

LATEST CARBON MARKET POLICIES AND REQUIREMENTS

Intertek Green Initiatives

December 2024

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programme**

02

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reporting requirement**



01

**LATEST CARBON MARKET
POLICIES AND
REQUIREMENTS**





VERIFIED CARBON STANDARD (VCS)

The **Verified Carbon Standard (VCS)** Program is the world's most widely used greenhouse gas (GHG) crediting program. It drives finance toward activities that **reduce and remove emissions**, improve livelihoods, and protect nature. VCS projects have reduced or removed more than **one billion tons of carbon and other GHG emissions from the atmosphere**. The VCS Program is a critical and evolving component in the ongoing effort to protect our shared environment.



VERIFIED CARBON STANDARD (VCS)



The VCS issues a **Voluntary Carbon Unit (VCU)** to approved programs, and an awarded VCU represents the removal or reduction of one tonne of GHG emissions. The basic criteria for an approved project include:

- **Real:** all GHG emission reduction or removal by the project must be proven to have genuinely taken place.
- **Measurable:** emission reductions or removal must be measured and quantified using accurate measurement methods.
- **Additional:** all GHG removals and reductions should be over an established baseline to ensure that any removals or reductions are because of the project being in place.
- **Conservative:** in case of any uncertainty in measurement, lower values will be recorded and used to ensure there is no over-estimation of VCUs.
- **Independently audited:** an accredited team with experience in the relevant field and country needs to verify all GHG emission reductions and removals.
- **Transparent:** all data collected and recorded should be appropriately disclosed to the public so that users can make informed decisions with confidence.
- **Unique:** each VCU should be unique and should be linked to a single project or activity. No removal or reduction of GHGs should be double-counted, and no VCU can be double claimed.
- **Permanent:** if there is any risk of reversibility of the GHG removed or reduced, the project should have processes in place to ensure any reversal is compensated for.

WHAT IS GOLD STANDARD



Who is the Gold Standard Foundation?

- An independent foundation endorsed by 43 NGOs
- A method for creating premium quality carbon credits

Why the Gold Standard Label?

- Provides a quality assurance label for projects and credits
- Ensures a contribution to sustainable development and climate protection

How Does it Work?

- GS methodology ensures best practices are followed
- Screens provide a step-by-step guide to developing credible projects



GOLD STANDARD BENEFITS



- Controlling risk
- Enhancing reputation
- Premium prices
- Market visibility
- Low-added cost
- Contribute to sustainable development
- Stakeholder acceptance
- Exceeds the current regulatory standards

Gold Standard
Issuance certificate

Gold Standard certifies that
1,257,550 validated CO₂-certificates
were approved for issuance on **20 November 2015**
for the **Australian Yarra Yarra Biodiversity Project (GS3039)** based in **Australia**
in accordance with the **Gold Standard**

Marion Verles CEO

Climate security and sustainable development for all

The Gold Standard Foundation | Avenue Louis-Casal 79, CH 1216, Geneva, Switzerland | goldstandard.org, +41 22 788 70 80; info@goldstandard.org

WHO'S BUYING GOLD STANDARD?



- **Special events:** FIFA World Cup, London Olympics 2012, G-8 Summit, COP Montreal
- **Organizations:** HSBC, Credit Suisse, WWF
- **Brokers and retailers:** TFS Energy, Carbon Neutral Company, South Pole

WHO'S BUYING GOLD STANDARD?



Rabobank



Special Programs

- Carbon Asset Management Sweden
- The Visa Climate Credit Card
- Penguin Approved
- Government programmes (i.e. Belgian tender)
- Climate Cent Foundation

