



EU Carbon Border  
Adjustment Mechanism  
(CBAM) – what companies  
need to do

# What is CBAM?

## Background

### EU Emission Trading System (ETS)

- Aims to lower emissions by investing in innovative technologies, alternative and efficient energy sources
  - The EU-ETS sets a cap on the quantity of greenhouse gas emissions;
  - At the end of each compliance cycle-
    - if the emissions of an EU-ETS participant exceed the allowance, they must buy Emission allowance;
    - Firms that have reduced their emissions have surplus Emission allowance

### Carbon leakage led to introduction of CBAM

- EU-based companies started relocating carbon-intensive production to countries with weaker climate policies.

### CBAM is aligned with EU's climate goals:

- The EU seeks to achieve 55% lower carbon emissions by 2030 compared to 1990 levels;
- Target is to be carbon-neutral by 2050

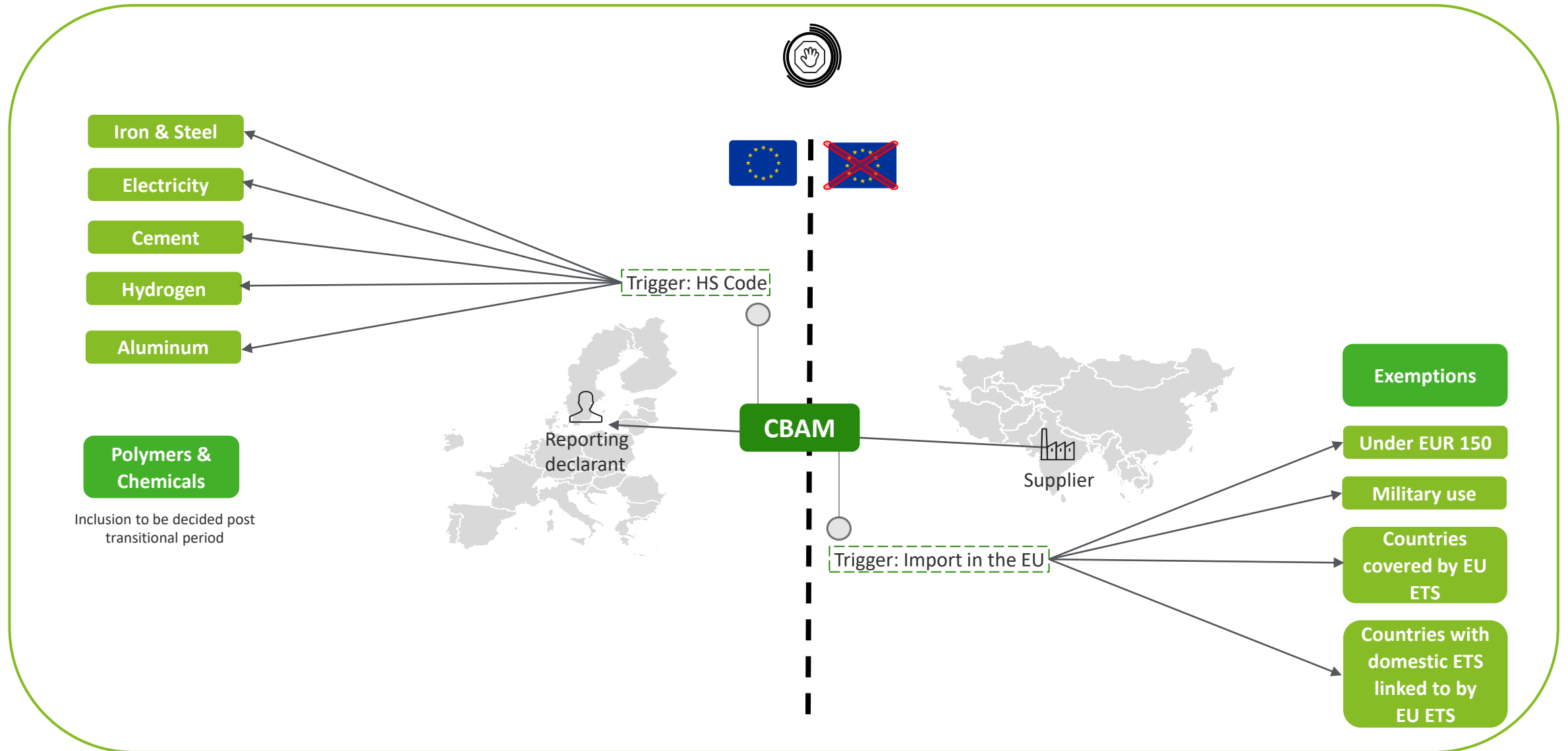


## Aim

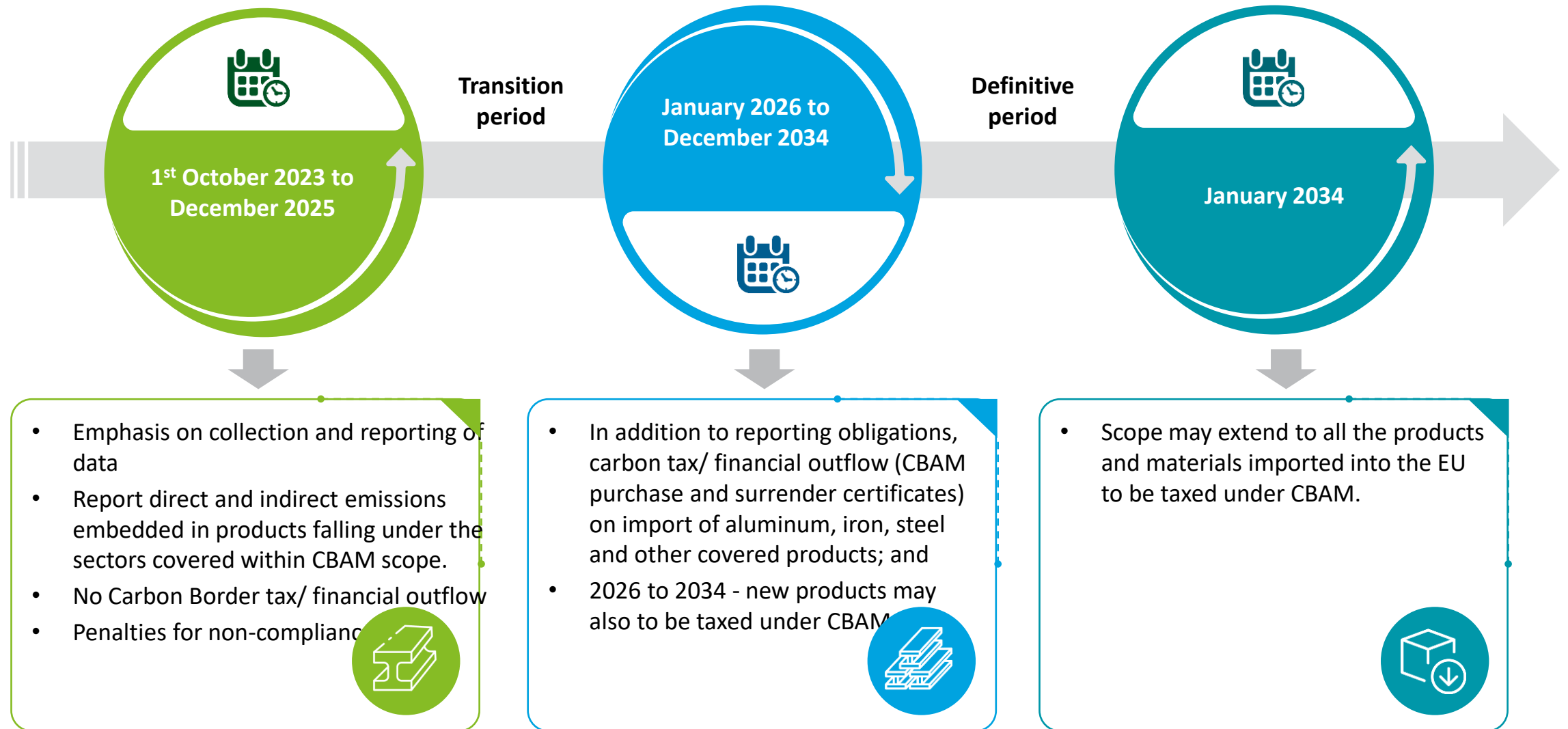
- CBAM seeks to protect EU imports from carbon leakage by putting a price on the carbon emitted during the production of carbon intensive goods imported into the EU;
- Carbon price of imports into the EU is equivalent to the carbon price of domestic production
- Help in cleaner industrial production using low-carbon technologies such as renewable power sources in the non-EU countries.



