

MEDEDINGINGSASPECTEN EN BELANGENVERSTRENGELING

Antitrust caution

- De Koninklijke Staalfederatie, NEVAT en FPT-VIMAG stellen zich ten doel dat de mededingingsregels binnen haar gelederen worden nageleefd.
- We willen weg blijven van iedere schijn van afspraken.
- We bespreken hier geen individuele zaken.
- In het bijzonder verstrekken we aan elkaar geen concurrentiegevoelige informatie:
 - Grofweg prijzen, tarieven, marges, kortingen, capaciteit, productie, tenders, klanten, vraag & aanbod, marktaandelen, investeringen, marketingplannen, o&o.
- Deze regels gelden tijdens & rondom alle bijeenkomsten.
- Schending door één lid brengt de anderen in gevaar.
- Verklaring van goed gedrag door ondertekening presentielijst is van toepassing voor deze bijeenkomst



The EU Carbon Border Adjustment Mechanism (CBAM)

Koninklijke Staalfederatie

Martijn Schippers / Gert-Jan van Telgen

4 juli 2023

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Sourcing strategy,
roadmap, stakeholder
analysis

Speakers



Martijn Schippers

Senior Manager

martijn.schippers@nl.ey.com



Gert-Jan van Telgen

Senior Manager

gert-jan.van.telgen@nl.ey.com

A large, dark gray, semi-transparent oval graphic that frames the word 'Background'.

Background

The bigger picture | The European Green Deal



Timeline is indicative



Dec 2022 update | EU Fit for 55: the Carbon package based on the EU Green Deal

Fit for 55 legislative package

is the EU Commission's proposal to revise the EU climate, energy and transport-related legislation in order to align the current laws with the 2030 and 2050 ambitions announced in July 2021 with 13 proposals and supplemented in December 2021 with 4 additional proposal.



Sources: European Commission; Fit for 55

Key



December 2022 update summary of proposals in scope of this study (details see appendix)

- ▶ On 13 December 2022, the European Parliament reached a provisional agreement with the Council of the European Union (EU) to implement an **EU Carbon Border Adjustment Mechanism (CBAM)**, covering product categories of iron and steel, aluminum, fertilizers, hydrogen, and electricity, effective from 1 October 2023.
- ▶ On 18 December 2022, the European Parliament and the Council reached a provisional agreement on **EU Emission Trading System (ETS)** reform and phasing out of free allowances, which will start in 2026 and end by 2034. Businesses will therefore be required to purchase CBAM certificates for covered imports from 2027.
- ▶ EU ETS reform notably includes extensions of scope to maritime transport and municipal waste incineration.
- ▶ A parallel **carbon market** will be established to cover fossil fuels used to power cars and heat buildings.

Carbon measures | Overview

01

Emissions Trading Scheme (ETS)

- ▶ Cost of credits?
- ▶ Rate of annual reduction in credits/emission allowances?
- ▶ Industries in scope

02

Carbon Taxes

- ▶ Taxes on emissions in excess of annual allowances
- ▶ Industries in scope
- ▶ Applied in parallel to ETS in many territories

03

Carbon Border Adjustment Mechanism (CBAM)

- ▶ Designed to protect competitiveness of EU businesses
- ▶ Mechanism under discussion
- ▶ Has a potential to impact competitiveness of importers

04

Energy Taxation

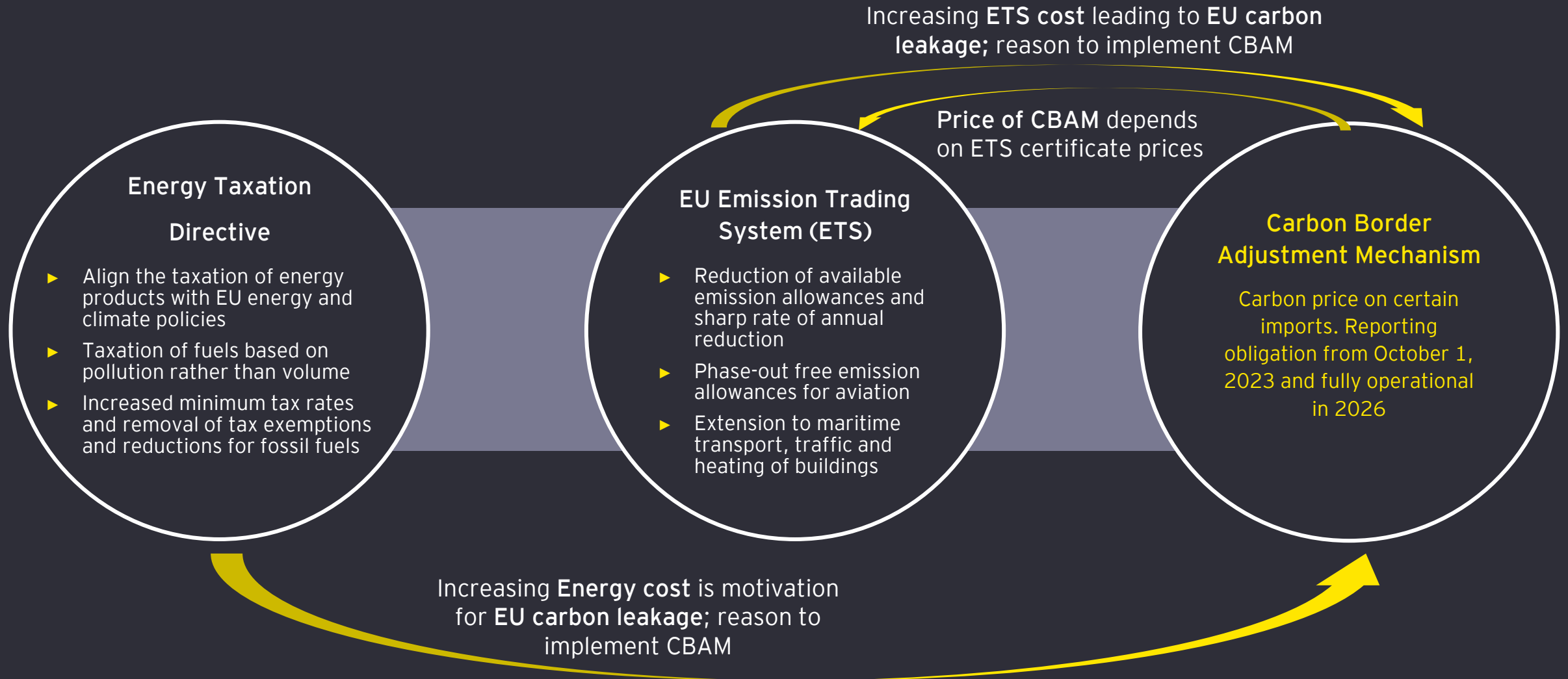
- ▶ Changes to align with EU energy and climate policies
- ▶ Taxation of fuels based on pollution and energy content rather than volume
- ▶ Increased minimum tax rates
- ▶ Removal of tax exemptions and reductions for fossil fuels

05

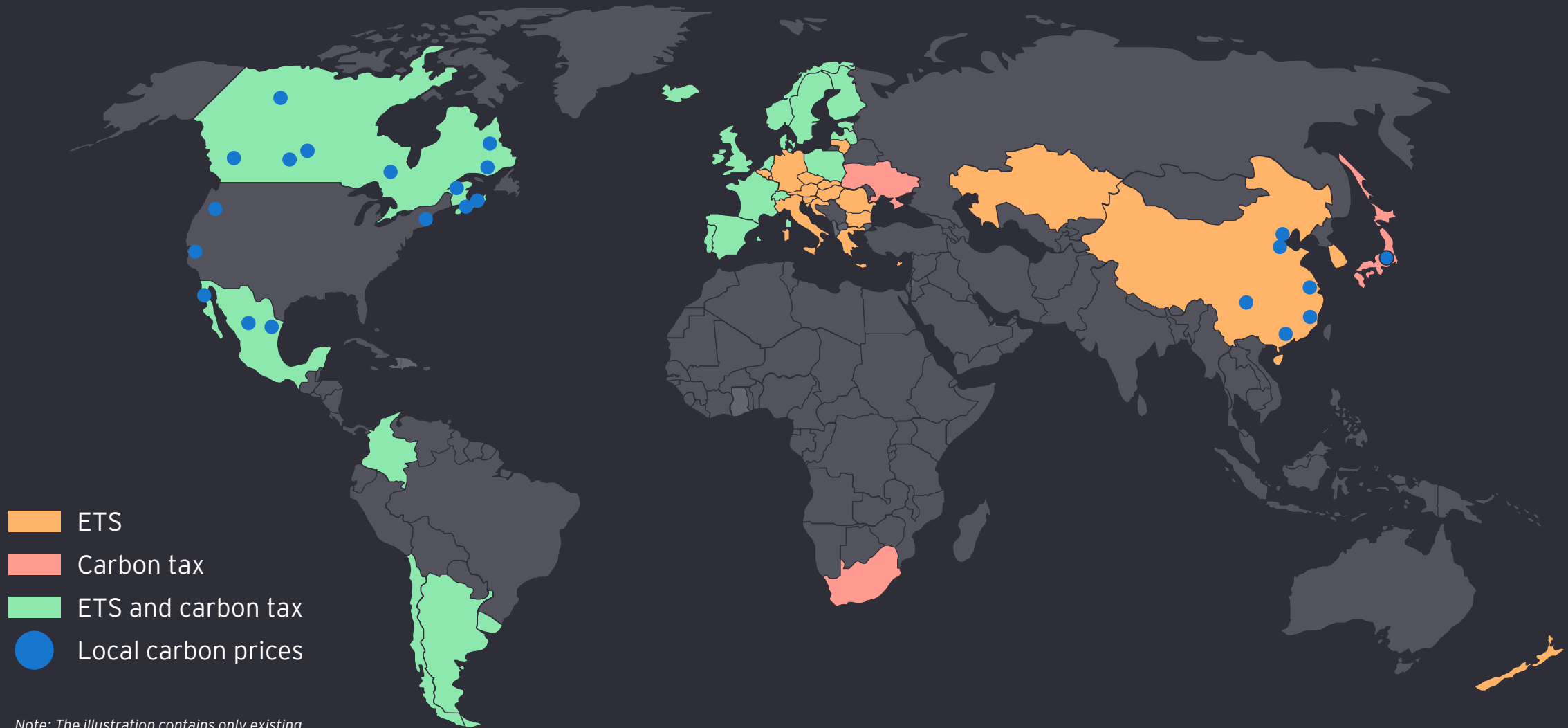
Voluntary Carbon Market/Credit (Art. 6 Paris Agreement)

Expected to pave the way for a global marketplace to exchange carbon offset credits across the compliance and voluntary markets in a transparent manner.

How do the carbon pricing measures interact?