02

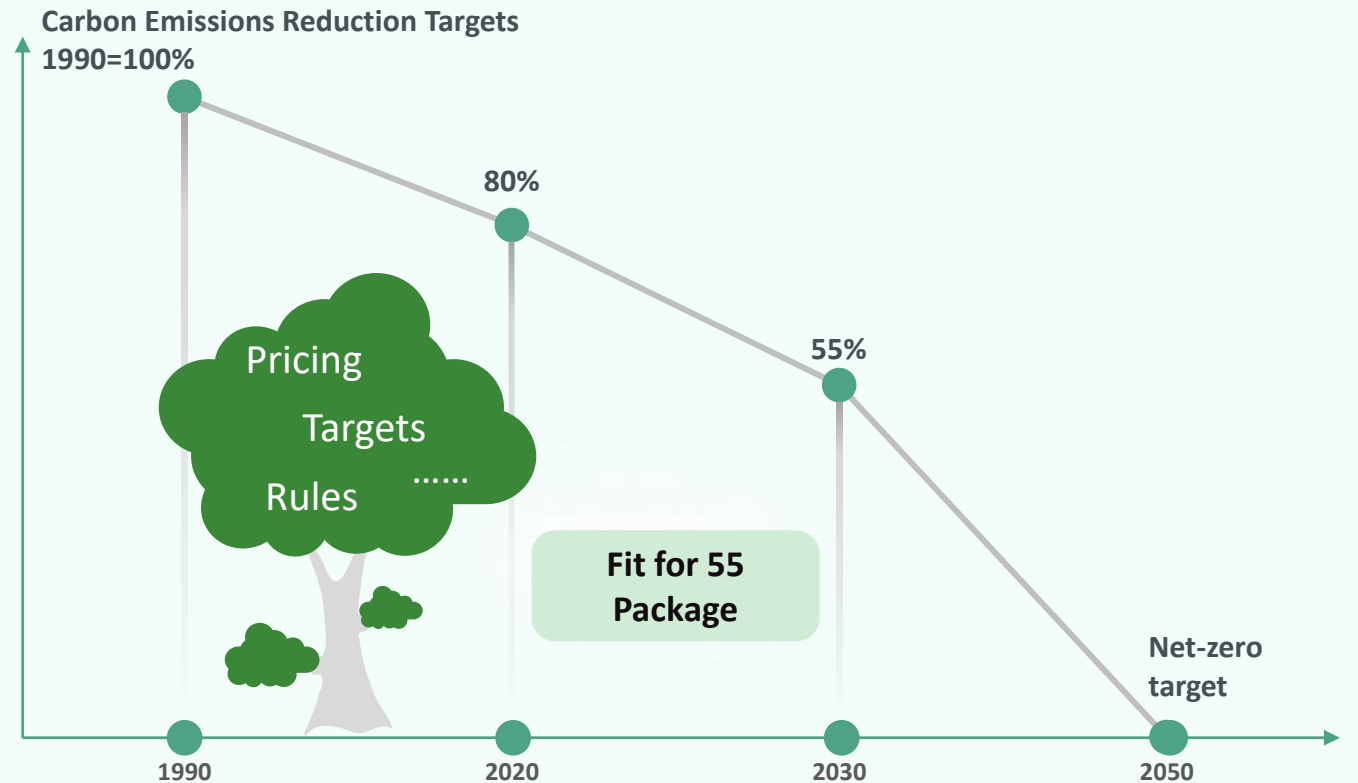
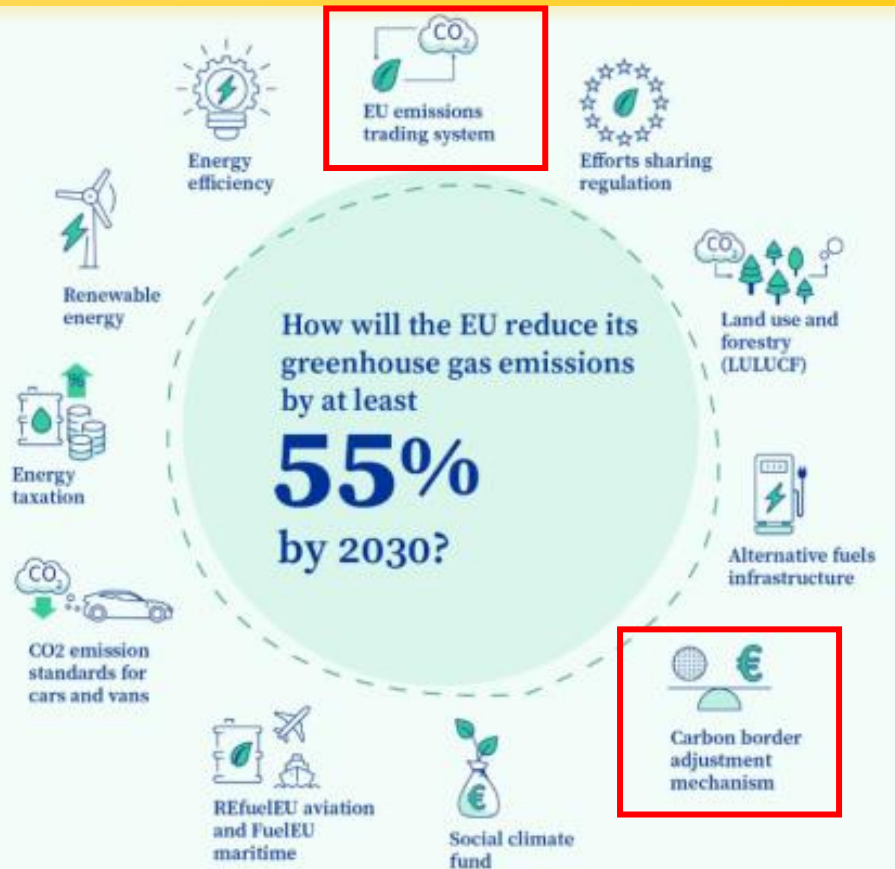
**MANDATORY CBAM
COVERAGE AND
REPORTING REQUIREMENT**



POLICY BACKGROUND: 'FIT FOR 55'



The EU aims to reach **'Net zero'** by 2050. **Fit for 55** refers to a set of legislative proposals aimed at achieving emission reduction. The EU ETS and CBAM are part of the Fit for 55 policy package.



WHY CBAM

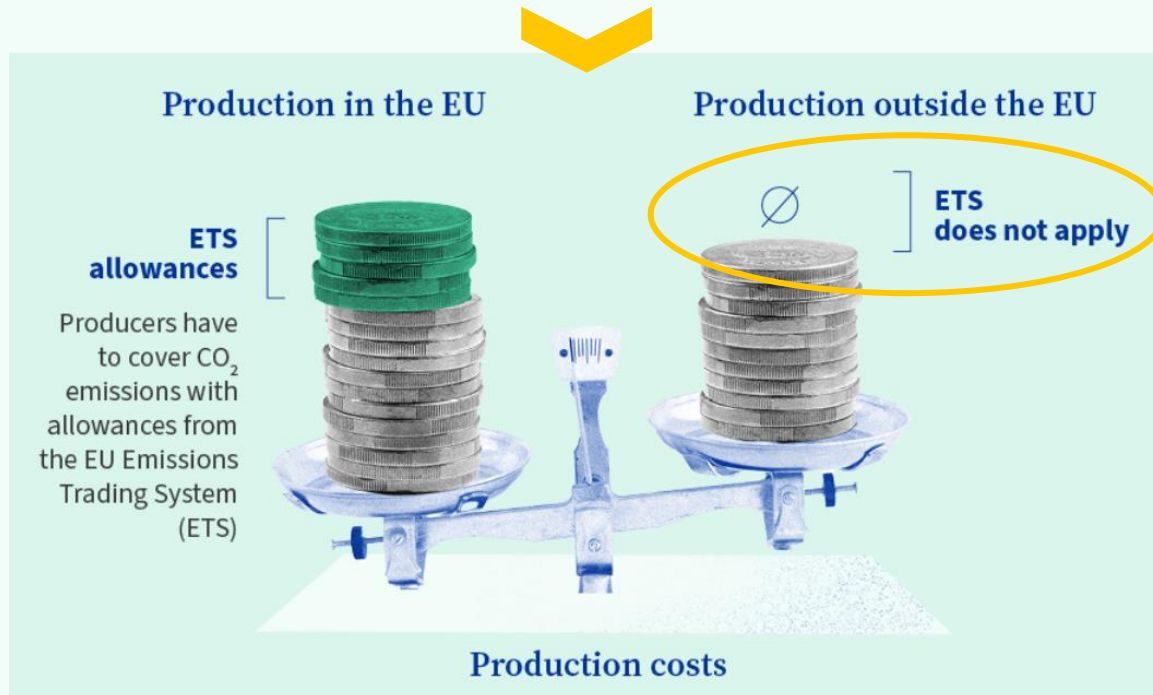


EU ETS: a cap-and-trade system to limit GHG emissions for certain sectors, for production within the EU