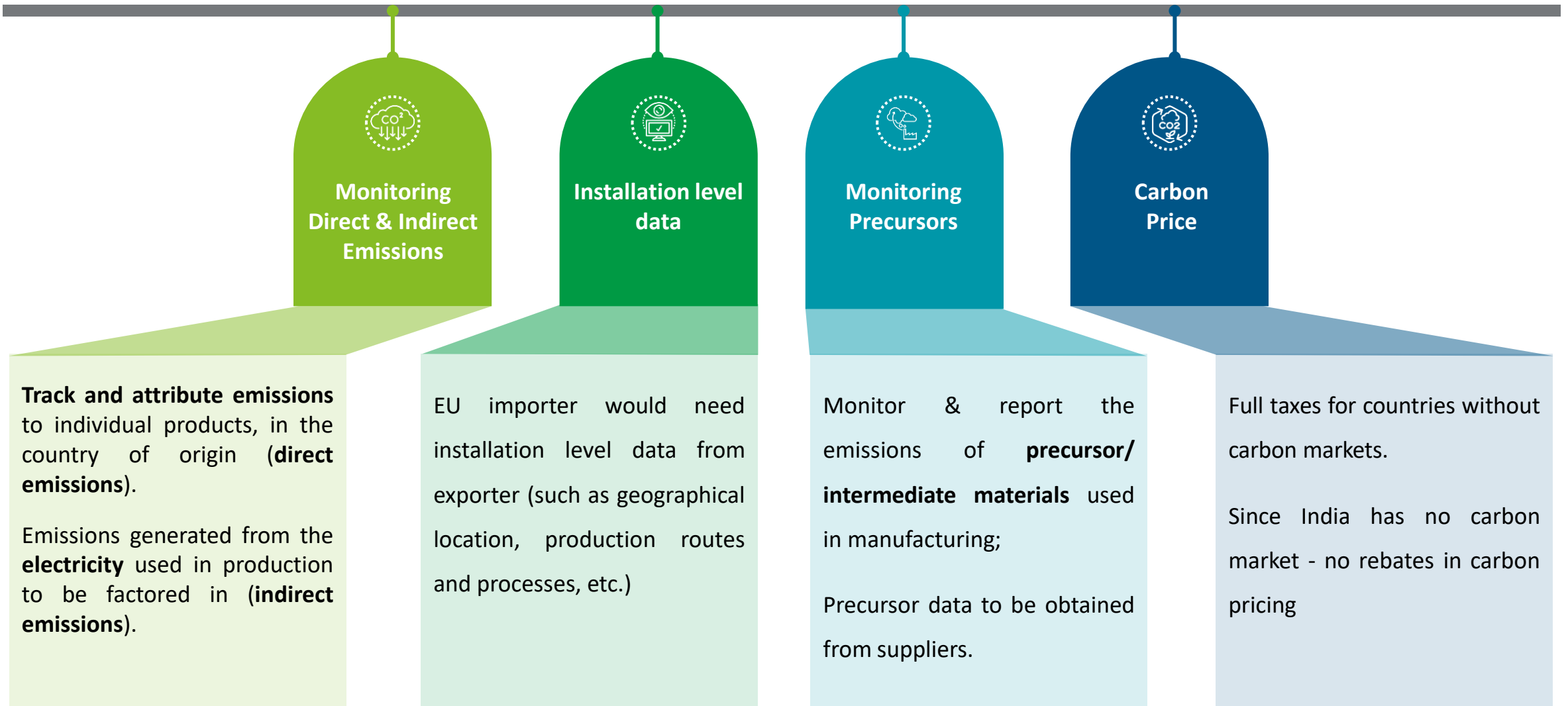
# CBAM – A snapshot



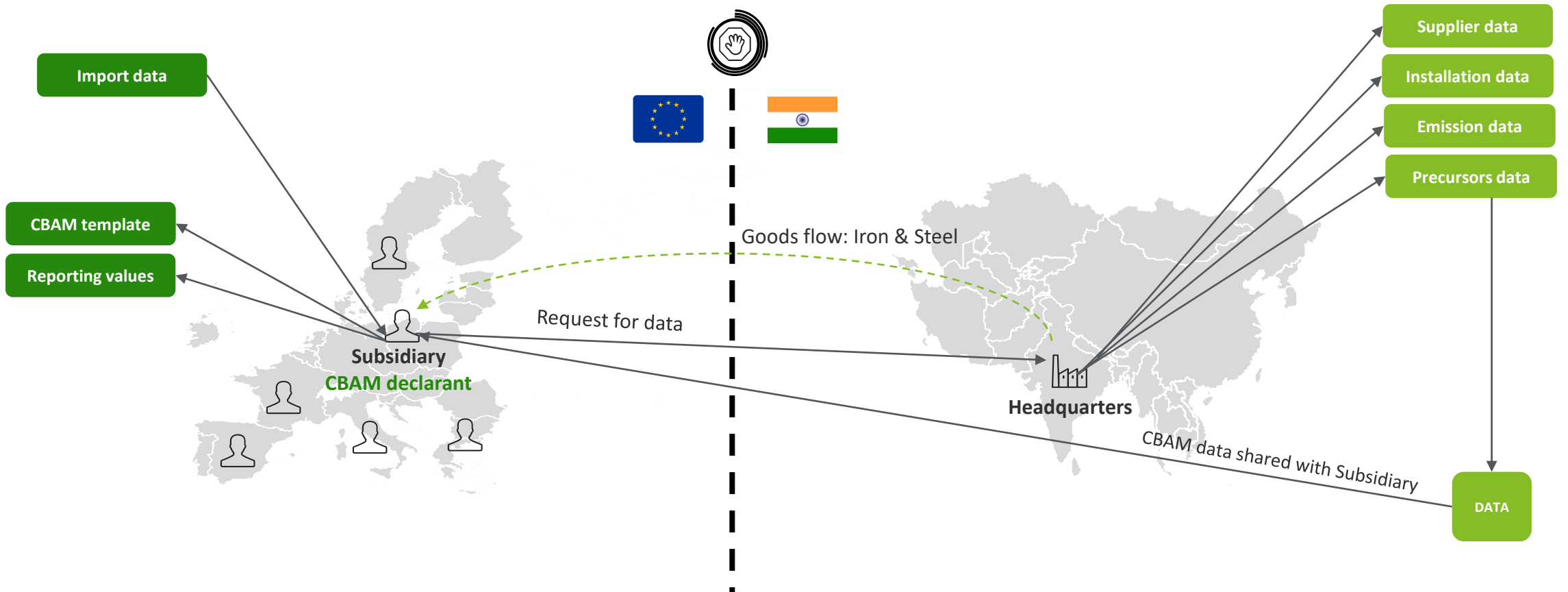
# Phased Implementation Plan



# CBAM Reporting – Transitional period



# Case study: CBAM data flows (Indian headquarter and EU subsidiary)



**Time Consuming | Asymmetrical data collation | Costly | Prone