Global overview of existing carbon pricing measures



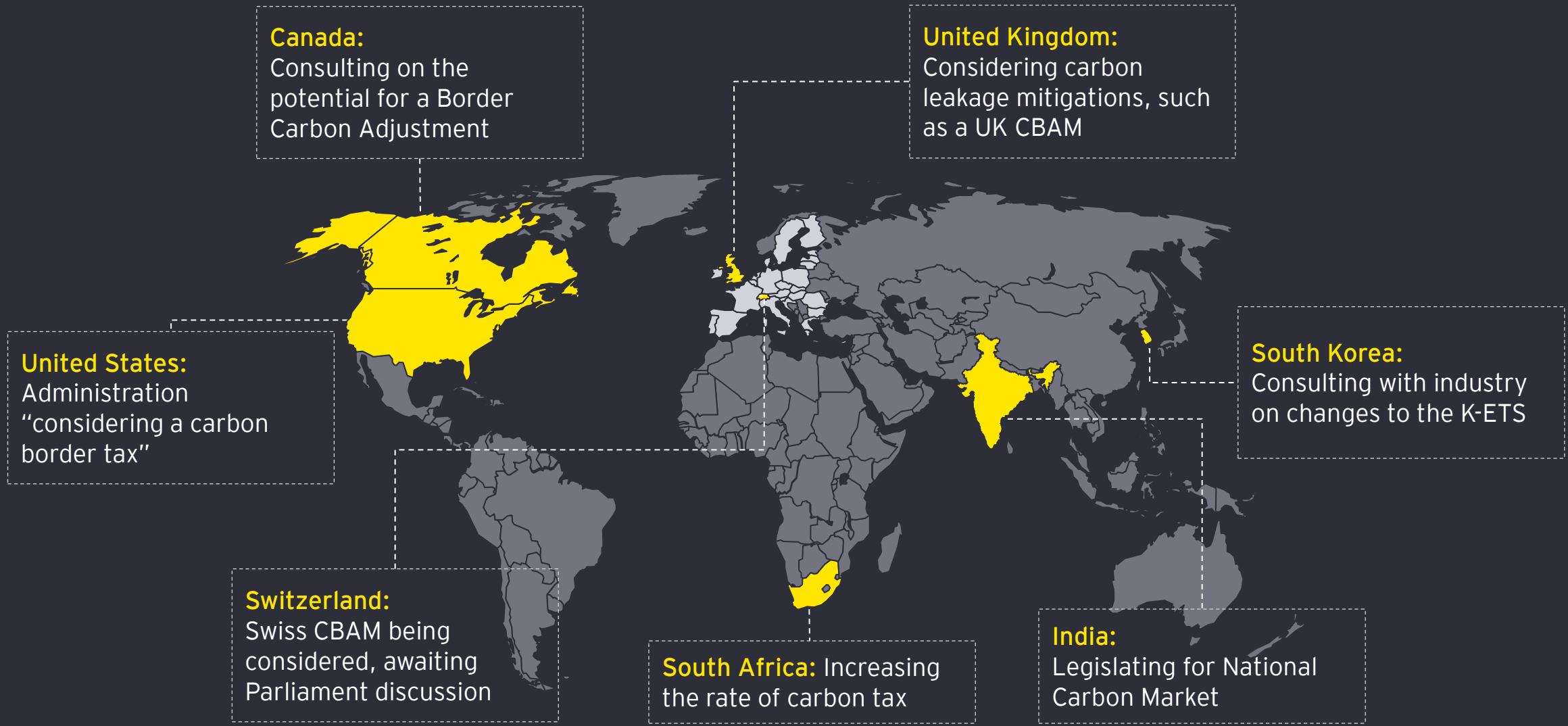
- ETS
- Carbon tax
- ETS and carbon tax
- Local carbon prices

Note: The illustration contains only existing and not planned CO2 price mechanisms

Source: World Bank, State and Trends of Carbon Pricing 2022.



EU CBAM is acting as a key driver for developments in international carbon pricing policy - snapshot of global activity

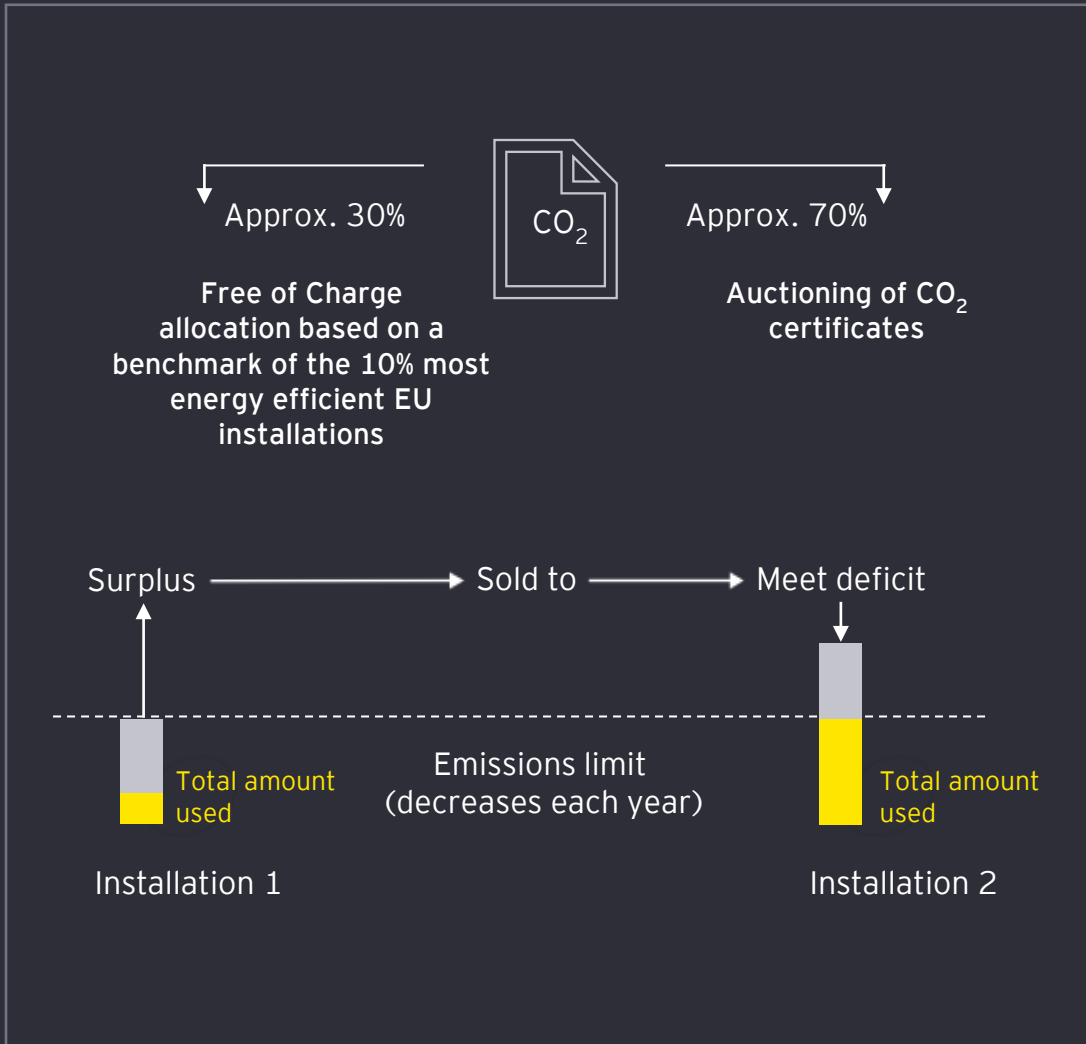


Sources: Canada [Government of Canada](#), United States [White House Senate](#), United Kingdom [UK Parliament](#), South Korea [International Carbon Action Partnership](#), South Africa [SARS](#), India [ICAP](#)

Highlights



Emission Trading System



Scope of the EU Emission Trading System

Currently:

- ▶ High emission industries (> 20MW), such as e.g., iron and steel, cement, glass, ceramics, paper, chemical, energy and heat sectors, aviation sector as well as the maritime sector.

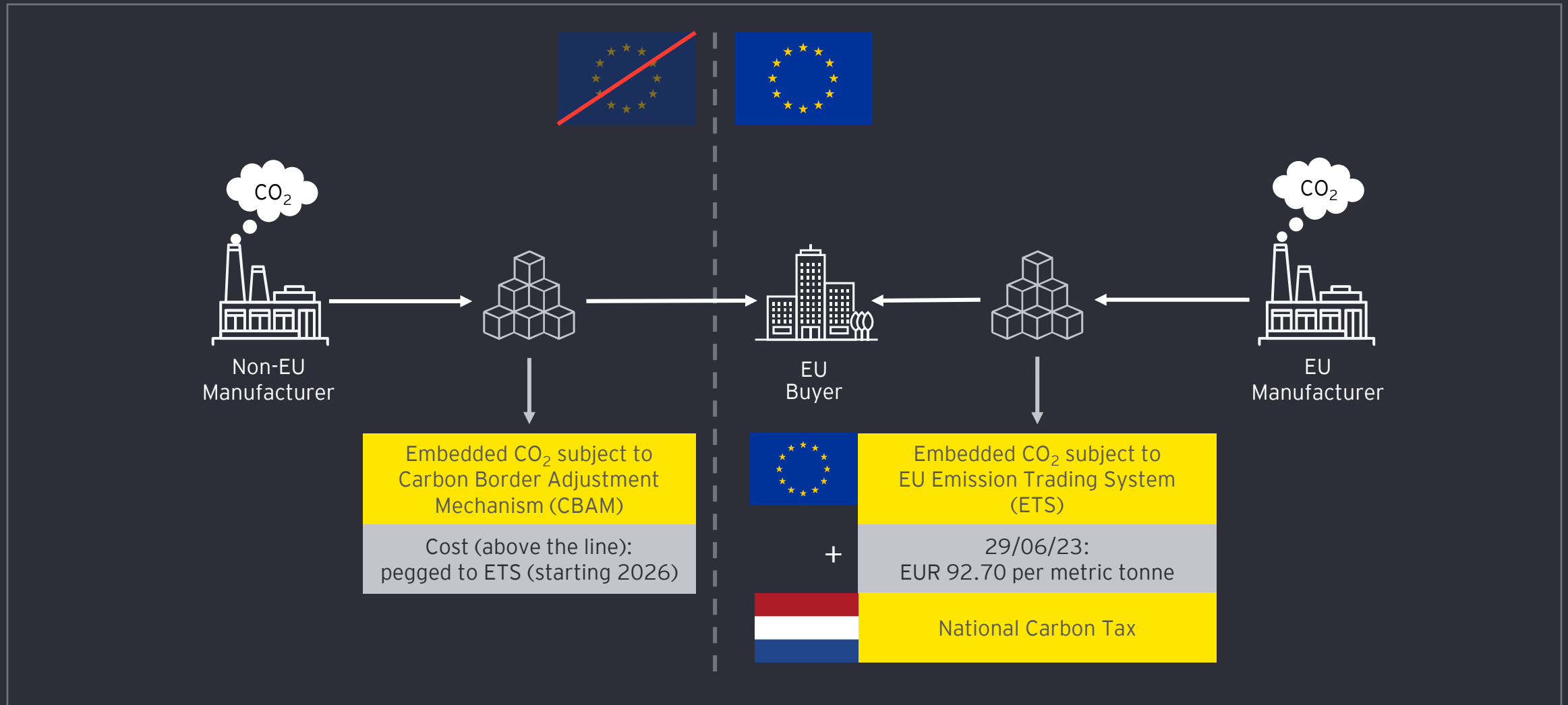
New separate emissions trading system

- ▶ Road transport (from 2027);
- ▶ Buildings (from 2027);
- ▶ Fuels for certain other sectors (from 2027).

Reduction of free allocation

- ▶ 2021 - 2025: free allocation in the maximum amount of 30% of benchmark value;
- ▶ 2026 - 2030: free allocation planned to gradually decrease to 0%.

What is CBAM? - High-level (Recap)



CBAM impact



Indirect impact - Compliance
This manufacturer will be asked by its customer to calculate and provide emissions data based on EU law.



Non-EU
Distributor



Indirect impact - Compliance
This distributor will be asked by its customer to provide emissions data of the supplier/manufacturer.



EU
Buyer/Distributor

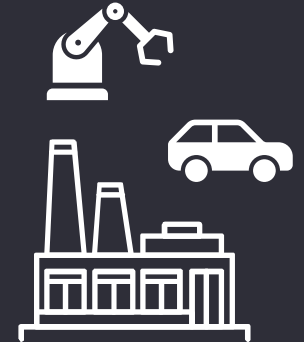


Direct impact
This importer is required to report (2023) and pay for (2026) embedded emissions to the EU authorities



Goods in scope of CBAM: Cement, Fertilizers, Iron & Steel, Aluminum, Electricity, Hydrogen

EU
Buyer/Manufacturer



Indirect impact - Cost
This customer may find cost prices of materials purchased increased and may seek suppliers that manufacture causing less emissions.

What is CBAM? – New Key Information (final stage starting 2026)

Geographic scope



Import from non-EU, except:

- Switzerland
- Iceland
- Norway
- Lichtenstein

Product scope

Diverse energy intensive raw materials and products from the following categories:

- ▶ Cement
- ▶ Fertilizers
- ▶ Iron & Steel
- ▶ Aluminum
- ▶ Electricity
- ▶ Hydrogen

Particular precursors as well as a limited number of **downstream products** (e.g. screws and bolts and similar articles of iron and steel).