CBAM: extends to imported goods from third countries

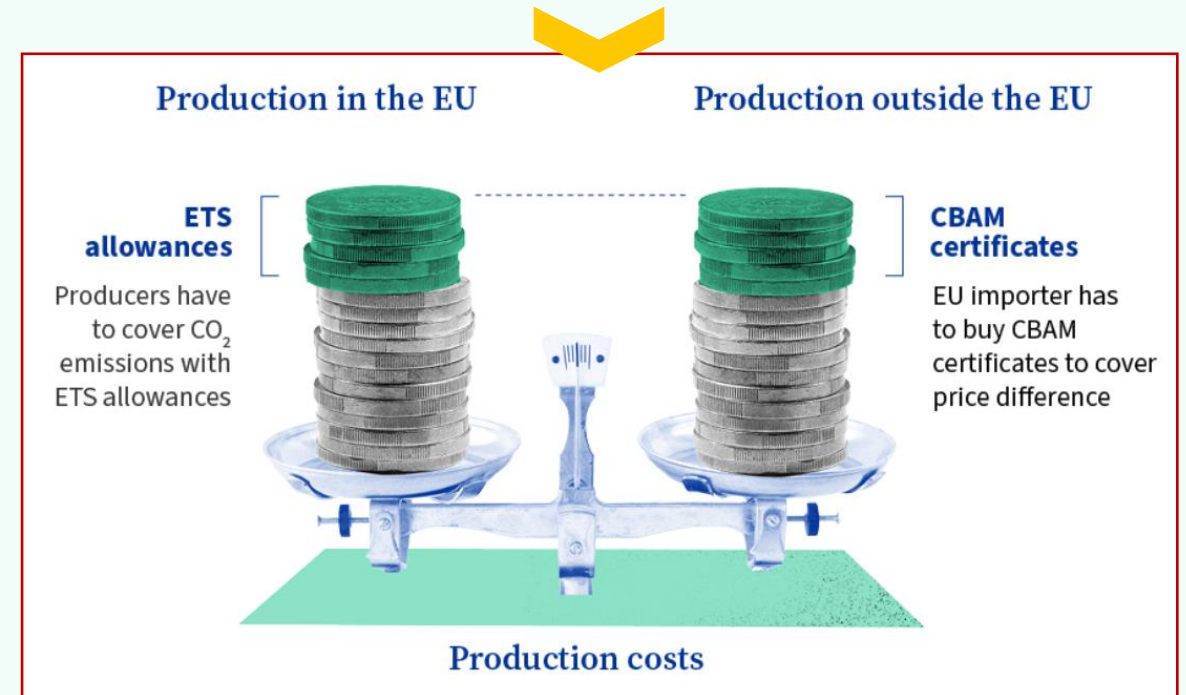
Without CBAM

Possibility of transferring high-emissions production outside EU



With CBAM

Equal treatment of EU and foreign production



CBAM PRODUCT SCOPE: 6 SECTORS

➤ Covered in the **first phase** (2023-2026):



- Includes some precursors and downstream products such as fasteners (CN code 7318 XX XX)
- In a **second stage** (after 2026), may be extended to other sectors covered by the EU ETS

CBAM TIMELINE: 2 MAIN PHASES



Transitional period (Oct 2023-2025)

Definitive period (2026 onwards)

2023

2024

2025

2026

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Measuring and Reporting

Key actions and actors:

- ✓ Reporting obligations begin for importers;
- ✓ Non-EU operators monitor and report emissions

Financial implications: No

Verification: Optional

Reviewing and Assessing

Key actions and actors:

- ✓ Commission assess the possibility of extending the CBAM scope (product, emissions covered etc.)

Officially Starts

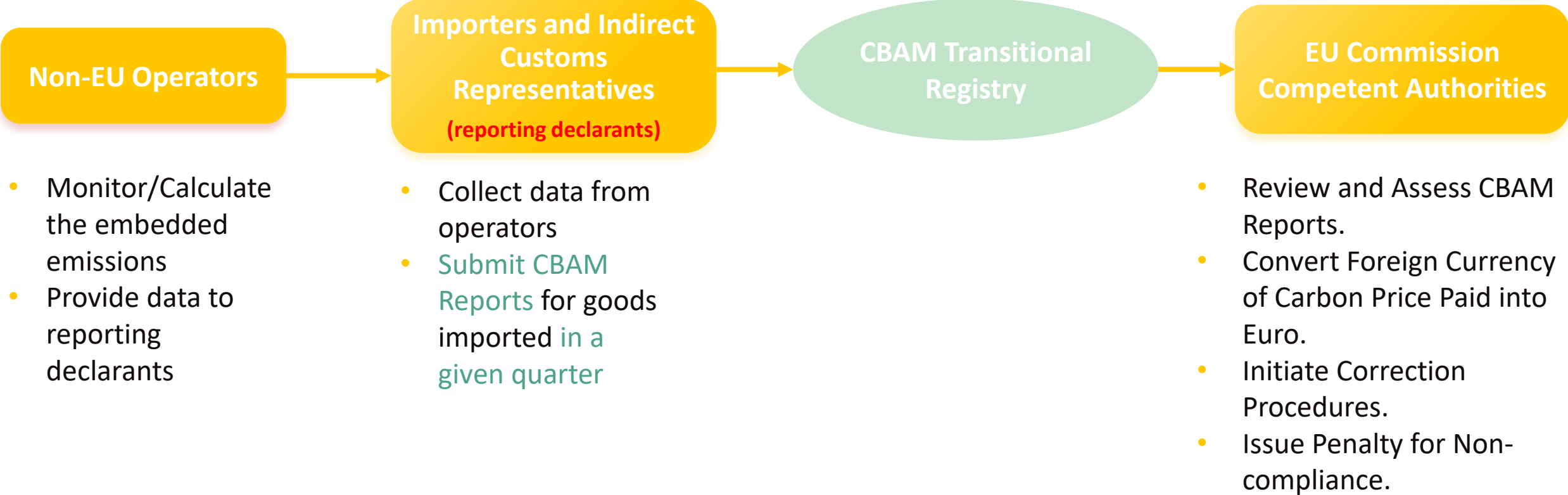
Key actions and actors:

- ✓ Importers declare the embedded emissions and surrender certificates;
- ✓ Gradual reduction of free allocation under the EU ETS