to errors**

**Technology & Automation – CBAM compliance manager**

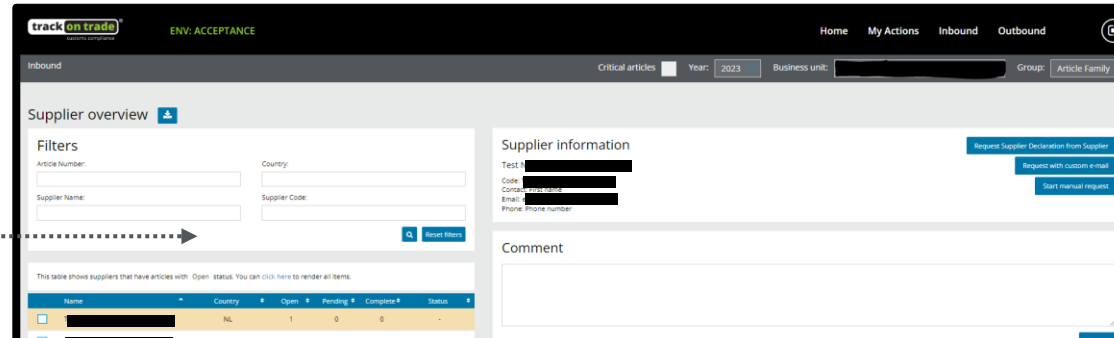
# Deloitte's CBAM compliance manager

## Our automated solution

### Supplier solicitation

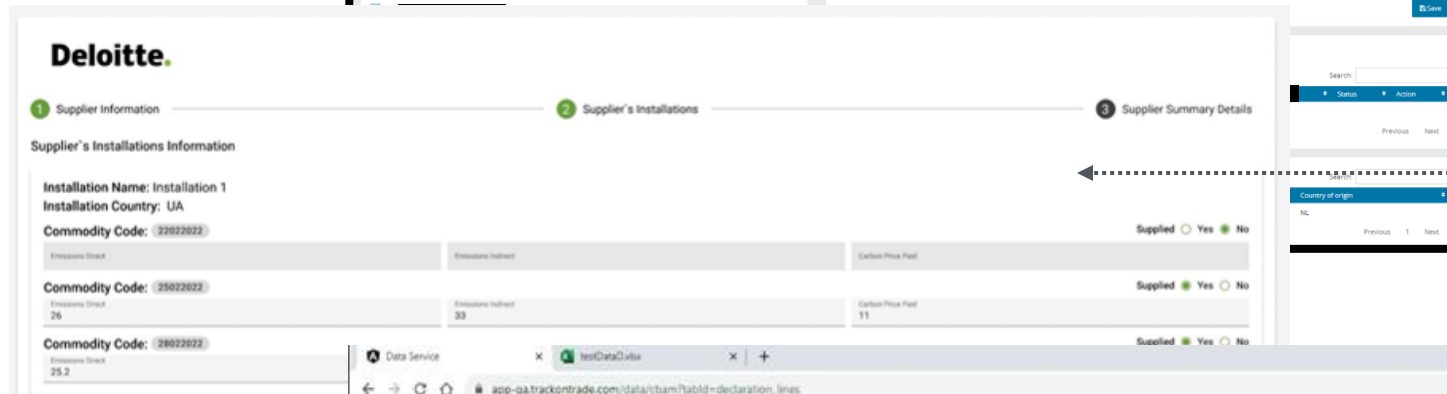
The **solicitation GUI** can be used to manage the central emissions data input of suppliers

