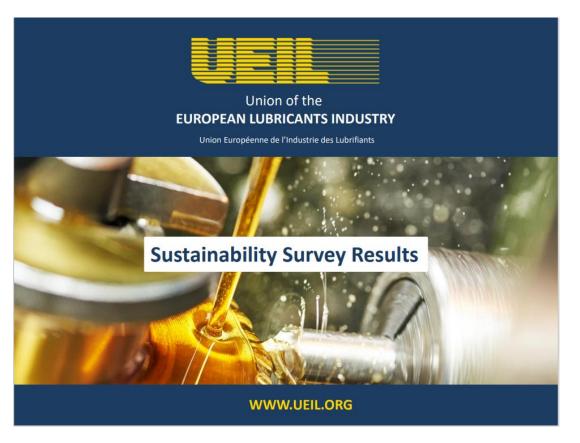
#### General Disclaimer about the content of this page

The dedicated Sustainability section of UEIL's website showcases the industry's efforts made towards sustainable development, which work is led by the Sustainability Committee. This page has been created with the intention of providing guidance to define, develop and measure sustainability in the European lubricants industry, to address misconceptions on the industry's sustainability capacities, and to take part in the ongoing discussions on sustainability at EU and international level.

About	White Papers
FAQ	News
Events	Sustainability Reports
Case Studies	Toolbox

https://www.ueil.org/sustainability/





### **Communications WG – White Papers**



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#### The Basics of Sustainability Reporting

#### **EU Non-Financial Reporting Directive**

Since the implementation of the European Union's Non-Financial Reporting Directive (NFRD), <u>Directive 2014/95/EU</u>.<sup>(1)</sup> more than 11,700 listed companies, banks, insurance companies and other companies designated by national authorities as public-interest entities have been required to disclose information related to:

- environmental matters
- social matters and treatment of employees (including diversity)
- human rights
- anti-corruption and bribery
- diversity on company boards (in terms of age, gender, educational and professional background)

Currently, this information must be disclosed according to internationally acceptable guidelines, of which there are many (refer to Appendix 1 - International Reporting Frameworks).

In 2017, the EU published its non-binding methodology guidelines for reporting non-financial information (2017/C 215/01),(2) in which it is stated:

'The aim of these guidelines is to help companies disclose high quality, relevant, useful, consistent and more comparable non-financial (environmental, social and governance-related) information in a way that fosters resilient and sustainable growth and employment and provides transparency to stakeholders.'

Companies currently required to report on environmental, social and governance (ESG) risks are those with more than 500 employees. However, on 21 April 2021, the Commission adopted a proposal for a Corporate Sustainability Reporting Directive (CSRD), (3) which would amend the existing reporting requirements of the NFRD. The proposal would see an extension of the scope to all large companies and all companies listed on regulated markets (except listed microenterprises), plus it would see the removal of the minimum 500 employee threshold. This could mean that nearly 50,000 companies in the EU will need to follow EU defined sustainability reporting standards in the future. The date for implementing the changes will depend on when the directive is enacted into law but assuming this to be October 2022, companies will be required to begin reporting using a new EU standard from 2024 in respect of their 2023 results.

In an EU press release dated 21<sup>st</sup> April 2021 <sup>(4)</sup>, there is an acknowledgement that SMEs will be spared the burden of reporting to the same level of large corporations but there remains an intention to develop a proportionate reporting scheme:

The proposal would not put any new reporting requirements on small companies, except for SMEs with securities listed on regulated markets. In addition, to limit the burden on listed SMEs, they will be allowed to report according to standards that are simpler than the standards that will apply for large companies. The reporting requirements of this proposal would also not apply to SMEs with transferable securities listed on SME growth markets or multilateral trading facilities (MTFs).

That said, many SMEs are facing growing requests for sustainability information — typically from banks that lend them money and large companies that they supply. The transition to a sustainable economy is likely to mean that collecting and sharing sustainability information becomes common



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#### Key Performance Indicators for Sustainability Reporting

This document provides examples of Key Performance Indicators which organisations may consider best represent their priorities in being progressive with regards to corporate sustainability and reporting.

Defining areas of materiality is the first step in defining, setting and communicating targets and goals. Setting clear targets and goals is beneficial for stakeholders, it is a sign of ambition and sets benchmarks against which the organisation can be measured and held accountable.

Key performance indicators (KPIs) are a quantifiable measure used to monitor and evaluate performance against specific goals and targets.

Individual KPIs should link directly to a material area, they should be used consistently over a period of time and if the organisation is to make a meaningful impact through its activities, they should be ambitious.