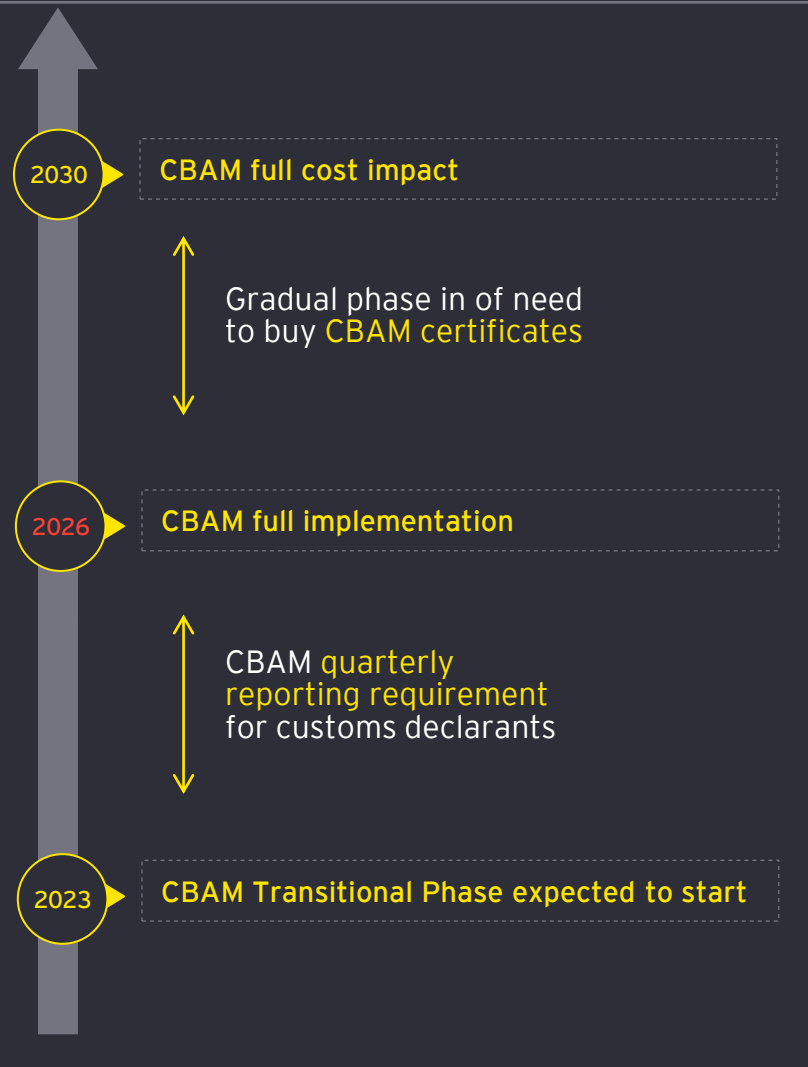
Emissions covered



Direct & indirect emission* related to manufacture + electricity used

Footprint calculation may be extended to cover further indirect emissions

* After the transitional period, for certain CBAM indirect emissions will be excluded



Product Scope (CN Codes)

Product scope (CN codes)

Cement

- 2523 10 00 – Cement clinkers
- 2523 21 00 – White Portland cement, whether or not artificially colored
- 2523 29 00 – Other Portland cement
- 2523 30 00 – Aluminous cement
- 2523 90 00 – Other hydraulic cement

Electricity

- 2716 00 00 – Electrical energy

Fertilizers

- 2808 00 00 – Nitric acid, sulphonitric acids
- 2814 – Ammonia, anhydrous or in aqueous solution
- 2834 21 00 – Nitrates of potassium
- 3102 – Mineral or chemical fertilizers, nitrogenous
- 3105 – Mineral or chemical fertilizers containing two or three of the fertilizing elements nitrogen, phosphorus and potassium; other fertilizers; goods of this chapter in tablets or similar forms or in packages of a gross weight not exceeding 10 kg
 - ▶ Except: 3105 60 00 – Mineral or chemical fertilizers containing the two fertilizing elements, phosphorus and potassium

Iron and steel

- 2601 12 00 – Agglomerated iron ores and concentrates, other than roasted iron pyrites
- 72 – Iron and steel
 - ▶ Except:
 - 7202 – Ferro-alloys
 - 7202 3 – Ferro-silico-manganese
 - 7202 50 00 - Ferro-silico-chromium
 - 7202 70 00 - Ferro-molybdenum

- 7202 80 00 -- Ferro-tungsten and ferro-silico-tungsten
- 7202 91 00 – Ferro-titanium and ferro-silico-titanium
- 7202 92 00 - Ferro-vanadium
- 7202 93 00 - Ferro-niobium
- 7202 99 - Other:
 - 7202 99 10 - Ferro-phosphorus
 - 7202 99 30 - Ferro-silico-magnesium
 - 7202 99 80 - Other
- 7204 – Ferrous waste and scrap; remelting scrap ingots and steel

- 7301 – Sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements; welded angles, shapes and sections, of iron or steel
- 7302 – Railway or tramway track construction material of iron or steel, the following: rails, check-rails and rack rails, switchblades, crossing frogs, point rods and other crossing pieces, sleepers (cross-ties), fish-plates, chairs, chair wedges, sole plates (base plates), rail clips, bedplates, ties and other material specialized for jointing or fixing rails
- 7303 00 – Tubes, pipes and hollow profiles of cast iron
- 7304 – Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel
- 7305 – Other tubes and pipes (for example, welded, riveted or similarly closed), having circular cross-sections, the external diameter of which exceeds 406.4 mm of iron or steel
- 7306 – Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed), of iron or steel
- 7307 – Tube or pipe fittings (for example, couplings,

- elbows, sleeves) of iron or steel
- 7308 – Structures (excluding prefabricated buildings of heading 9406) and parts of structures (for example, bridges and bridge-sections, lock-gates, towers, lattice masts, roofs, roofing frameworks, doors and windows and their frames and thresholds for doors, shutters, balustrades, pillars and columns), of iron or steel; plates, rods, angles, shapes, sections, tubes and the likes, prepared for use in structures of iron or steel
- 7309 – Reservoirs, tanks, vats and similar containers for any material (other than compressed or liquefied gas), of iron or steel, of a capacity exceeding 300 l, whether or not lined or heat-insulated, but not fitted with mechanical or thermal equipment
- 7310 – Tanks, casks, drums, cans, boxes and similar containers, for any material (other than compressed or liquefied gas), of iron or steel, of a capacity not exceeding 300 l, whether or not lined or heat-insulated, but not fitted with mechanical or thermal equipment
- 7311 – Containers for compressed or liquefied gas, of iron or steel
- 7318 – Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers (including spring washers) and similar articles, of iron or steel
- 7326 – Other articles of iron or steel

Aluminum

- 7601 – Unwrought aluminum
- 7603 – Aluminum powders and flakes
- 7604 – Aluminum bars, rods and profiles
- 7605 – Aluminum wire
- 7606 – Aluminum plates, sheets and strip of thickness exceeding 0.2 mm

- 7607 – Aluminum foil (whether or not printed or backed with paper, paperboard, plastics or similar backing materials) of thickness (excluding any backing) not exceeding 0.2 mm
- 7608 – Aluminum tubes and pipes
- 7609 00 00 – Aluminum tube or pipe fittings (for example, couplings, elbows, sleeves)
- 7610 – Aluminium structures (excluding prefabricated buildings of heading 9406) and parts of structures (for example, bridges and bridge-sections, towers, lattice masts, roofs, roofing frameworks, doors and windows and their frames and thresholds for doors, balustrades, pillars and columns); aluminium plates, rods, profiles, tubes and the like, prepared for use in structures

- 7611 00 00 - Aluminium reservoirs, tanks, vats and similar containers, for any material (other than compressed or liquefied gas), of a capacity exceeding 300 litres, whether or not lined or heat-insulated, but not fitted with mechanical or thermal equipment
- 7612 - Aluminium casks, drums, cans, boxes and similar containers (including rigid or collapsible tubular containers), for any material (other than compressed or liquefied gas), of a capacity not exceeding 300 litres, whether or not lined or heat-insulated, but not fitted with mechanical or thermal equipment

- 7614 – Stranded wire, cables, plaited bands and the like, of aluminium, not electrically insulated

- 7616 – Other articles of aluminium

Chemicals

- 2804 10 000 - Hydrogen



Product Scope (Direct and indirect emissions)

Direct and indirect emissions - Change of Definition:

- Direct emissions = “emissions from the production processes of goods, including emissions **from the production of heating and cooling consumed during the production processes, regardless of the location of the production of the heating and cooling.**”
- Indirect emissions = “emissions from the production of electricity, which is consumed during the production processes of goods, **regardless of the location of the production of the consumed electricity.**”

Direct and indirect emissions - Change in reporting:

Transitional Period

Direct + Indirect emissions have to be reported

Post-Transitional Period

If goods listed in Annex 1A :

Direct emissions only

If goods are listed in Annex 1A:

Direct & indirect emissions

CBAM Readiness

Transitional Period (October 2023 to end of 2025)

Reporting Obligations



Quarterly reports (1/3)

Data:

- ▶ The total quantity of each type of goods, specified **per installation producing the goods** in the country of origin.
- ▶ The **actual total embedded emissions** per ton of each type of goods.
- ▶ The **actual total embedded indirect emissions** (emission from 3rd party sourced electricity).
- ▶ The **carbon price paid in a country of origin for the embedded emissions in the imported goods.**

The CBAM declarant shall ensure that the total embedded emissions declared in the CBAM declaration are substantiated.

First Quarterly Report due no later than end of January 2024

Quarterly Reports (2/3)

Reporting Obligation:

	Established in MS	Not Established in MS
Own name/account	Importer is responsible for reporting obligations	N/A
Direct Representation	Importer is responsible for reporting obligations	N/A
Indirect Representation	Indirect customs representative is only responsible for reporting obligations, if explicitly agreed	Indirect customs representative is responsible for reporting obligations

Failure to submit quarterly reports is subject to **penalties** (even during transitional period).

Penalties shall be between EUR 10 and EUR 50 for each tonne of unreported embedded emissions and shall increase in accordance with the EU index of consumer prices. Other factors may increase the amount.

A close-up photograph of a hand holding a black pen, writing on a 'DAILY REPORT' form. The form has a grid layout with various columns and rows. The background is dark and out of focus.

Quarterly reports (3/3)

Incomplete or incorrect CBAM report

► Initiating the procedure for corrections:

1. Commission communicates to the competent authority of the Member State (in which the customs declaration has been lodged) that the CBAM report is incomplete or incorrect
2. The competent authority notifies the importer that additional data and information is needed for the correction of that report.
3. The importer submits the corrected report to the authority and to the Commission

MS may impose an *'effective, proportionate and dissuasive'* penalty on the importer.

Record Keeping



The record keeping provisions do not seem to apply during the transitional period. Nevertheless, as the authorities are entitled to ask for the underlying documentation of the figures in the quarterly reports, we recommend 'CBAM-importers' to keep records about:

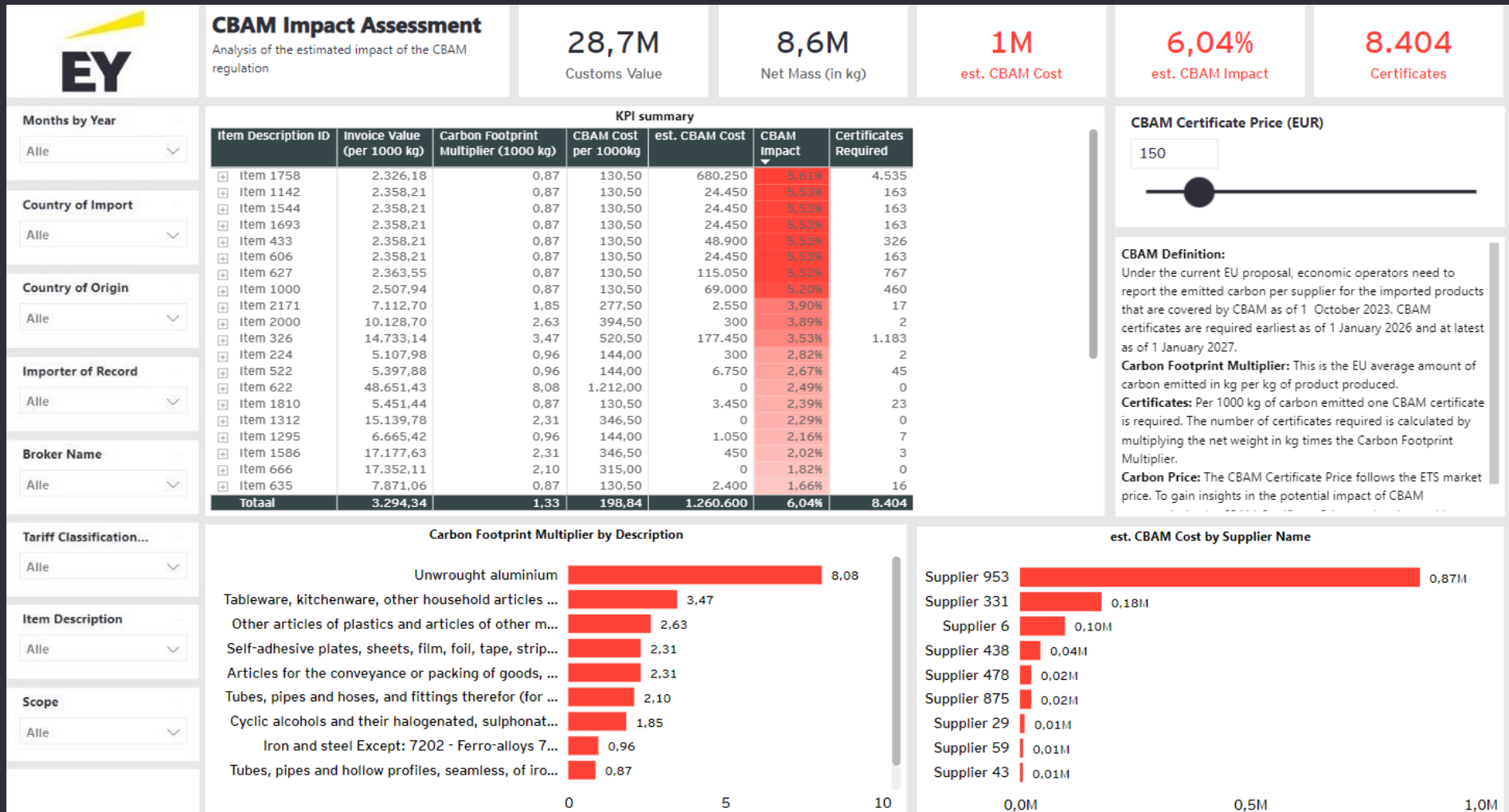
- ▶ The total quantity of each type of goods, specified **per installation producing the goods** in the country of origin.
- ▶ The **actual total embedded emissions** per ton of each type of goods.
- ▶ The **actual total embedded indirect emissions** (emission from 3rd party sourced electricity).
- ▶ The **carbon price paid in a country of origin for the embedded emissions in the imported goods.**

Data Gap Analysis

Available information

- ▶ What information is already available?
- ▶ **Internal** vs. **External** Data sources
 - ▶ ERP Systems
 - ▶ Customs data (e.g., brokers, authorities, ERP)
 - ▶ Suppliers
 - ▶ CBAM Registry (as of 1 January 2026)

Data Analytics Tool



CBAM Elements for Quarterly Reporting

- ▶ The reporting declarant shall include the information and follow the CBAM report structure listed below, when submitting the CBAM report.
 - ▶ The reporting declarant shall fill in the fields marked as mandatory (marked as 'M') for completing the CBAM report.
 - ▶ Optional fields (marked as 'O') can be filled in by the reporting declarant to ensure greater transparency of the data reported.
 - ▶ Conditional fields (marked as 'C') must be filled in by the reporting declarant if certain conditions are met.

CBAM Elements Quarterly Report

CBAM Report Structure 1/5

CBAM Report

- ▶ Report issue date (M)
- ▶ Draft report ID (M)
- ▶ Report ID (M)
- ▶ Reporting Period (M)
- ▶ Year (M)
- ▶ Total goods imported (M)
- ▶ Total emissions (M)

National competent authority (M)

- ▶ Reference number (M)
- ▶ Signatures (M)
 - ▶ Report confirmation (M)
 - ▶ Report global data confirmation (M)
 - ▶ Date and Place of signature (M)
 - ▶ Signature (M)
 - ▶ Name and position of person signing (M)
- ▶ Type of applicable reporting rules confirmation (C)
 - ▶ Other applicable reporting rules confirmation (M)

QR Declarant (M)

- ▶ Identification number (M)
- ▶ Name (M)
- ▶ Role (M)
- ▶ Address (M)
 - ▶ Country of establishment (M)
 - ▶ Sub-division (O)
 - ▶ City (M)
 - ▶ Street (O)
 - ▶ Street additional line (O)
 - ▶ Number (O)
 - ▶ Postcode (C)
 - ▶ P.O. Box (O)

Remarks (C)

- ▶ Additional information (M)

Importer (C)

- ▶ Identification number (M)
- ▶ Name (M)
- ▶ Address (M)
 - ▶ Country of establishment (M)
 - ▶ Sub-division (O)
 - ▶ City (M)
 - ▶ Street (O)
 - ▶ Street additional line (O)
 - ▶ Number (O)
 - ▶ Postcode (C)
 - ▶ P.O. Box (O)

CBAM Elements Quarterly Report

CBAM Report Structure 2/5

CBAM goods imported (M)

- ▶ Goods item number (M)

Commodity code (M)

- ▶ Harmonized System sub-heading code (M)
- ▶ Combined nomenclature code (M)
- ▶ Commodity Details (M)
 - ▶ Description of goods (M)

Country of Origin (M)

- ▶ Country code (M)

Remarks (O)

- ▶ Additional information (M)

Imported qty. per customs procedure (M)

- ▶ Sequence number (M)
- ▶ Procedure (M)
 - ▶ Requested procedure (M)
 - ▶ Previous Procedure(O)
- ▶ Area of import (O)
 - ▶ Area of import (M)
- ▶ Goods measure (per procedure) (M)
 - ▶ Net mass (C)
 - ▶ Supplementary units (C)
 - ▶ Type of measurement (M)
- ▶ Special references for goods (O)
 - ▶ Additional information (M)

Goods properties parameters (O)

- ▶ Sequence number (M)
- ▶ Parameter ID (M)
- ▶ Parameter name (M)
- ▶ Description (O)
- ▶ Type of parameter value (M)
- ▶ Parameter value (M)
- ▶ Additional Information (O)
- ▶ TARIC Code (O)
- ▶ CUS code (O)

Goods measure (imported) (M)

- ▶ Net mass (C)
- ▶ Supplementary units (C)
- ▶ Type of measurement unit (M)

Goods imported total emissions (M)

- ▶ Good overall emissions (M)
- ▶ Good direct emissions (M)
- ▶ Good indirect emissions (M)
- ▶ Type of measurement unit for emissions (M)

Supporting Docs (for Goods) (O)

- ▶ Sequence number (M)
- ▶ Type (M)
- ▶ Country of document issuance (O)
- ▶ Reference number (M)
- ▶ Document line item number (O)
- ▶ Issuing authority name (O)
- ▶ Validity start date (O)
- ▶ Validity end date (O)
- ▶ Description (O)
- ▶ Attachments (O)
 - ▶ Filename (M)
 - ▶ URI (O)
 - ▶ MIME (M)
 - ▶ Included binary object (M)

CBAM Elements Quarterly Report

CBAM Report Structure 3/5

CBAM Goods Emissions (M)

- ▶ Emissions sequence number (M)
- ▶ Country of production (M)

Installation Operator (O)

- ▶ Operator ID (M)
- ▶ Operator Name (M)
- ▶ Address (M)
 - ▶ Country code (M)
 - ▶ Sub-division (O)
 - ▶ City (M)
 - ▶ Street (O)
 - ▶ Street additional line (O)
 - ▶ Number (O)
 - ▶ Postcode (C)
 - ▶ P.O. Box (O)
- ▶ Contact Details (M)
 - ▶ Name (M)
 - ▶ Phone number (M)
 - ▶ e-mail (M)

Installation (O)

- ▶ Installation ID (M)
- ▶ Installation name (M)
- ▶ Economic activity (O)
- ▶ Address (M)
 - ▶ Country of establishment (M)
 - ▶ Sub-division (O)
 - ▶ City (O)
 - ▶ Street (O)
 - ▶ Street additional line (O)
 - ▶ Number (O)
 - ▶ Postcode (C)
 - ▶ P.O. Box (O)
 - ▶ Plot or parcel number (O)
 - ▶ UNLOCODE (O)
 - ▶ Latitude (O)
 - ▶ Longitude (O)
 - ▶ Type of coordinates (O)

Goods measure (Produced) (M)

- ▶ Net Mass (C)
- ▶ Supplementary Units (C)
- ▶ Type of Measurement Unit (M)

Installation emissions (M)

- ▶ Installation overall emissions (M)
- ▶ Installation direct emissions (M)
- ▶ Installation indirect emissions (M)
- ▶ Type of measurement unit for emissions (M)

Direct Embedded Emissions (M)

- ▶ Type of determination (M)
- ▶ Type of applicable reporting rules (M)
- ▶ Applicable reporting rules (C)
- ▶ Specific (direct) embedded emissions (M)
- ▶ Type of measurement unit (M)

CBAM Elements Quarterly Report

CBAM Report Structure 4/5

Indirect Embedded Emissions (M)

- ▶ Type of determination (M)
- ▶ Specific (indirect) embedded emissions (M)
- ▶ Type of measurement unit (M)
- ▶ Electricity consumed (M)
- ▶ Emission factor (M)
- ▶ Source of emission factor (M)
- ▶ Other source indication (C)
- ▶ Source of electricity (M)

Production method & Qualifying parameters) (M)

- ▶ Sequence number (M)
- ▶ Method ID (M)
- ▶ Method name (M)
- ▶ Additional Information (O)
- ▶ **Direct Emissions qualifying parameters (O)**
 - ▶ Sequence number (M)
 - ▶ Type of determination (M)
 - ▶ Parameter ID (M)
 - ▶ Parameter name (M)
 - ▶ Description (O)
 - ▶ Type of parameter value (M)
 - ▶ Parameter value (M)
 - ▶ Additional information (O)
- ▶ **Indirect Emissions qualifying parameters (C)**
 - ▶ Sequence number (M)
 - ▶ Type of determination (M)
 - ▶ Parameter ID (M)
 - ▶ Parameter name (M)
 - ▶ Description (O)
 - ▶ Type of parameter value (M)
 - ▶ Parameter value (M)
 - ▶ Additional information (O)

Supporting Documents (for emissions definition) (O)

- ▶ Sequence number (M)
- ▶ Type of emissions document (M)
- ▶ Country of document issuance (O)
- ▶ Reference number (M)
- ▶ Document line item number (O)
- ▶ Issuing authority name (O)
- ▶ Validity start date (O)
- ▶ Validity end date (O)
- ▶ Description (O)
- ▶ **Attachments (O)**
 - ▶ Filename (M)
 - ▶ URI (C)
 - ▶ MIME (M)
 - ▶ Included binary object (M)

CBAM Elements Quarterly Report

CBAM Report Structure 5/5

Carbon Price Already Paid (C)

- ▶ Sequence number (M)
- ▶ Type of instrument (M)
- ▶ Instrument reference description (M)
- ▶ Declared amount (M)
- ▶ Currency (M)
- ▶ Exchange rate (M)
- ▶ Amount (EURO) (M)
- ▶ Country code (M)

Remarks (C)

- ▶ Sequence number (M)
- ▶ Additional Information (M)

Products covered under price paid (M)

- ▶ Sequence number (M)
- ▶ Type of product covered (M)
- ▶ CN of product covered (C)
- ▶ Quantity of emissions covered (M)
- ▶ Quantity covered by free allocation (M)
- ▶ Supplementary information (O)
- ▶ Additional information (C)
- ▶ Goods measure (Covered) (O)
 - ▶ Net mass (C)
 - ▶ Supplementary units (C)
 - ▶ Type of measurement unit (M)

CBAM Data Requirements complement for Inward Processing

Data requirements from Customs after IP bill of discharge 1/2

- ▶ The reporting declarant shall include the information and follow the CBAM report structure listed below, when submitting the CBAM report for inward processing.
 - ▶ The reporting declarant shall fill in the fields marked as mandatory (marked as 'M'), when submitting the CBAM report.
 - ▶ Optional fields (marked as 'O') can be filled in by the reporting declarant to ensure greater transparency of the data reported.
 - ▶ Conditional fields (marked as 'C') must be filled in by the reporting declarant if certain conditions are met.