Financial implications: Yes

Verification: Mandatory

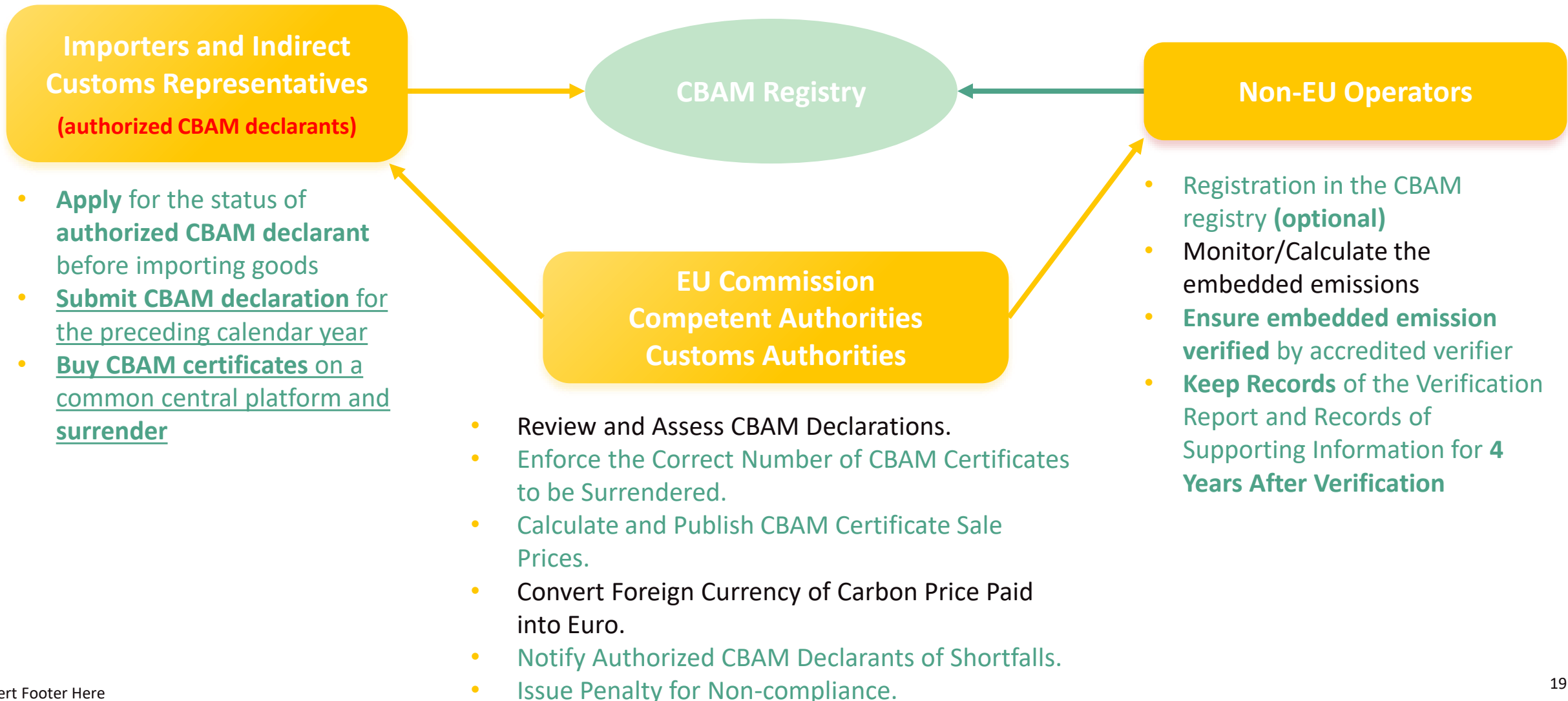
HOW CBAM WORKS –TRANSITIONAL PERIOD (OCT 2023-2025)



HOW CBAM WORKS –DEFINITIVE PERIOD (2026 ONWARDS)



Goods shall be imported into EU only by an authorised CBAM declarant.



CBAM REPORT/DECLARATION



Transitional phase: quarterly report

- Submit CBAM report on a quarterly basis no later than one month after the end of quarter

CBAM report containing the following:

Quantity of goods imported

Embedded direct and indirect emissions

Carbon price due

Post transitional phase: yearly declaration

- Apply for authorization via the CBAM registry
- By 31 May of each year, submit a CBAM declaration for the preceding calendar year

CBAM declaration containing the following:

Quantity of goods imported

Embedded direct and indirect emissions

Carbon price due

Verified emissions

CBAM certificates to be surrendered

CBAM CERTIFICATE PURCHASE AND SURRENDER



Purchasing and surrendering CBAM certificates

Surrender of CBAM certificates

- **CBAM declarant** surrenders a number of CBAM certificates that corresponds to the **embedded emissions** declared and verified

Cancellation of CBAM certificates

- **the Commission** cancels any CBAM certificates purchased and remained in the account of an CBAM declarant

