

## **The possibilities of implementing sustainability reporting (ESG) by Polish Airport**

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**Objectives** | The aim of this paper is to present the impact of environmental, social and corporate governance criteria (implemented at EU level as ESG reporting) on Polish regional airport. These criteria will serve as the basis of sustainability (ESG) reporting, which will complement traditional financial reporting. For 2024, companies so far covered by the NFRD (Non-Financial Reporting Directive) will also report ESG status (European Parliament, 2014). However, in subsequent years, more entities will be required to comply ESG rules, including airports that meet 2 of the 3 adopted by EU criteria (turnover, balance sheet and employment). In addition, the Corporate Sustainability Reporting Directive (CSRD) (European Commission, 2023) includes the supply chain responsibilities of reporting organizations. Polish airports, as an international supply chain operator, are aware of the ESG implementation criteria, but the application process is differentiated. In addition, their role in the region is rooted in their economic potential and the impact on the region's economic activity, which consequently affects the number of collaborators worldwide. Therefore, there is a necessity to assess the degree of awareness and implementation of ESG concepts at Polish airports.

**Methodology** | Due to the establishment of formal regulations and requirements, which will be implemented in the European Sustainability Reporting Standards (ESRS), an analysis of foundational data was chosen as the main method (European Parliament, 2023). This analysis relied primarily on legal acts and statistical data, as well as supplemented by information from 15 direct interviews from managers at regional Polish airports. The aim was to research the implementation possibilities and problems related to ESG implementation. The selection of Polish airports is not accidental. This analysis relied Polish air traffic contributed over 4% of traffic for the European Union in 2021 (Eurostat, 2023). In addition, the perspectives for the development of air traffic for Poland until 2040, assuming a systematic increase in the number of passengers carried in Poland, the involvement of air carriers, long-term development plans for regional airports and building of CPK (Central Hub for Poland), the choice of this subject for study was deemed appropriate (Civil Aviation Authority, n.d). Fifteen regional airports in Poland were examined, considering their air traffic and

ownership structure. Based on the analysis of the collected data, the authors formulated recommendations for the correct implementation of the ESG.

**Main Results and Contributions** | A Regarding our study limited literature, rapports and research, the Authors see that the concept of ESG is relatively new. However, it is possible to find in literature ideas that are older and similar in scope, e.g. TBL - triple bottom line introduced in 1994 by J. Elkington and referring to an accounting framework with 3 dimensions: social, environmental and economic (Elkington, 1998). Nevertheless ESG (Environmental, Social, G-corporate governance) assessments of airports will becoming a key element in the global drive to ensure sustainability in the future. The reporting principles are set out in the ESRS, which Polish regional airports must implement in the few year perspective.

The Authors see that large airports with passenger traffic above 25 million (not present in Poland) will report first (from 2024). Secondly (from 2025), airports with less than 25 mln but more than 10 mln passengers. Then (2026), airports with less than 10 mln passengers. This group currently includes all regional airports in Poland.

CSRD will apply to all value chain. That is why, airports will need to consider ESG criteria, even if they don't directly comply with non-financial reporting, as airlines (e.g. Ryanair, Wizz Air) already report voluntarily. Also, the IATA document, Fly net zero, points to the need for energy savings at the airport, such as restrictions on the use of auxiliary propulsion units, single-engine taxi times (IATA, 2021).

From the study, it can be concluded that Polish regional airports are in the value chain of entities that are obliged to report and thus will have to share information on ESG factors. Interviews with regional airport representatives show that they are interested in ESG reporting. Regional airports in Poland, see the need to undertake a comprehensive range of sustainability implementation activities. However, as the main reason for not implementing the criteria at present, respondents indicated lack of relevant ESG knowledge and lack of need for reporting.

In summary, airports are one of those places that, even if they will not be required to report non-financially under the Directive, the external considerations will have an influence on the need to obtain non-financial data and take actions in the ESG area.

The Authors see a need for future research in this area. Firstly, there is still a lack of scientific papers on ESG issues in air transport, and thus, our study fills a scientific gap. Furthermore, it is a second aspect, our research is helpful for decision makers creating regional air transport policy and airport managers.

**Limitations** | The analysis of foundational data is extremely important in the case of ESG reporting, given the novelty of the subject matter and the necessity to establish a theoretical framework. However, it should be noted that papers and reports dedicated to airports does not exist at the

moment. In addition, it is worthwhile to start initiating research and conducting research and interviews in the given field, as they can be a valuable source of information exchange and support airports in developing a sustainable approach to business.

**Conclusions** | The implementation of sustainability in air transport, including airports, is covered in various studies and guidelines, which presents challenges in implementing sustainable solutions. Some airports, meeting the criteria of the CSRD, will be obliged to report under the regulations. Others, in all likelihood, will be asked about ESG criteria by their contractors as an important part of the value chain. Because of this, sorting out the sustainability of airports in a formal and legal context is important. ESG reporting will significantly influence the evaluation of contractor selection. Key contractors, such as carriers, will choose airports based on the outcomes of balanced reporting. Consequently, it is crucial to develop an ESG strategy and reporting, even if not currently mandated, to enhance competitiveness.

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