CBAM Data Requirements complement for Inward Processing

Data requirements from Customs after IP bill of discharge 2/2

Data requirements

- ▶ Issuing country (M)
- ▶ Data record reference (M)
- ▶ Data record version number (M)
- ▶ Data record version status (M)
- ▶ Reporting Period Start Date (M)
- ▶ Reporting Period End Date (M)
- ▶ SCO (for IP) (C)
- ▶ Authorization for IP reference number (M)
- ▶ Importer identification number/Authorization Holder for IP (M)
- ▶ Importer country (M)
- ▶ Goods item identifier (seq. no) (M)
- ▶ Harmonised system sub-heading code (M)
- ▶ Combined nomenclature code (M)
- ▶ Description of goods (M)
- ▶ Requested procedure code (M)
- ▶ Previous procedure code (M)
- ▶ Country of origin code (M)
- ▶ Country of destination code (M)
- ▶ Country of dispatch (M)
- ▶ Net mass (M)
- ▶ Statistical value (M)
- ▶ Net mass of the actual product used in processed products released for free circulation (C)
- ▶ Net mass as actual products released on the same commodity code for free circulation (C)
- ▶ Supplementary units (C)
- ▶ Representative identification number and status - Optional (O)
- ▶ Mode of transport at the border - Optional (O)

Example of retrieving information

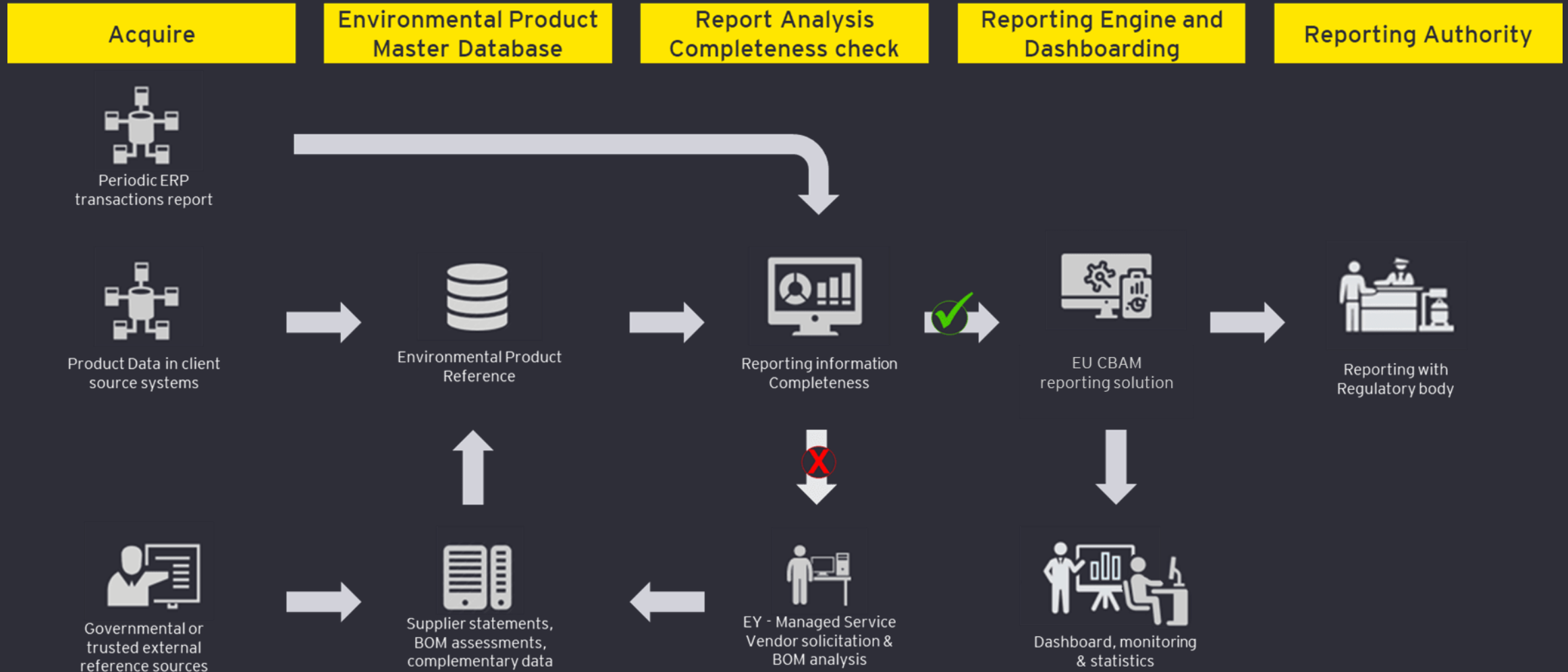
- CBAM goods imported (M)
- Commodity code (M)
- Country of Origin (M)
- Imported qty. per customs procedure (M)

▶ Data should be obtained from either an ERP system, from the Customs Authorities, or brokers

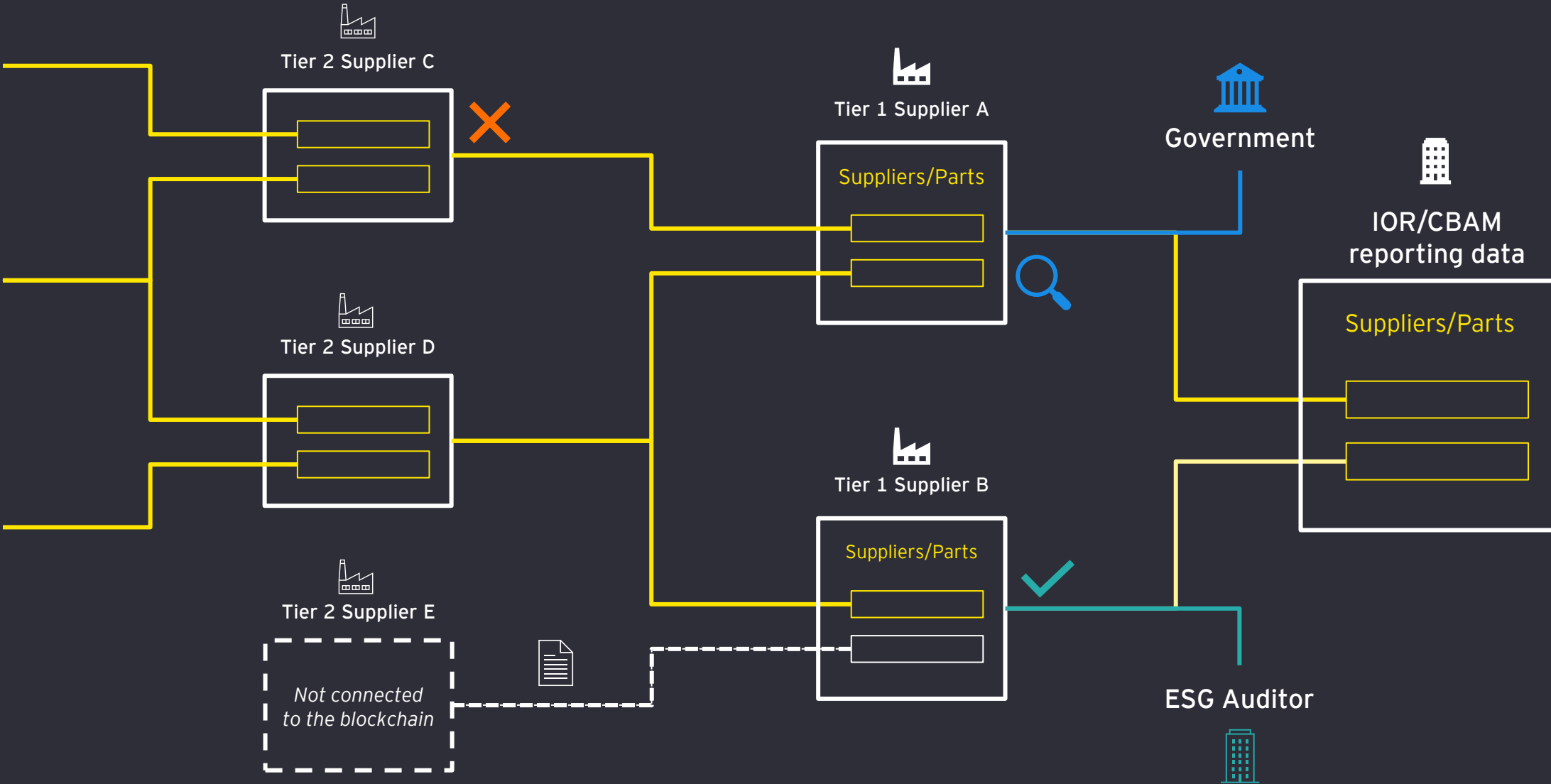
- CBAM Goods Emissions (M)
- Installation Operator (O)
- Installation (O)
- Goods measure (Produced) (M)
- Installation emissions (M)
- Direct Embedded Emissions (M)

▶ Data should be obtained from the supplier

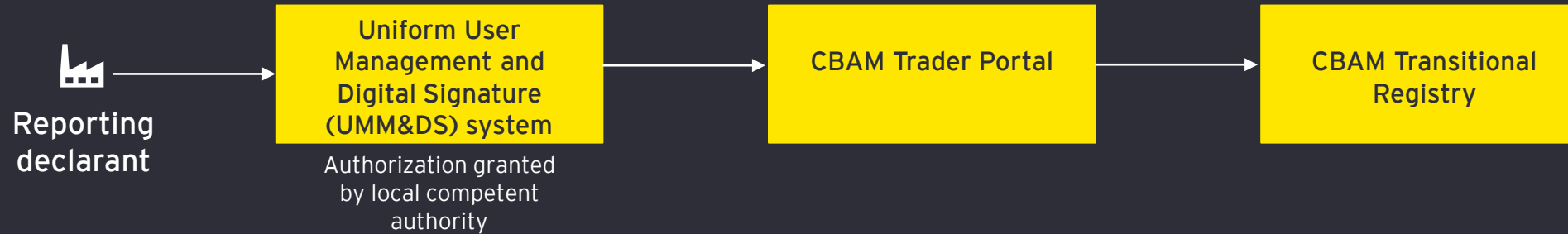
EY operating model and technology to support CBAM data collection: Vendor solicitation for CBAM as a Managed Service



Collecting CBAM declaration data - Vendor Solicitation on the EY blockchain



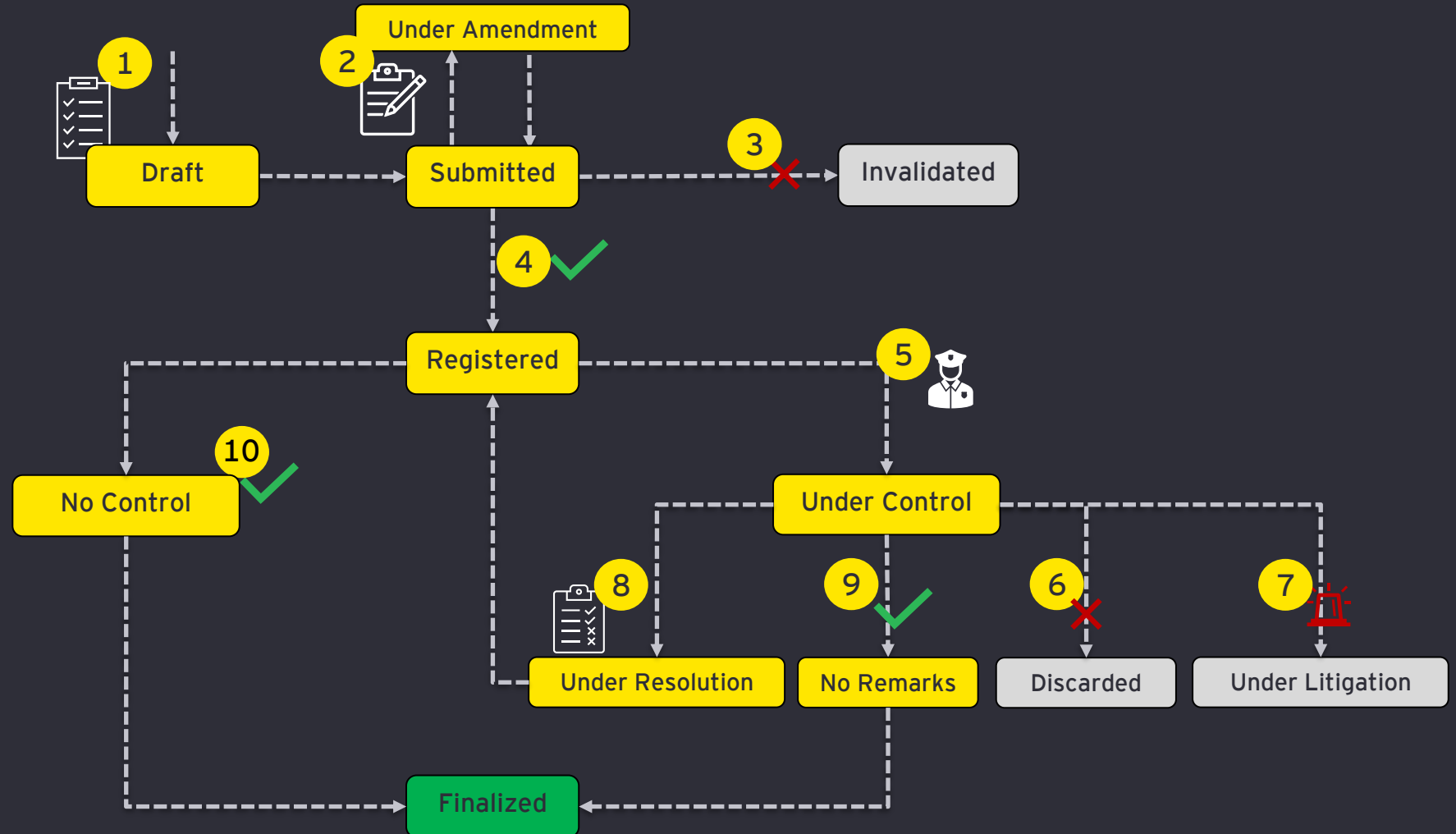
Access Management for CBAM



- ▶ CBAM Importers will be identified using their EORI number and authorized by the local competent authorities via the UMM&DS system.
- ▶ The UUM&DS system will be the platform enabling access to CBAM central platform.
- ▶ Member States should decide if Member State Customs or other Competent Authorities will manage the accounts and authorizations for CBAM using the existing federation scheme or registering centrally the user accounts and manage the authorizations.
- ▶ Member States will appoint competent authorities for CBAM purposes which could be Customs National Authorities.