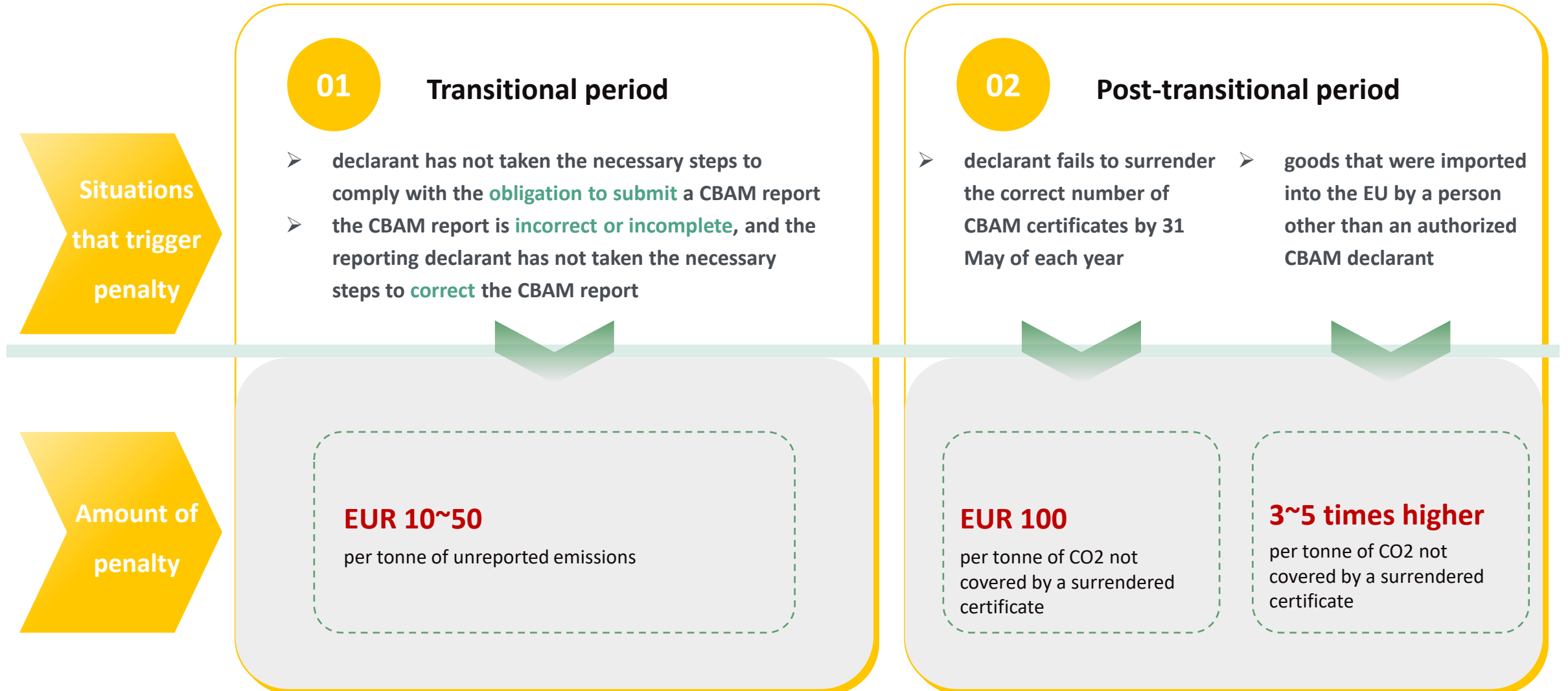
Sale of CBAM certificates

- **Member State** sells CBAM certificates on a **common central platform** to authorised CBAM declarants

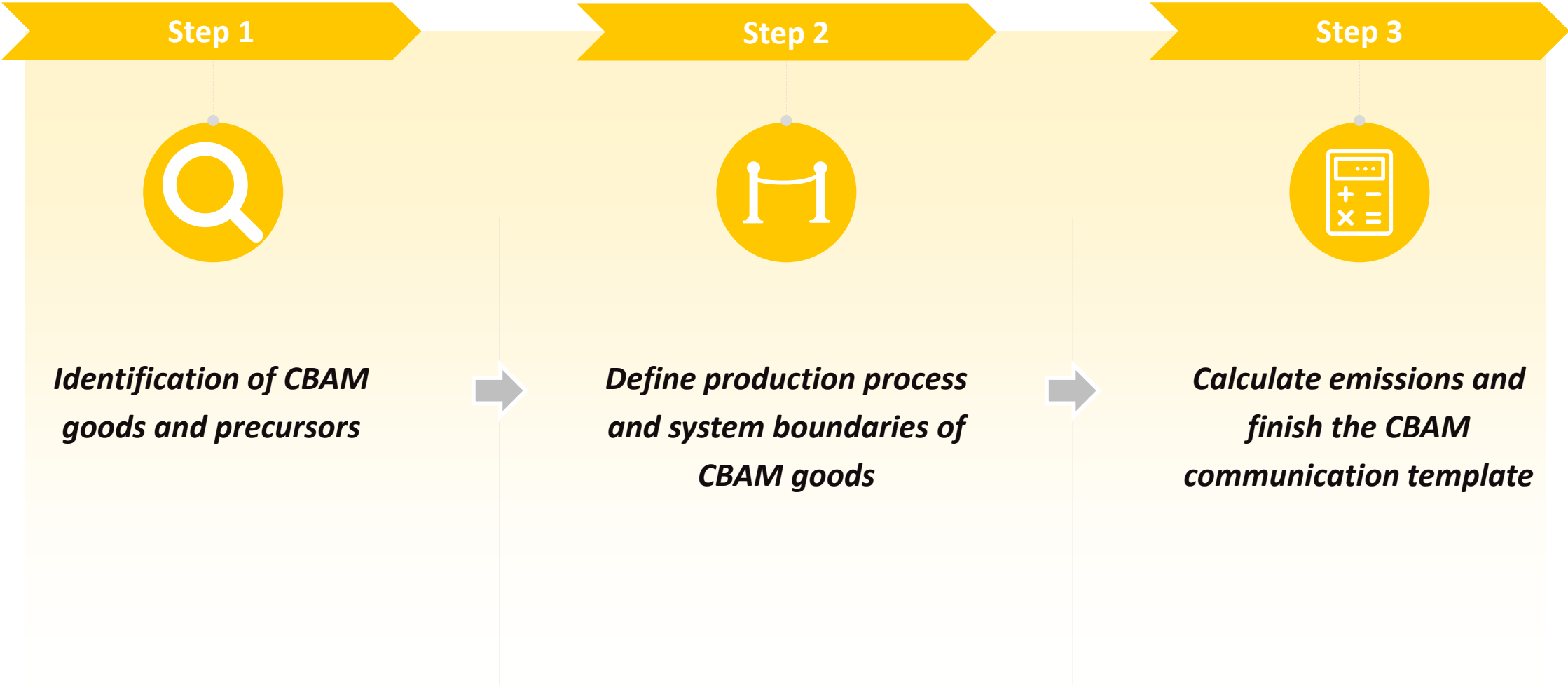
Repurchase of CBAM certificates

- **the Commission** repurchases the excess CBAM certificates through the **common central platform**





GENERAL STEPS FOR OPERATORS TO REPORT

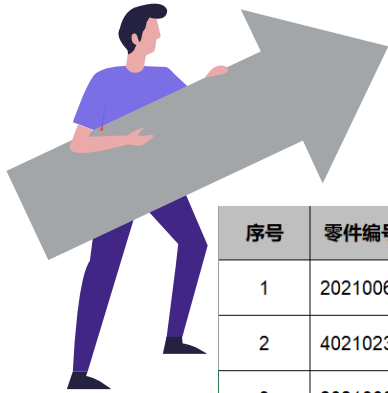


STEP 1: IDENTIFICATION OF CBAM GOODS AND PRECURSORS



General approach: Identify products' CN code/HS code

List products of export, Intertek will help confirming CBAM goods to be reported



An example:

序号	零件编号	海关编码	零件名称	材料	颜色及规格	用量	单位	物料来源
1	20210062	8716900000	Top Table Q1000&2000 桌面	PP GFPP-10 LWBK002	黑色原料, 不加色种	1	pcs	本厂注塑
2	40210232	3923210000	桌面胶袋	PE	800*600(开口)*0.025MM	1	pcs	外购
3	20210084	8716900000	Button Cradle Locking 锁扣	GFPP-20 N-101+PP BF970MO=1:1	红色(R11477)	2	pcs	本厂注塑
4	20210069	8716900000	Foot Base 底座	PP GFPP-10 LWBK002	黑色原料, 不加色种	1	pcs	本厂注塑
5	20210070	8716900000	Wheel 6" 车轮	PP BF970MO	黑色(PR5841A)	2	pcs	本厂注塑
6	20210072	8716900000	Clip Handle Stop 铁管扣	GFPP-10 UVP2B-G1434	黑色原料, 不加色种	2	pcs	本厂注塑
7	20210073	8716900000	Cap Leg Pivot 转轴盖		色种	2	pcs	本厂注塑
8	33990022	7326909890	手柄铁线组件			1	pcs	外购
9	20200067	8716900000	Handle 手柄盖		黑色(R0073)	2	pcs	本厂注塑
10	339900023	8716900000	左侧铁管组件			1	pcs	外购

