

## **CEMBUREAU FEEDBACK TO THE EUROPEAN COMMISSION'S INCEPTION IMPACT ASSESSMENT (IIA) ON TAXONOMY- RELATED DISCLOSURES BY UNDERTAKINGS REPORTING NON-FINANCIAL INFORMATION**

*Brussels, 08/09/2020*

CEMBUREAU welcomes the opportunity to provide feedback on the Commission Delegated Regulation on taxonomy-related disclosures by undertakings reporting non-financial information.

CEMBUREAU's 2050 [Carbon Neutrality Roadmap](#), which was published in May 2020, sets out the cement industry's ambition to reach net zero emissions along the cement and concrete value chain by 2050. Public and private investments will be key to allow the European cement industry to deploy a wide range of technologies and innovation projects at every step of the cement production process.

When it comes to the Commission's IIA on taxonomy-related disclosures by undertakings reporting non-financial information, CEMBUREAU has the following comments:

- The deadlines to set up reporting systems that fulfil the requirements of the taxonomy regulation are challenging, and the industry urgently needs guidance as to how to organise this. Many of the criteria set up by the taxonomy regulation are qualitative and will require guidance in their implementation. In view of the ambitious timeframe for implementation of the taxonomy regulation, and the fact that some key Delegated Acts are awaiting publication (e.g. delegated act on Taxonomy Climate Mitigation and Adaptation technical criteria foreseen by 31<sup>st</sup> December 2020), it is nearly impossible to implement an efficient, compliant and externally-verified reporting system in time for the business year 2021.
- The qualitative "do no harm criteria" published in the Technical Expert Group report in May 2020, that define activities that are compliant with the taxonomy, are contradictory for the cement industry, preventing the use of alternative fuels (RDF). As per CEMBUREAU's [response](#) to the Commission IAA on the Taxonomy Climate Mitigation and Adaptation technical criteria delegated act, it is essential that this is corrected in the final delegated act, making it otherwise impossible for the cement industry to comply with the taxonomy rules.
- The idea of a mandatory disclosure concerning turnover, CapEx and OpEx are sensitive information. This mandatory reporting can lead to competitive distortions, as competitors from non-EU countries are not obliged to disclose this information.
- Further clarity on disclosures can only be obtained when it becomes clearer, through delegated acts, which type of activities and products will be covered by the taxonomy. So far, key elements to be reported on are only defined for certain industries or products in the TEG report, for instance grey cement and grey clinker benchmarks. The TEG report does not include a reference and corresponding benchmarks for white cement and white clinker, which is a specialty product produced at a limited number of installations and traded widely across borders in and out of the EU as well as internally in Europe. As explained in CEMBUREAU's [response](#) to the IIA on the Taxonomy Climate Mitigation and Adaptation technical criteria

delegated act, the upcoming delegated act should recognise the particularity of white cement by dedicated metrics and thresholds.

- The implementation of the Taxonomy Regulation will involve significant costs for businesses and these should be minimised through the providing of timely guidance and the use of simple, efficient reporting systems. For instance, some European cement companies currently publish non-financial information according to GRI Standards and/or are part of initiatives such as CDP, SBTi, ACT. It is important that the Delegated Act seeks to facilitate the implementation of the Taxonomy Regulation and is aligned with the existing accounting norms and initiatives. More generally, the Delegated Act should also be aligned with the EU's "better regulation" principle and offer a predictable framework for investors.

Furthermore, CEMBUREAU makes itself available to the Commission for further input during the development of the delegated act.

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