Smart Transportation Alliance

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& Innovation Awards

Taxonomy in the cement industry

César Bartolomé Muñoz
Director of Technology
Spanish Institute of Cement and its Applications (IECA)

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Taxonomy vs. emission trading scheme (ETS)

- Cement, steel, chemicals, … are regulated industries since 2005.
- Decarbonization goals for 2030:
  - -57% in comparison with 2030.
  - Carbon neutrality in 2050.

TAXONOMY GOAL IS NOT DECARBONIZATION

THERE EXIST OTHER MORE EFFICIENT TOOLS TO ACHIEVE DECARBONIZATION THAN TAXONOMY

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Taxonomy vs. emission trading scheme (ETS)

- Taxonomy is a classification system defined by European Union to help investors identify those economic activities that are environmentally sustainable to make decisions about sustainable investments.
- What is taxonomy approach to ETS sectors (cement included)?

NOT ELIGIBLE WITH EXCEPTIONS

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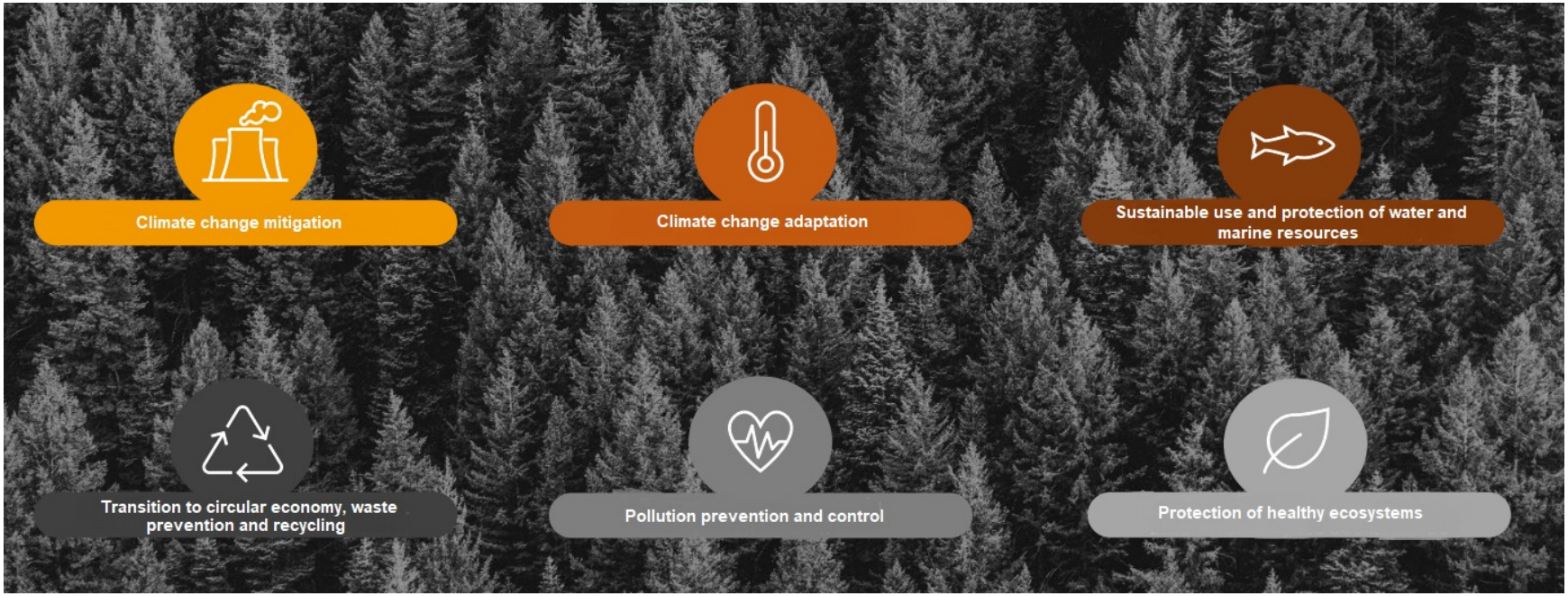
Eligibility of activities

- The activity must contribute to one or some of the following goals and not significantly harming the rest of the goals.



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Not eligible activities

- Oil refining plants, thermal plants of coal and activities of extraction of oil and gas.
- Activities related to fossil fuels.
- Activities and assets linked to ETS (cement, steel, …).
- Activities related to waste disposal and incineration plants.
- Activities related to waste management that affect environment in the long term.