Within the CBAM scope

POTENTIAL GOODS UNDER CBAM

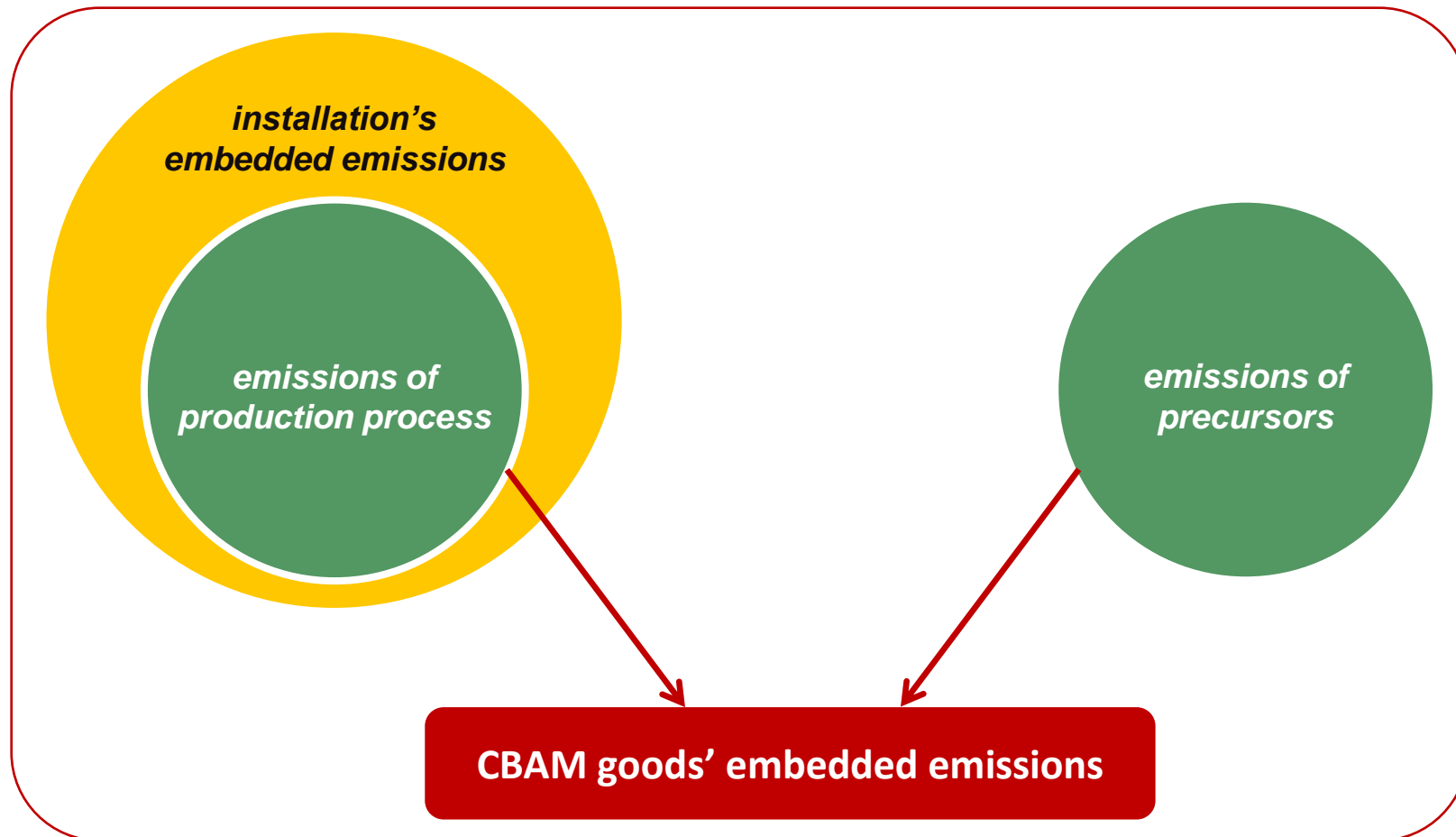


Product Group	Potential Products	HS Codes (possible, refer to the code when importing the products)
Hard goods	Aluminum/Iron/Steel ladder, metal cloths rack, etc	7616 99 10, 7326 19 90, 7616 99 90
Garden equipment	Metal flower pot, flower pot holder, gardening spatula, hose connectors, etc	7326 90 98, 7616 99, 7326 90
Furniture	Hammock stand, metal shelves/bracket, office chair metal parts, etc	7326 90 98, 7326 90, 7307 99
Kitchenware	Steel plate, bowl, etc	7326 90, 7616 99 90

STEP 2: DEFINE PRODUCTION PROCESS AND SYSTEM BOUNDARIES



The calculation of emissions under CBAM is based on production process of imported goods. For **simple goods** (with no required input materials), the emissions only cover the production process, while **complex goods** also need to account for precursors' emissions.

