

CARBON BORDER ADJUSTMENT MECHANISM (CBAM)

PwC



What is CBAM?

Purpose

Currently there are approx. 11.000 manufacturing facilities of the covered raw materials in the EU that are **subject to the European Trading System ('ETS')**. The overarching rationale of the regulation **is to address the risk of 'carbon leakage'**, which could occur if the greenhouse gas ('GHG') emissions reductions achieved within the EU under the EU ETS were to be nullified by covered operators shifting their operations to jurisdictions outside the scope of the EU ETS and/or by EU firms increasing their imports from such jurisdictions.



- Importers of select raw materials into the EU must report and account the carbon emissions embedded in their imports.
- Products: aluminium, cement, hydrogen, electricity, fertilisers, iron and steel.

2023

- Transitional Phase: CBAM becomes operational on 1 October 2023.
- Reporting of emissions of your imports for each supplier, for each type of good, for each quarter.

2026

- Financial Phase: CBAM becomes operational in 2026.
- In addition to the reporting obligations, purchase and surrender of CBAM certificates on an annual basis and data verification.



- Both reporting obligations and the CBAM certificates will affect companies' operating costs.
- The price of the CBAM certificates will be equal to the carbon price set by the EU Emissions Trading System (ETS).
- The price of CBAM certificates will fluctuate and be published by the EU Commission on a weekly basis.