CBAM Reporting High Level Overview

1. Enter/Upload XML report data in UI, which will be validated.
2. After the draft submission was successfully validated, amendments can be made, and subsequently submitted for review.
3. If the submitted report does not meet the requirements, it will be invalidated.
4. After closure of the reporting window and expiration of timer, the report is registered.
5. The competent authorities can choose to inspect the submitted report.
6. After inspection, the competent authorities can discard the report.
7. Should the competent authorities have major remarks, the report will be under litigation.
8. The competent authorities can decide to request for an amendment of the report, after which the report will have to be re-submitted.
9. If after inspecting the competent authorities have no remarks, the report is finalized.
10. If the submitted report is not subject to an inspection, it is finalized.



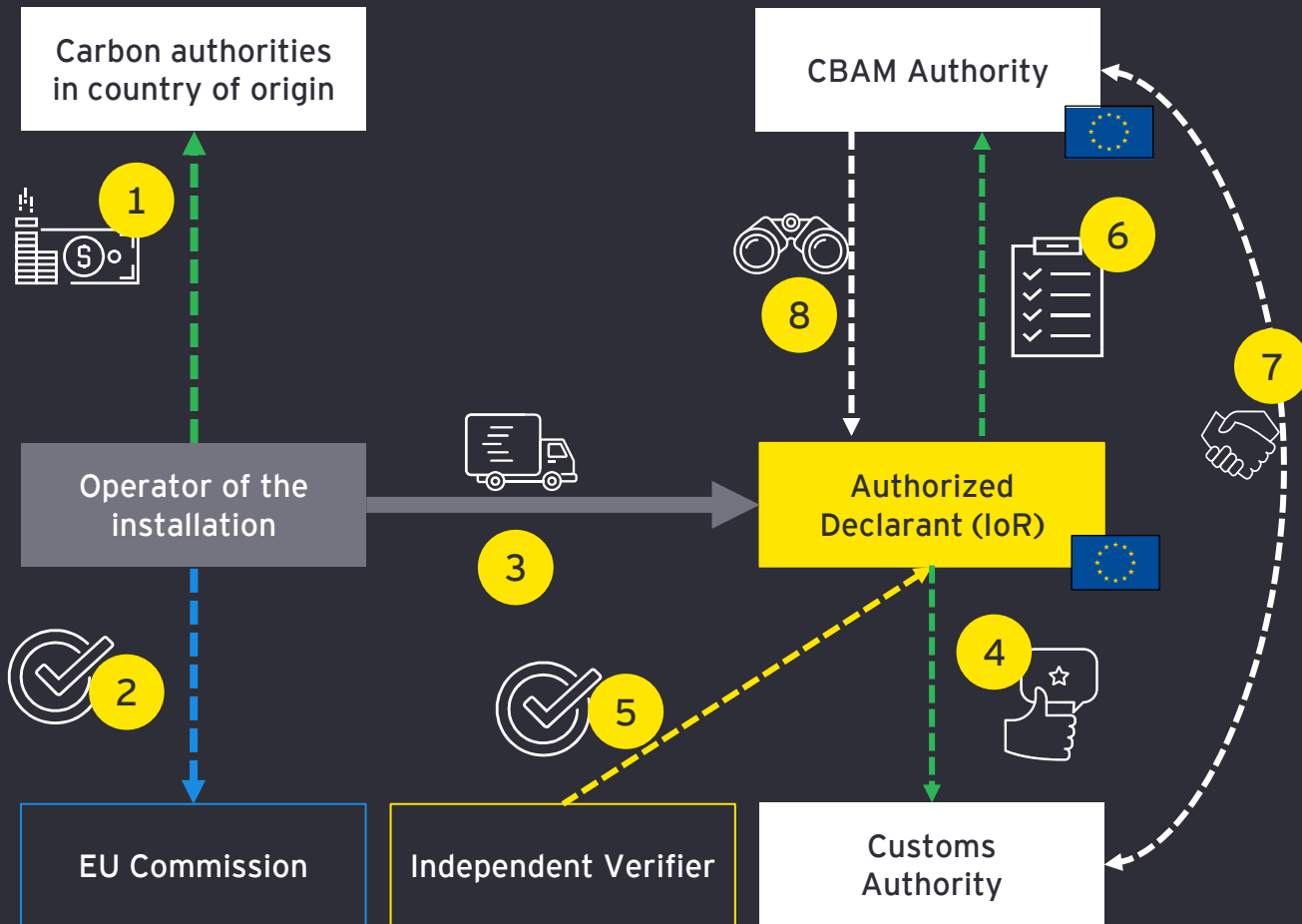
CBAM Reporting

- ▶ The reporting declarant may modify a submitted CBAM report until two months after the end of the relevant reporting quarter.
- ▶ For the first two reporting periods, the CBAM report may be modified until the submission deadline for the third CBAM report.

Post Transitional Period (January 2026 and onwards)

Simplified outline on CBAM customs mechanism

Simplified outline of the CBAM procedure (2026)



- ▶ Carbon price paid in the origin country.
- ▶ Registration with EU Commission (optional).
- ▶ EU Import of CBAM listed goods.
- ▶ Authorized Declarant identifies towards customs authority.
- ▶ Independent Verifier to verify embedded emissions and carbon payments in country of origin which declared in CBAM declaration.
- ▶ Authorized Declarant :
 - ▶ Gathers emission data (from supplier, EU-Commission or benchmarks);
 - ▶ Previously registers and annually submits CBAM declaration;
 - ▶ Acquires CBAM certificates.
- ▶ Periodically exchange of information about imported goods.
- ▶ CBAM authority controls Authorized Declarant.

Reportings



Annual reportings (CBAM declarations):

- ▶ The total quantity of each type of goods (in tons).
- ▶ The **actual verified total direct and (for other than Annex IA goods) indirect embedded emissions** per ton of each type of goods.*
- ▶ Total number of CBAM certificates corresponding to the total embedded emissions after reduction of the **carbon price due in a country of origin for the embedded emissions in the imported goods.**

Failure to submit CBAM reports is subject to **penalties.**

** Or country based/worst case default values.*



CBAM Declarant

- ▶ Importation of goods only authorized for **CBAM declarant**.
 - ▶ Applicant would require an authorization, also in case it would use a direct customs representative.
 - ▶ Would be different if an indirect representation is appointed. In that case the application for this status shall be submitted by an indirect customs representative
 - ▶ Similar for the importers not established in Member State
- ▶ Criterion:
 - Applicant has not been involved in serious or repeated infringement of customs legislation, taxation rules and, market abuse rules
 - The applicant demonstrates its financial and operational capacity to fulfil its obligations under this Regulation.
 - The applicant is established in a Member State
 - The applicant has been assigned an EORI number

It shall be noted that rules regarding application for authorisation will enter into force on 31 December 2024.

Record Keeping

The authorized CBAM declarant shall keep records of the information required to calculate the embedded emissions.

Those records shall be sufficiently detailed to:

1. Enable verifiers to verify the embedded emissions and
2. To enable the competent authority to review the CBAM declaration

The authorised CBAM declarant shall keep those records of information, including the report of the verifier, **until the end of the fourth year after the year in which the CBAM declaration has been or should have been submitted**

Registration of operators and installations in third countries (1/2)



Request for registration should contain:

- the name, address and contact details of the operator;
- the location of each installation including the complete address and geographical coordinates expressed in longitude and latitude including 6 decimals;
- the main economic activity of the installation



Registration is valid for a period of **five years** from the date of the Commission's notification to the operator of the installation

Deregistration:

- Operator may, at any time, ask to be deregistered from the database.
- The Commission may also deregister the information if it finds the information is no longer being accurate



Registration of operators and installations in third countries (2/2)

Operator's Responsibilities:

- 1 Determine the embedded emissions calculated EUR per site
- 2 Ensure that the embedded emissions referred to in point 1 are verified in accordance with the verification principles)
- 3 Keep a copy of
 - the verifier's verification report
 - Detailed records of the information required to calculate the embedded emissions in goods for a period of four years after the verification has been performed.

3 CBAM certificates

CBAM Certificates - Key elements

Purpose	The payment of CBAM charges will be facilitated through the purchase and surrender of CBAM certificates upon final implementation
Format	Means and format for the reporting will be included in the implementing act
Value	One certificate corresponds to one tonne of embedded emissions in goods
Price	The Commission is to calculate and publish that average price on a weekly basis (as opposed to EU ETS allowances subject to daily auctioning)

CBAM Certificates – Sales, Re-Purchases and Cancellations

Sale

- ▶ Member States shall sell CBAM certificates
 - ▶ To **authorized CBAM declarants** established in their Member State.
 - ▶ At the price calculated based on the **average of the closing prices of EU ETS allowances** on the common auction platform (average price shall be published by the Commission on its website)

Re-purchase

- ▶ **On request by an authorized CBAM declarant**, excess CBAM certificates remaining on the account of the declarant in the CBAM registry after the certificates have been surrendered shall be re-purchased by the Member State where the authorized CBAM declarant is established.
- ▶ The number of certificates subject to re-purchase shall be limited to **one third of the total number of CBAM certificates purchased** by the authorized CBAM declarant during the previous calendar year.

Cancellation

CBAM Authority will cancel by 30 June all CBAM certificates purchased during the previous calendar year that remained in the account of each declarant.

For the sale and re-purchase of CBAM certificates a common central platform should be established.



Surrender of CBAM Certificates

'Surrender' means offsetting of CBAM certificates against the declared embedded emissions in imported goods or against the embedded emissions in imported goods that should have been declared.

By 31 May of each year, the authorized CBAM declarant shall surrender the CBAM registry a number of CBAM certificates that corresponds to the embedded emissions declared.

Quarterly check: the authorized declarant shall ensure that the number of CBAM certificates on its account in the national registry at the end of each quarter corresponds **to at least 80 per cent of the embedded emissions**.

Less than 80 per cent? The competent authority shall notify the authorised CBAM declarant of the need to ensure a sufficient number of CBAM certificates in its account within one month.



Risk Assessment

Risk Based controls:

The Commission shall carry out **risk-based controls** on the **data** and **the transactions** recorded in the CBAM registry, to ensure that there are no irregularities in the following activities:

- purchase,
- holding,
- surrender,
- repurchase and
- cancellation of CBAM certificates

Circumventions

■ Definition of 'Practices of circumvention':

- a change in the pattern of trade in goods,
- which stems from a practice, process or work,
- for which there is insufficient due cause or economic justification other than avoiding, wholly or partially, any of the obligations laid down in the Regulation.

■ **Examples of such practices:**

- slight modification of goods to change Combined Nomenclature classification
- artificial split of shipments to benefit from CBAM exceptions described above.