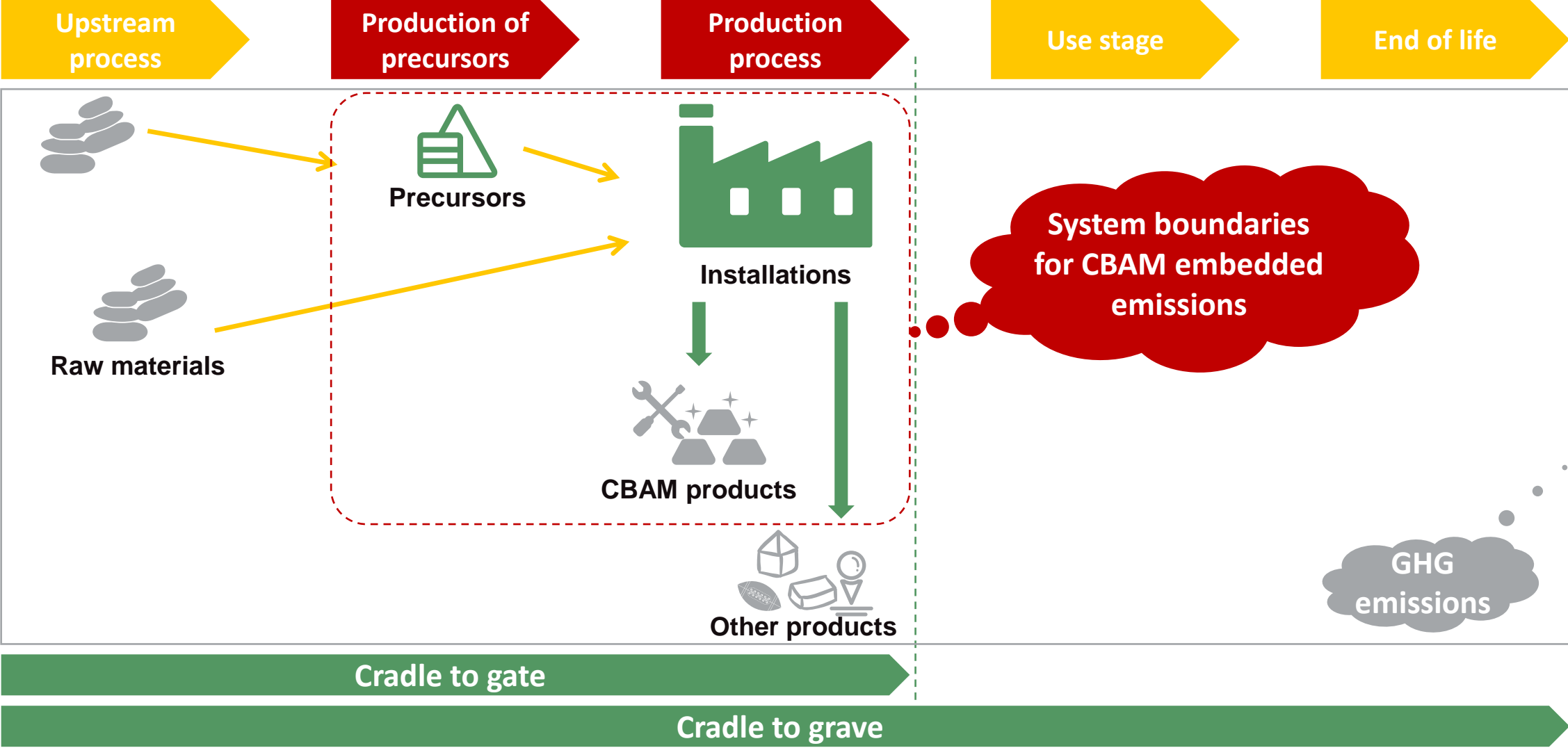


Hard to define a production process



Start from installation, then to production process of goods

STEP 2: DEFINE PRODUCTION PROCESS AND SYSTEM BOUNDARIES



CBAM REPORTING REQUIREMENTS: KEY TIME CUTOFF



EU CBAM methods

Determination of the **actual emission values** using the calculation methods defined in the CBAM. Estimated values (including default values) can only be used for complex goods if these estimations represent **less than 20%** of the total embedded emissions

Alternative reporting methods

Data from **emissions monitoring or trading systems** in the country of origin usable for determining the emissions

Default values

Default values published by the EU Commission usable, **without quantitative limits**

From 2025,
only the EU CBAM
method is allowed



Supply chain
traceability
matters

01.10.2023

31.07.2024

31.12.2024

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STEP 3: CALCULATE EMISSIONS



Information to be collected for calculating and reporting

Category		Items to be listed for the production process	Required statistics	Supplement materials
inputs	generated within the installation	raw materials	raw materials name, amount consumed etc. (if relevant)	
		fuel, heat used in the production	type of fuels and heat used in the production, amount used etc. (if relevant)	
		electricity input required for making the products	electricity input in the production process (if relevant)	
	purchased from outside	raw materials	raw materials name, amount consumed etc.	raw materials list
		fuel, heat used in the production	type of fuels and heat used in the production, amount used etc. (if relevant)	imported heat
		electricity input required for making the products	electricity input in the production process	electricity bill
outputs	/	produced goods	goods output amount	
		by-products and waste	waste produced amount	
		heat	Heat produced (if relevant)	
		electricity	electricity produced (if relevant)	
		waste gases and emissions	waste gases produced (if relevant)	



Certification by accredited CBs

- ✓ CBAM provides for a certification system for CO2 emissions associated with imported products.
- ✓ Importers will be required to have the emission data of their imported products verified and certified by accredited verification bodies.
- ✓ These organisations will be approved and supervised by the competent authorities of the EU.

The verifier verifies the embedded emissions. The verifiers must be **accredited pursuant to Directive EU ETS (2003/87/EC)**.



Certification requirements

Verification bodies will have to follow harmonised procedures and standards at European level to certify emissions data. This includes rules on calculation methodology, data collection, on-site verification, and more.

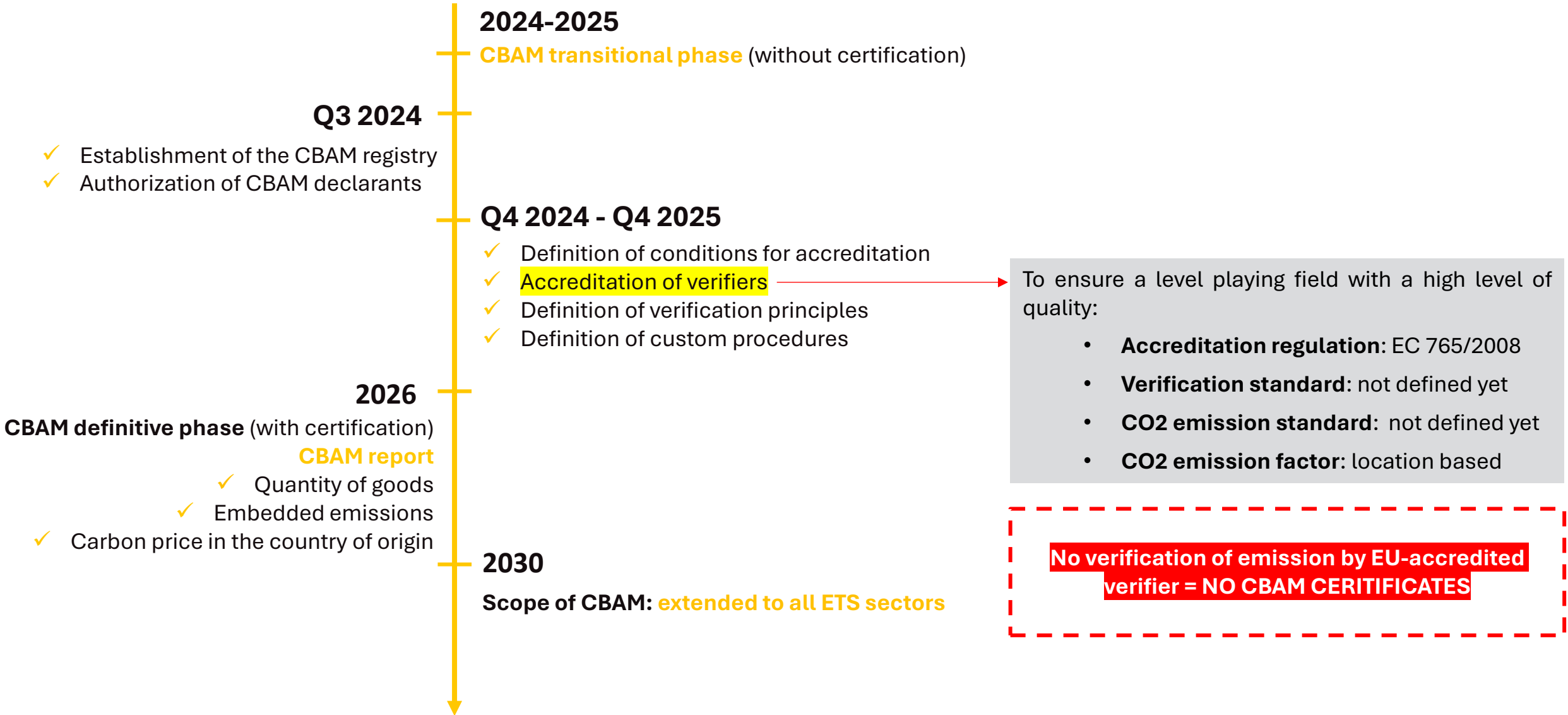
Mutual recognition with third countries:

The EU will seek to conclude agreements with third countries to mutually recognise certification schemes. This is intended to facilitate exchanges and avoid duplicate verifications.

Role of EU authorities:

The EU competent authorities will supervise the certification scheme and may carry out random checks. They will also be able to withdraw the accreditation of a verification body in the event of non-compliance.

CBAM calendar



CBAM calendar



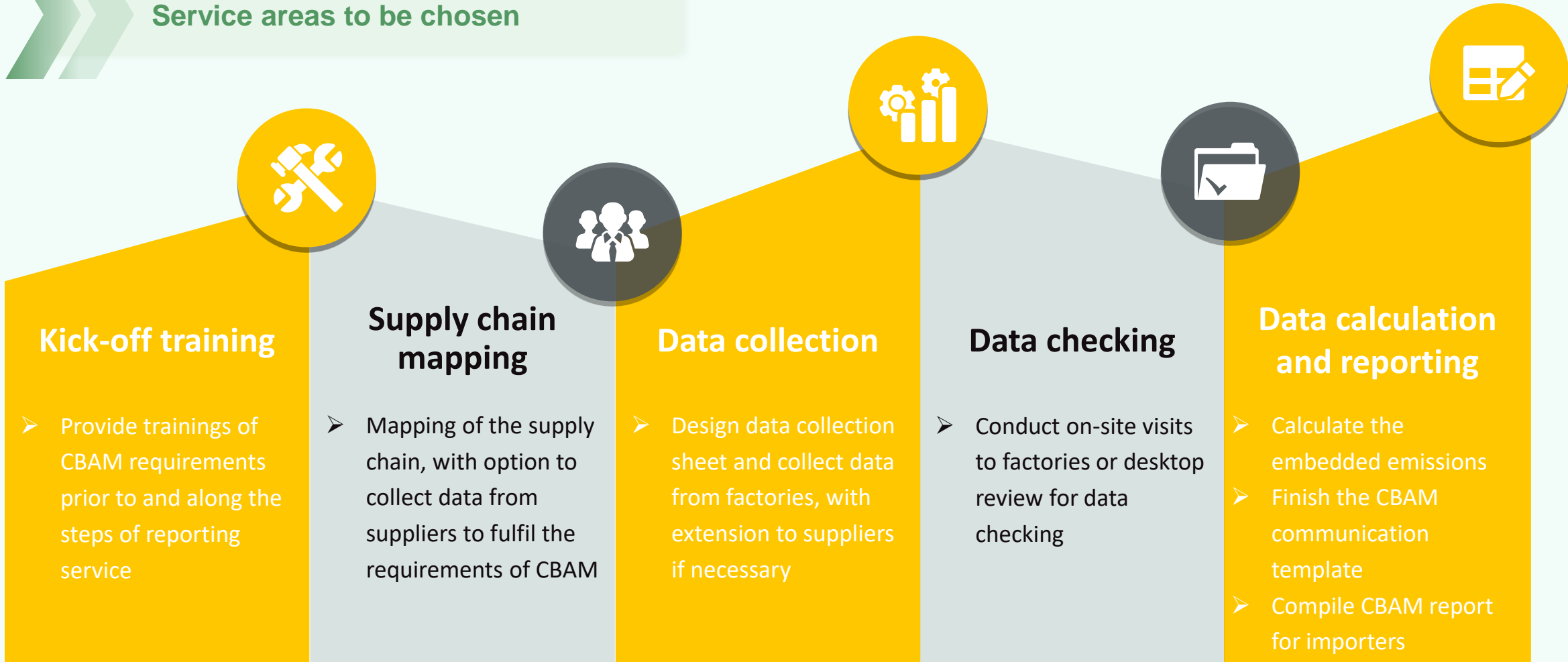
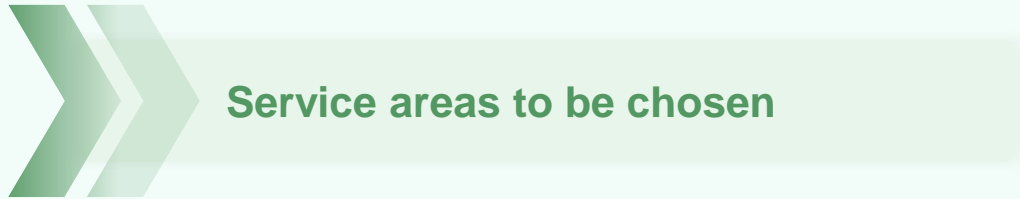
CBAM will be gradually implemented between 2023 and 2026, with a transition period in 2023-2025. The aim is to ensure a gradual implementation and to allow third countries and companies to adapt to this new mechanism.

2023-2025 (transition period):

Importers will be required to report CO2 emissions associated with their imports, without having to purchase certificates. This phase aims to allow the implementation of monitoring and verification systems.

From 2026:

Importers will have to buy "carbon certificates" corresponding to the verified CO2 emissions associated with their imports. The price of these certificates will be aligned with the carbon price in the EU Emissions Trading System (EU ETS).



THANK YOU

Intertek Green Initiatives