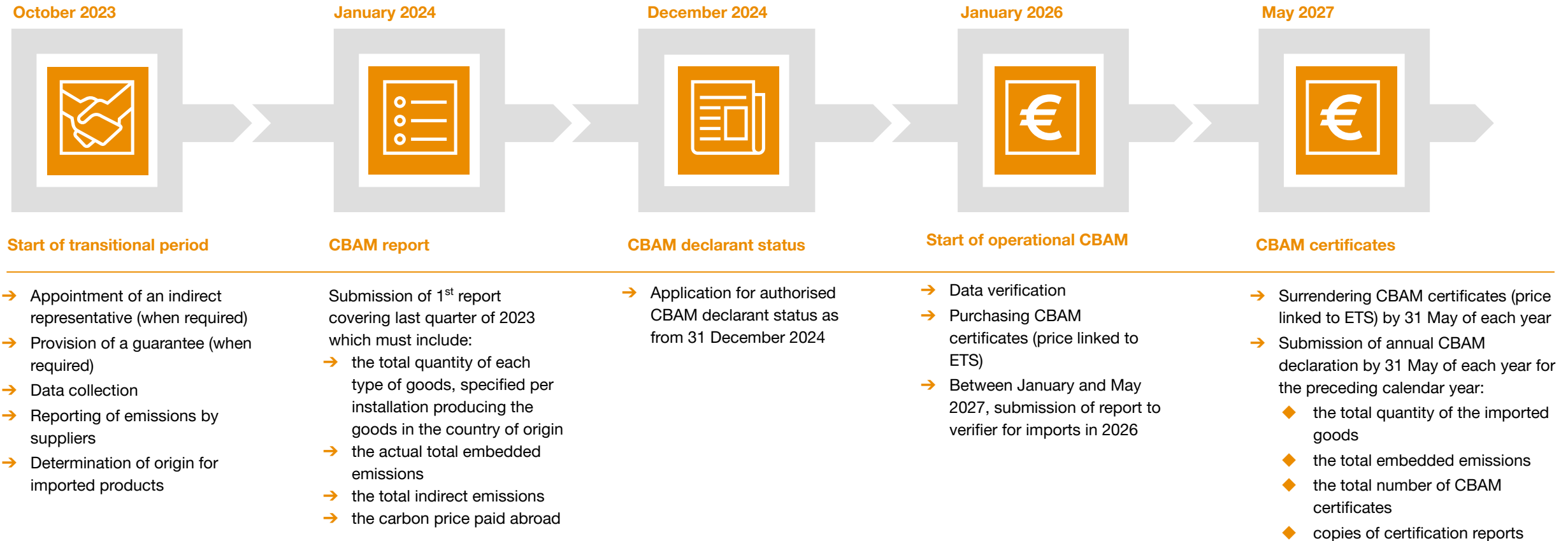
Risk

Time

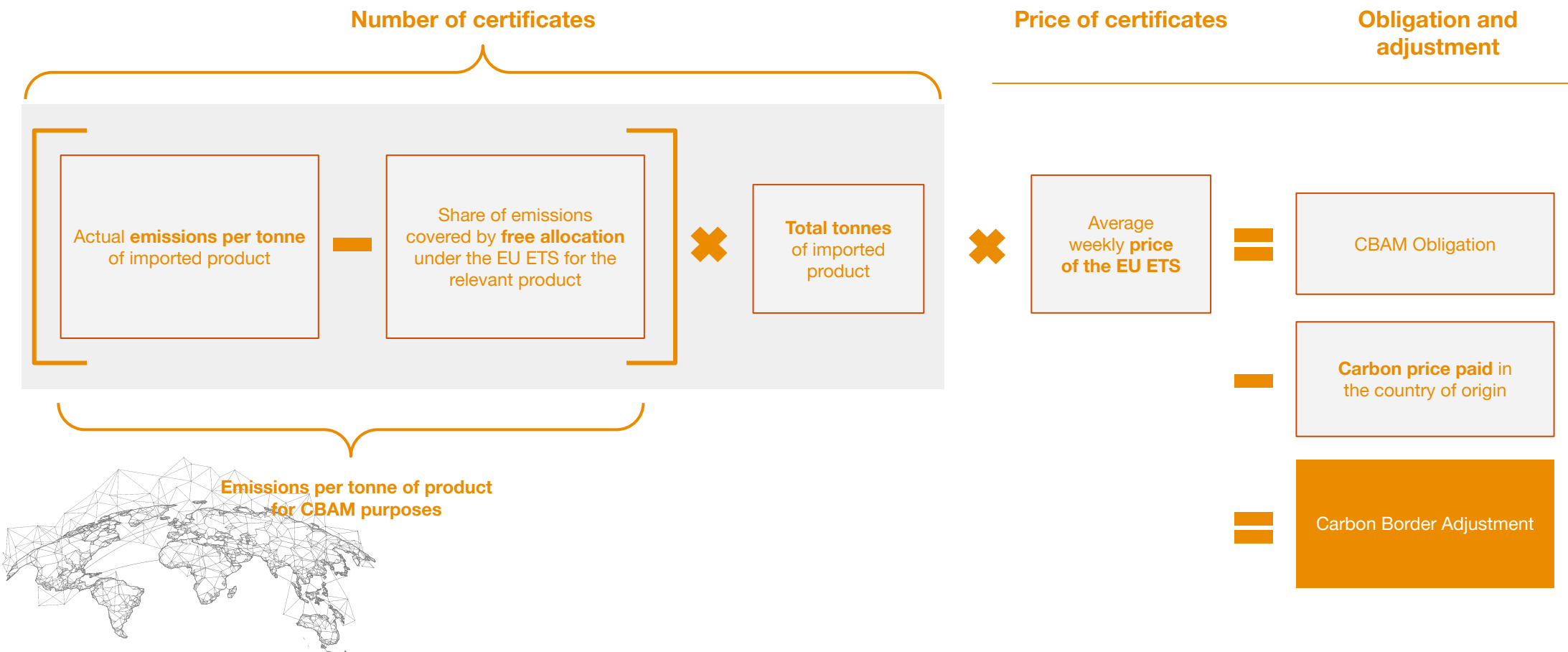
Costs



CBAM obligations



CBAM – Calculation of the Carbon Border Adjustment



Bringing One Team to meet your needs

Assess

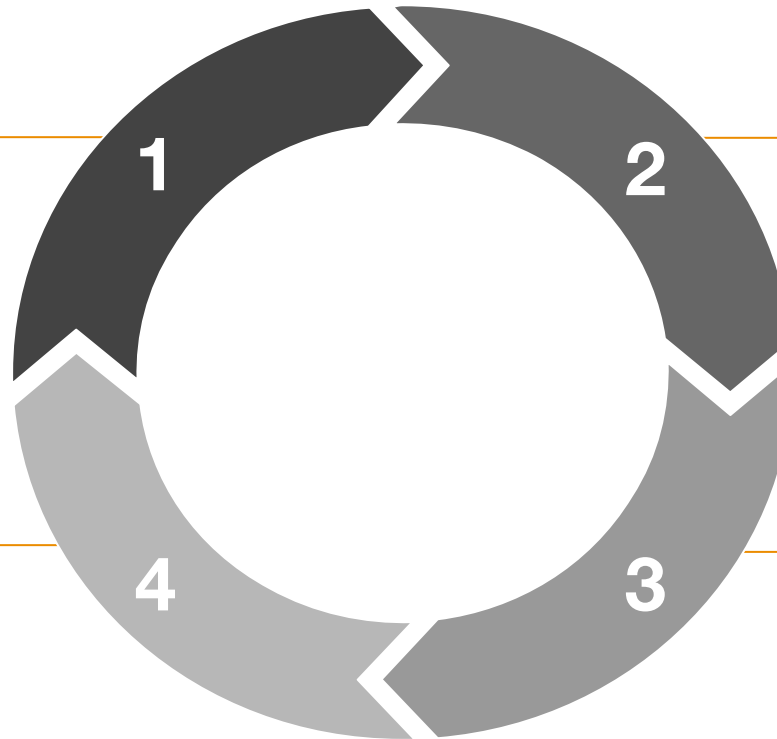
Understand your reporting responsibility, compliance requirements, impact and value drivers

Begin with clear objectives mapping current state, identifying gaps and risks along the way.

Report

Share your story

Tell your sustainability story to meet both regulatory, market and investor demands



Strategise

Develop CBAM metric level initiatives and goals that coincide with your value drivers

Prioritise key metrics based on investor interest, compliance requirements, risk, etc. and identify synergies in data collection.

Verify

Focus on priorities to your organisation and stakeholders

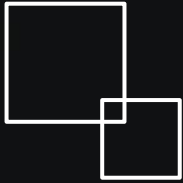
Build for the future: use data and technology to prepare for any requirement that comes your way.

The keys that underpin creating sustainable value

Data

Technology

People



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