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Cement taxonomy

- Can be cement eligible under taxonomy criteria?

EUROPEAN COMMISSION HAS DECLARED CEMENT AS A TRANSITION TECHNOLOGY FOR CLIMATE CHANGE MITIGATION

Cement is an economic activity for which there is **no technologically and economically feasible low-carbon alternative** (art.10.2).

Cement shall qualify as contributing substantially to climate change mitigation where it supports the transition to a climate-neutral economy consistent with a pathway to limit the temperature increase to 1,5ºC above preindustrial levels, including by phasing out greenhouse gas emissions, in particular emissions from solid fossil fuels.

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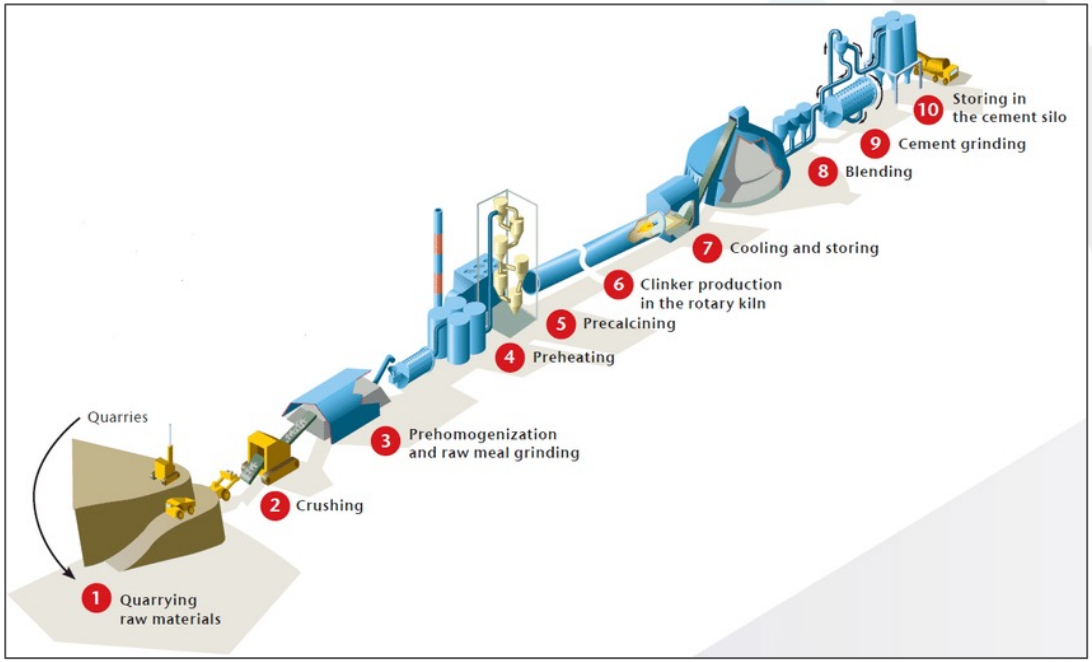
Cement taxonomy

- What are the criteria to consider cement eligible?

Climate change mitigation



- Clinker: **722 kg CO_2**/ton
- Cement: **469 kg CO_2**/ton

Cement production

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Cement taxonomy

- What are the criteria to consider cement eligible?

Climate adaptation

- The use of cement is necessary to adapt infrastructures to the consequences of climate change: resilience.
- Principle (DNSH):
    - Clinker: **816 kg CO_2**/ton
    - Cement: **530 kg CO_2**/ton

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Cement taxonomy

- What are the criteria to consider cement eligible?

Circular economy

- Cement contributes to circular economy (no criteria defined).
- Concrete contributes to circular economy in civil works:
  - Concrete products shall contain at least 60% of recycled content, except a LCA proves that the use of secondary material leads to higher CO_2 emissions.

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Cement taxonomy

- What about the other environmental goals?

Sustainable use of water and protection of marine resources

Pollution prevention and control

Protection of healthy ecosystems

- No relevant contribution.
- No significant harm.

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Conclusions

- Cement production and use (concrete) are eligible considering taxonomy principles as long as it fulfils some limits related to climate change mitigations.
- Cement decarbonization will not be linked to taxonomy.
- Cement used (infrastructure funding) will be linked to taxonomy.

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THANK YOU FOR YOUR ATTENTION

Tribes European Quarter
Avenue Marnix 17
1000 Brussels (Belgium)
Tel: + 32 2 808 60 50

Email: info@smart-transportation.org

www.smart-transportation.org