■ **Notification :**

A Member State may notify the Commission if it is confronted with practices of circumvention

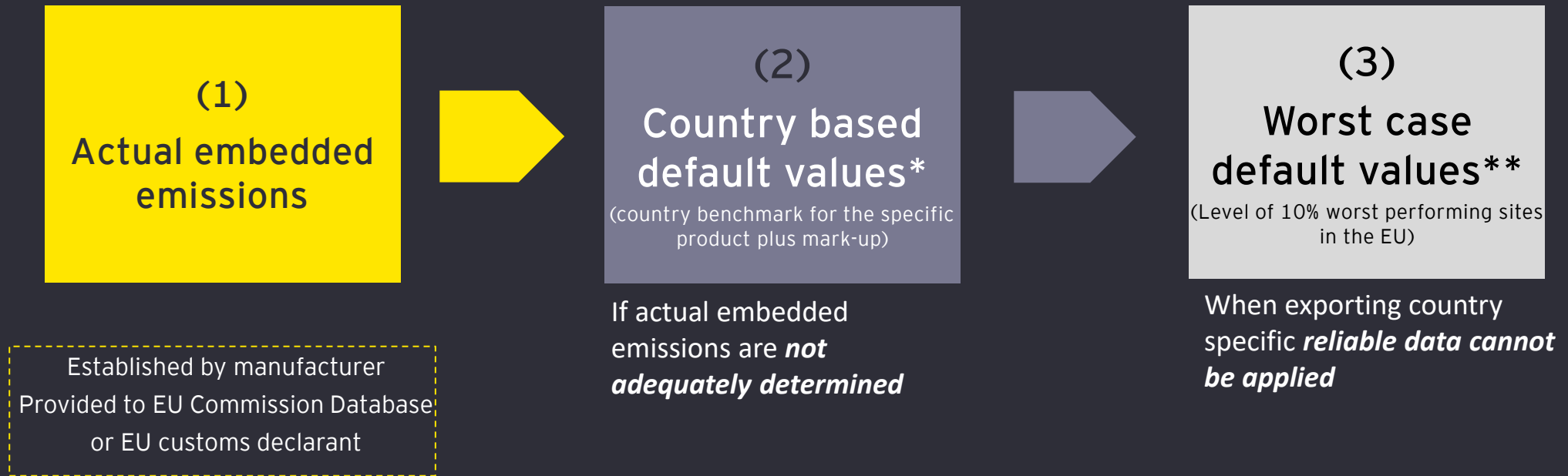
■ **Timeline:**

The Commission shall conclude the investigation within **9 months** from the date of notification

4

Calculation of emissions

Calculation of embedded emissions (1/3)



* To ensure environmental integrity of CBAM

** X = determined in Implementing Acts

Calculation of embedded emissions (2/3)

Actual embedded emissions
(1)

Established by manufacturer
Provided to EU Commission Database,
or EU customs declarant

Calculation of specific embedded emissions Simple goods:

Goods produced in a production process requiring exclusively input materials and fuels having zero embedded emissions.

$$SEE_g = \frac{AttrEm_g}{AL_g}$$

- ▶ SEE = specific embedded emissions
- ▶ AttrEM = attributed emissions of installation (direct + indirect emissions) expressed in tonnes of CO2
- ▶ AL = activity level: amount/quantity produced during rep period

Calculation of embedded emissions (3/3)

Actual embedded emissions
(1)

Established by manufacturer
Provided to EU Commission Database
or EU customs declarant

Complex goods:

Goods other than simple goods

$$SEE_g = \frac{AttrEm_g + EE_{InpMat}}{AL_g}$$

- ▶ SEE = specific embedded emissions
- ▶ AttrEM = attributed emissions of installation (direct + indirect emissions) expressed in tonnes of CO2
- ▶ EEInpMat = embedded emissions input materials (precursors) used in production expressed in tonnes of CO2
- ▶ AL = activity level: amount/quantity produced during rep period

Calculation of indirect emissions

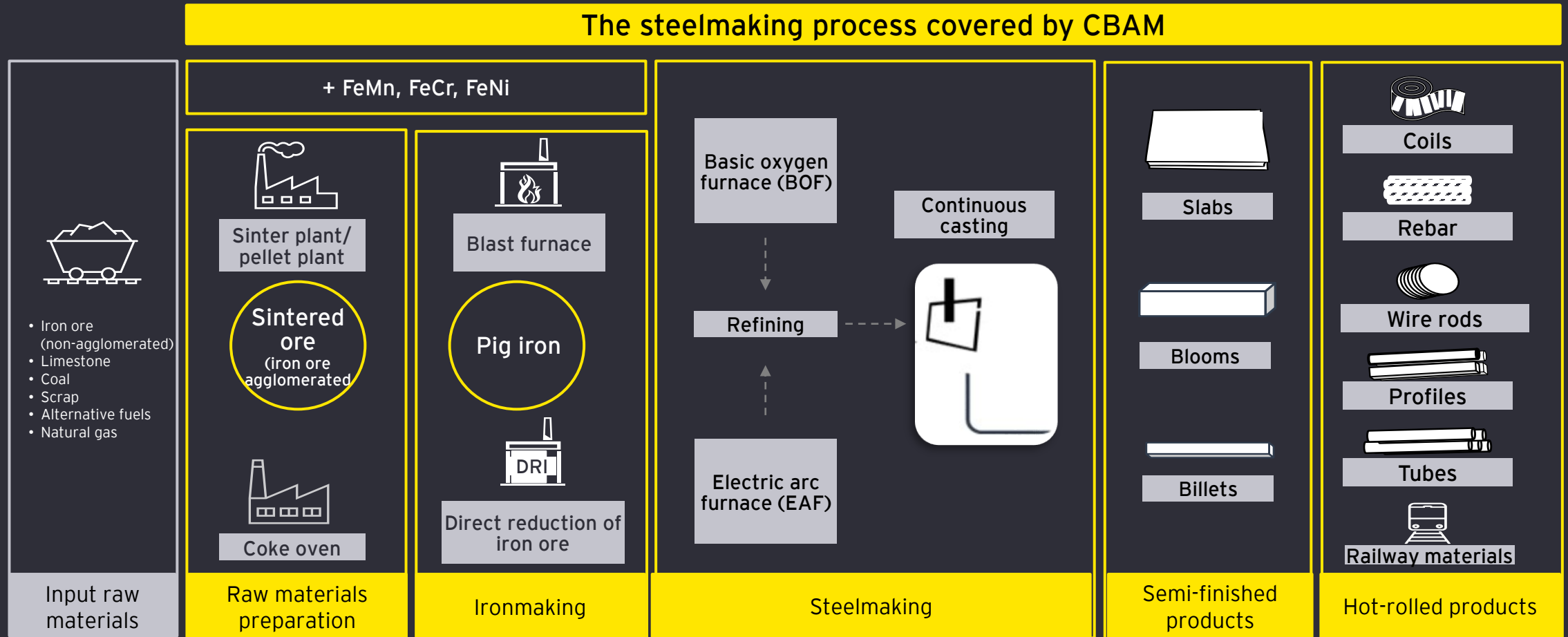
Default values for
embedded indirect
emission

Default values for the Indirect emissions embedded in a good produced in a third country shall be determined on a default value calculated on the average of either :

- the emission factor of the EU electricity grid; or
- the emission factor of the country of origin electricity grid; or
- the CO2 emission factor of price-setting sources in the country of origin, of the electricity used for the production of this good

The steelmaking process covered by CBAM

- ▶ Commission Implementing Regulation on monitoring, calculating and reporting embedded emissions by operators of installations includes mapping of CN codes to aggregated goods categories for the purpose of defining system boundaries of production processes for emissions determination.
- ▶ In respect of the Iron and Steel category CBAM does not cover input raw materials such as natural gas, scrap or coal.



Production routes for goods - Example of pig iron

Step 1 - Select the aggregated goods category

CN Code	Aggregated goods category	Greenhouse gas
7201 - Pig iron and spiegeleisen in pigs, blocks or other primary Forms <i>Some products under 7205 (Granules and powders, of pig iron, spiegeleisen, iron or steel) may be covered here</i>	Pig Iron	Carbon dioxide

Production routes for goods - Example of pig iron

Step 2 - Production route

- **Blast furnace route**

*For that production route, **direct emissions** monitoring shall encompass:*

- CO₂ from fuels and reducing agents such as coke, coke dust, coal, fuel oils, plastic wastes, natural gas, wood wastes, charcoal, as well as from waste gases such as coke oven gas, blast furnace gas or converter gas.
- Where biomass is used, the provisions of Section B.3.3 of Annex III are to be taken into account;
- CO₂ from process materials such as limestone, magnesite and other carbonates, carbonatic ores; materials for flue gas cleaning;
- Carbon remaining in the product or in slags or wastes is taken into account by using a mass balance approach in accordance with Section B.3.2 of Annex III.

Production routes for goods - Example of pig iron

Step 3 - Relevant precursors

- Sintered ore;
- Pig iron or direct reduced iron (DRI) from other installations or production processes, if used in the process;
- FeMn, FeCr, FeNi if used in the process;
- Hydrogen if used in the process.

Carbon price paid in a country of origin

■ Reduction claim

An authorised CBAM declarant may claim in its CBAM declaration a reduction in the number of CBAM certificates to be surrendered.

The reduction may be claimed only if the carbon price has been effectively paid in the country of origin. In such a case, any rebate or other form of compensation available in that country that would have resulted in a reduction of that carbon price shall be taken into account.

■ Records

- ▶ CBAM declarant shall keep records of the documentation required to demonstrate that the declared embedded emissions were subject to a carbon price in the country of origin of the goods
 - ▶ in particular evidence related to available rebates or any other form of compensation

This documentation shall be certified by a person independent from the authorised CBAM declarant and independent from the authorities of the country of origin

Specific Flows

■ Import/Return flows

Where the imported goods are returned goods, the authorized CBAM declarant shall report separately, in the CBAM declaration, 'zero' for the total embedded emissions corresponding to those goods.

■ Processing

If processed products from IPR are imported, the CBAM declarant shall report the emissions embedded in the goods placed under the IPR. Even if process products are not listed in Annex I to this regulation.

This also applies where the processed products resulting from the IPR are returned goods.

5 Future of CBAM


Future of CBAM



Commission shall present prior the end of Transition period, a **report** to the European Parliament and the Council on the application of the Regulation.

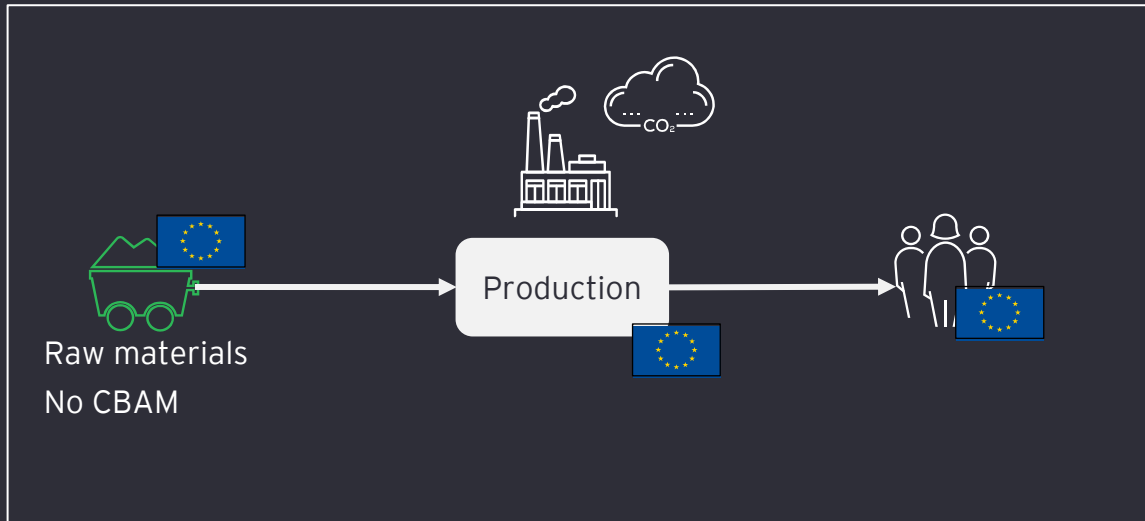
The report shall contain (among other elements) an assessment of:

- the possibility to extend the scope to:
 - i. embedded indirect emissions to the **sectors listed in Annex Ia**;
 - ii. embedded emissions in the **transport of goods** listed in Annex I
 - iii. other goods at risk of carbon leakage than those listed in Annex I specifically organic chemicals and polymers;
 - iv. **other precursor materials** for the goods listed in Annex I
- the **methodology for the calculation of indirect emissions**.