#### **UN Sustainable Development Goals**

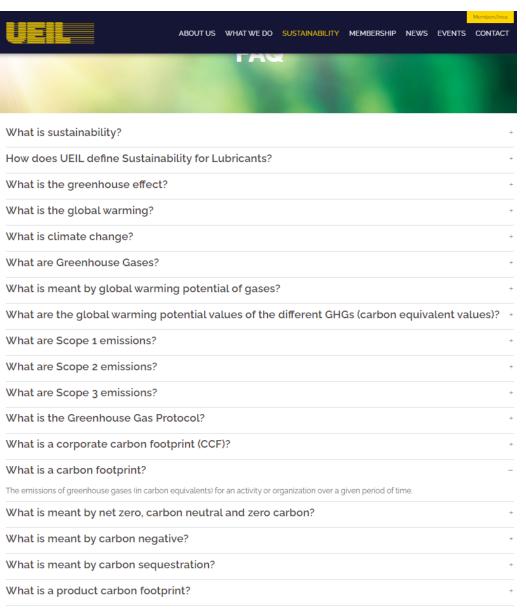
Many organisations make the connection between the UN SDGs and their targets, goals, materials areas and KPIs, as evidenced through company reports, organisation websites and social media channels. Introduced in 2015, the 17 UN SDGs help organisations translate their sustainability programmes into visual, relatable, and impactful communications but taken alone they have limited value. Only by connecting with relevant UN SDGs, identifying clear materiality priorities and measuring against key performance indicators will companies be able to stake a credible claim to being progressive and becoming truly more sustainable.



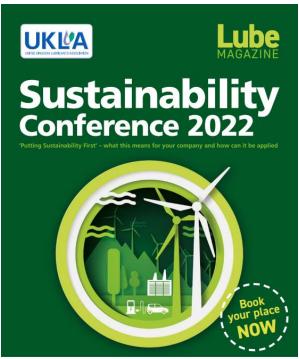
#### Example Environmental KPIs

Increased energy from non-fossil fuel (renewable energy)	7 ======			Increase use of energy from renewable energy sources, for example, solar panels and solar water heaters, wind energy, hydropower, biomass, geothermal and other sources of renewable energy
Reduced energy consumption (energy efficiency)	9 1000	12 inner	13 227	Decarbonisation Road maps for offices, warehousing, production facilities etc Advanced and innovative lubricants technology, providing friction reduction and fuel economy / energy efficiency.  Certifications according to ISO 14001 environmental management or/and according to the ISO 50001 energy management or/and ISO 9001 quality management.
Reduced Scope 1 and 2 emissions	7 mmm	12 stress stress CO	13 :::::	Increase use of energy from renewable energy sources, for example, solar panels and solar water heaters, wind energy, hydropower, biomass, geothermal and other sources of renewable energy

### **Communications WG – FAQs**



## **Communications WG – External Engagement**











ICIS World Base Oils & Lubricants Conference 2022 returned in a new location

Worldwide

The 26th ICIS World Base Oils & Lubricants Conference welcomed its visitors between 26-28 June in Windsor, UK. The new location provided attendees more chances than ever before to connect with their peers. Around 500 experts from all over the world had the opportunity to share their experience and develop cooperation.

The content had key insights from the panels and Live Meet sessions. Topics discussed include energy security and renewable energy, sustainability, EVs, base oil demand and supply chain, the impact of the pandemic on the supply chain and logistics strategies and how the aviation industry affects the base oils industry.

The highlight was the Aramco Reception on the Lawn, where Aston Martin F3 driver Jessica Hawkins gave a fantastic interview. During the three-day event attendees enjoyed the activities, such as the late-night networking with casino tables and a live jazz trio, Sunday afternoon welcome BBQ, traditional English afternoon tea, and much more.

### **Communications WG:** Achievements

	2022											
	January	February	March	April	May	June	July	August	September	October	November	December
											Vision / Mission	
UEIL Briefing Documents											Statement	
Surveys												
Sustainability Website												
New - Define Structure / Site-Build	New Site Launch											
Whitepapers	Basics of Sustainability Reporting / KPls					Under- standing Carbon Footprint	Basics of Circularity		Under- standing Carbon Handprint	Scope 1 and 2 Carbon	Scope 3 Carbon	European Green Deal
Other Content Updates	Full Survey Report (ppt/pdf)	Scope1, 2 and spreadsheet						En	ergy Efficiend	cy Case Stu	dies	
Guidance Documents									Company CO2e			
Training (Virtual)									Compar	ny CO2e		
FAQs												
Lexicon / Abbreviations												
UEIL Newsletters			Toolbox, FAQs, Whitepapers			Intro New Chair /			CCF Webinar			
OEIL Newsletters	Sustainability Website		Toolbox, FAQs, Whitepapers			Vice Chair Intro New Chair /			CCF Webinar			
Lube Magazine			TTIMOPAPOIO			Vice Chair			VV Obilital			
Member Sustainability Reports	Call to action via Lube, UEIL Newsletter, National Associations										Call to action	
Member Sustainability Stories												
Conferences / Exhibitions					Lube	ICIS				UEIL Congress		
LinkedIn	Sust. Website	Launch of CFP Tool ?		UEIL Congress		ICIS			CCF Webinar	UEIL Congress		

### **Summary**

- We are in a dynamic period regarding sustainability
  - Consumer and Customer pull for more 'sustainable' products
  - Regulatory push
- Sustainability journey will not stop at carbon footprint, the EU Green Deal means we are in for a long period of activity to become ever-more sustainable and transparent
- Continued collaboration within the entire lubricants value chain is fundamental to becoming more 'sustainable'
- The Lubricant industry is in a unique position:
  - We already provide solutions that drive improvements in energy efficiency and support the trend towards renewable energy, and we will enable the transition to net-zero carbon emissions
  - But we also recognise that we must continually adapt and innovate, and increasingly move towards a larger circular economy





Union of the European Lubricants Industry

THANK YOU!

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