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Sourcing strategy,
roadmap, stakeholder
analysis

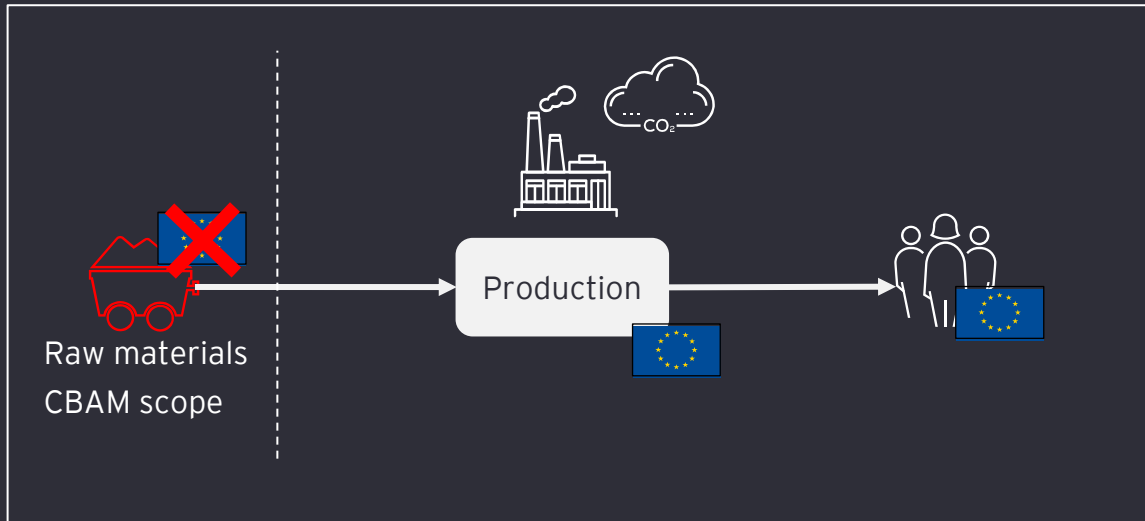
CBAM scenarios and the potential strategic and economic impact




Description	
Raw materials	EU, no CBAM
Production	EU
Customers	EU
Strategic / economic view	
EU ETS impact	Yes
CBAM impact	No*
Compliance impact	No
Competitor comparison Competitor: produces outside the EU for the world market, assumption: finished good is not in scope of CBAM (yet), production in country with lower ETS standards	Disadvantage, as EU producer impacted by EU ETS - but no changes to current state despite rising CO ₂ cost and decrease of free CO ₂ allowances

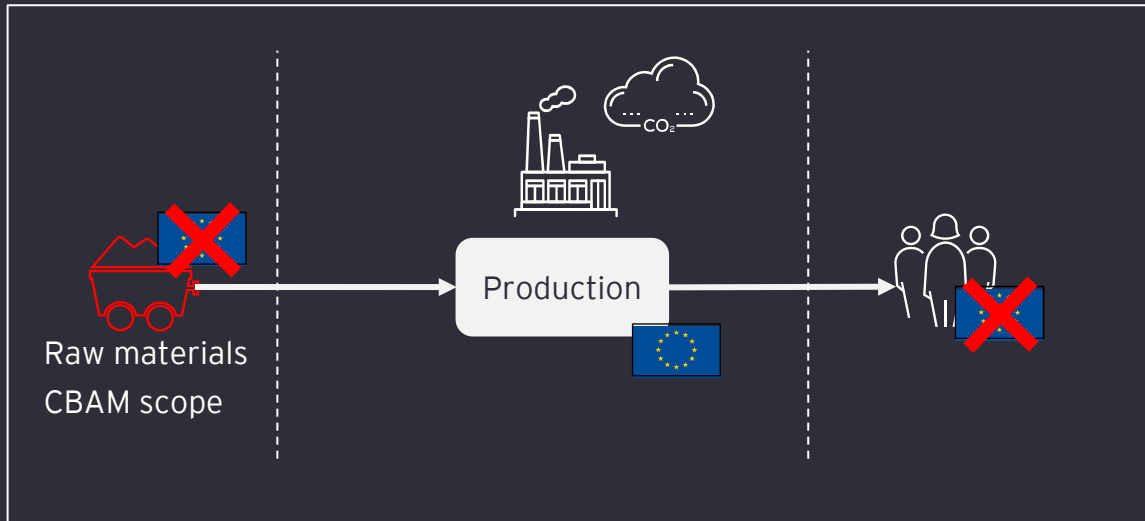
Assumption: purchase of Union goods, i.e. EU free circulation goods)

CBAM scenarios and the potential strategic and economic impact



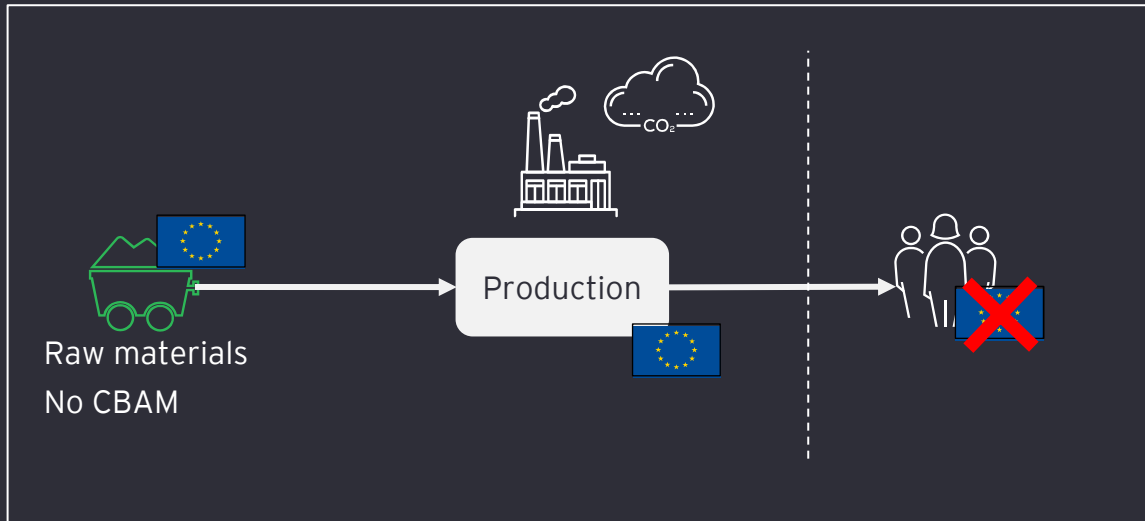
Description	
Raw materials	Non-EU, in scope of CBAM
Production	EU
Customers	EU
Strategic / economic view	
EU ETS impact	Yes
CBAM impact	Yes
Compliance impact	Yes
Competitor comparison Competitor: produces outside the EU for the world market, assumption: finished good is not in scope of CBAM (yet), production in country with lower ETS standards	 Disadvantage, as EU importer impacted by EU ETS and CBAM

CBAM scenarios and the potential strategic and economic impact



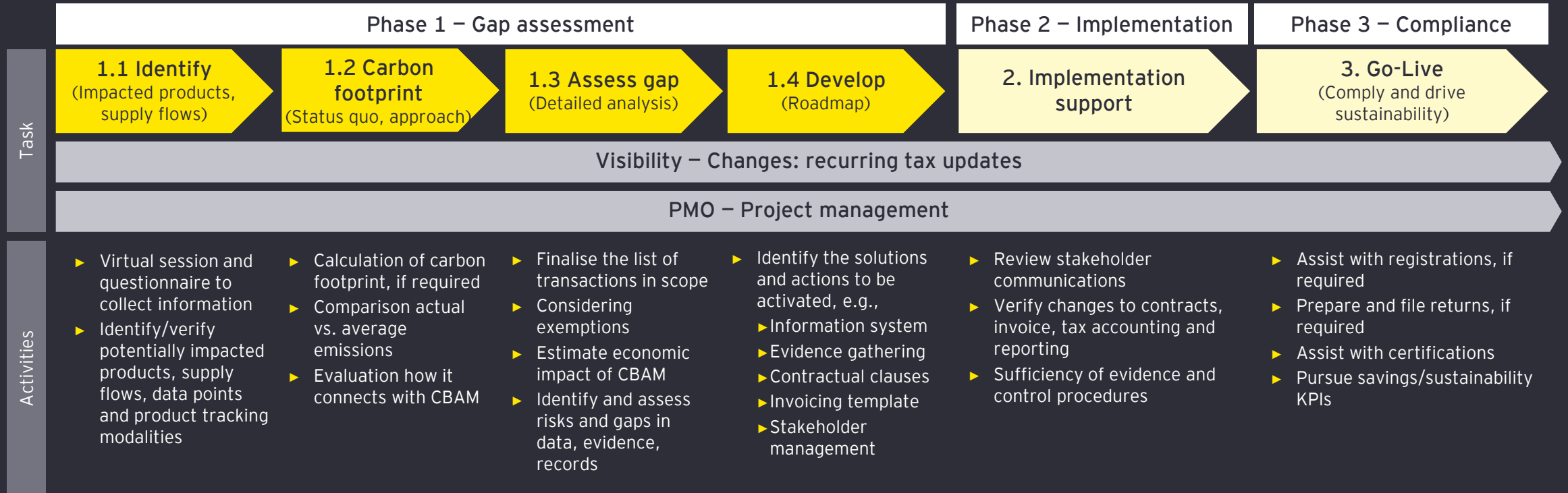
Description	
Raw materials	Non-EU, in scope of CBAM
Production	EU
Customers	Non-EU
Strategic / economic view	
EU ETS impact	Yes
CBAM impact	Yes
Compliance impact	Yes
Competitor comparison Competitor: produces outside the EU for the world market, assumption: finished good is not in scope of CBAM (yet), production in country with lower ETS standards	Disadvantage, as impacted by EU ETS (no refund) and CBAM (no refund)
Mitigation of CBAM Impact	Yes (use of customs procedure Inward processing to keep CBAM dutiable raw materials under customs control)

CBAM scenarios and the potential strategic and economic impact



Description	
Raw materials	EU, no CBAM
Production	EU
Customers	Non-EU
Strategic / economic view	
EU ETS impact	Yes
CBAM impact	No
Compliance impact	No
Competitor comparison Competitor: produces outside the EU for the world market, assumption: finished good is not in scope of CBAM (yet), production in country with lower ETS standards	Disadvantage, as EU producer impacted by EU ETS - but no changes to current state despite rising CO2 cost and decrease of free CO2 allowances

Roadmap



Stakeholder analysis

This overview shows the main information required for **importers** of goods in scope of CBAM. However, businesses who use those goods might be impacted indirectly or at a later stage of CBAM and will require similar information.

	Impacted supply chains	Impacted products and related weights	Embedded emissions in those products	Carbon prices / taxes in country of manufacturing	Current application of ETS
Supplier(s)					
Supply Chain					
Procurement					
Sustainability Team					
Local Tax Team					
Customs Department					
Legal Department					

RASCI

example - made explicit per a corporate structure, business and set-up

Activities (tasks)	Stakeholders								
	Supplier(s)	Manufacturing site (s)	Supply Chain	Procurement	Sustainability Team	Local Tax Team	Customs Department	Legal Department	Etc.
Filing CBAM Report					I	I	R		
Goods in scope of CBAM	S	C	C	S	I		R		
Goods Emissions	C	R	R	S	I		I		
Carbon Targets & Ambition	I	A	A	A	R	I		I	
Access Sourcing options	I		I	R	C			I	
Information Access Terms	I			A	C	I		R	
Etc.									

Responsible - A - Accountable - S - Support - C - Consulted - I - Informed

In General

Considerations



Scope

- ▶ Are my products in scope?
- ▶ Which entities import into which countries?



Data Gap Analysis

- ▶ Do I have sufficient data available?
- ▶ Am I able to obtain the missing data?
- ▶ Which stakeholders are on board?

Best Practices

Deadlines

- ▶ 1 October start of the transitional phase
- ▶ First Quarterly Report due no later than end of January 2024
- ▶ 1 January 2026 start of post-transitional phase

EY Tools

- ▶ EY Data Analytics
- ▶ EY CBAM Compliance Management tool (under development)

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