- It shows all open, pending and completed supplier solicitation requests and provides a real-time status update on data gathering.



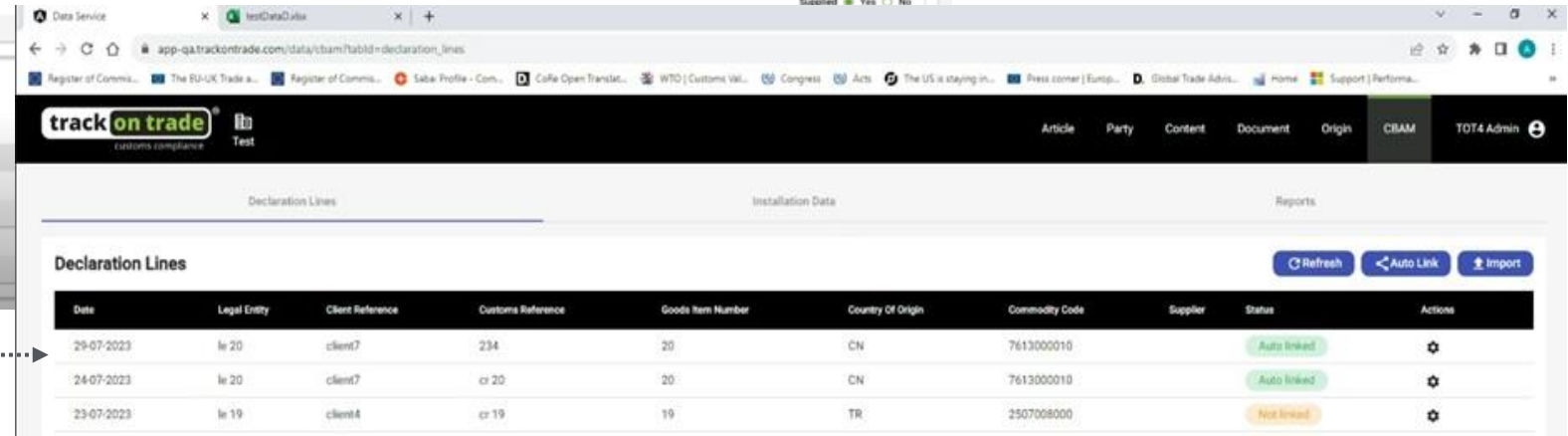
### Supplier portal

The **supplier portal** is accessed by suppliers to submit installation and emissions data

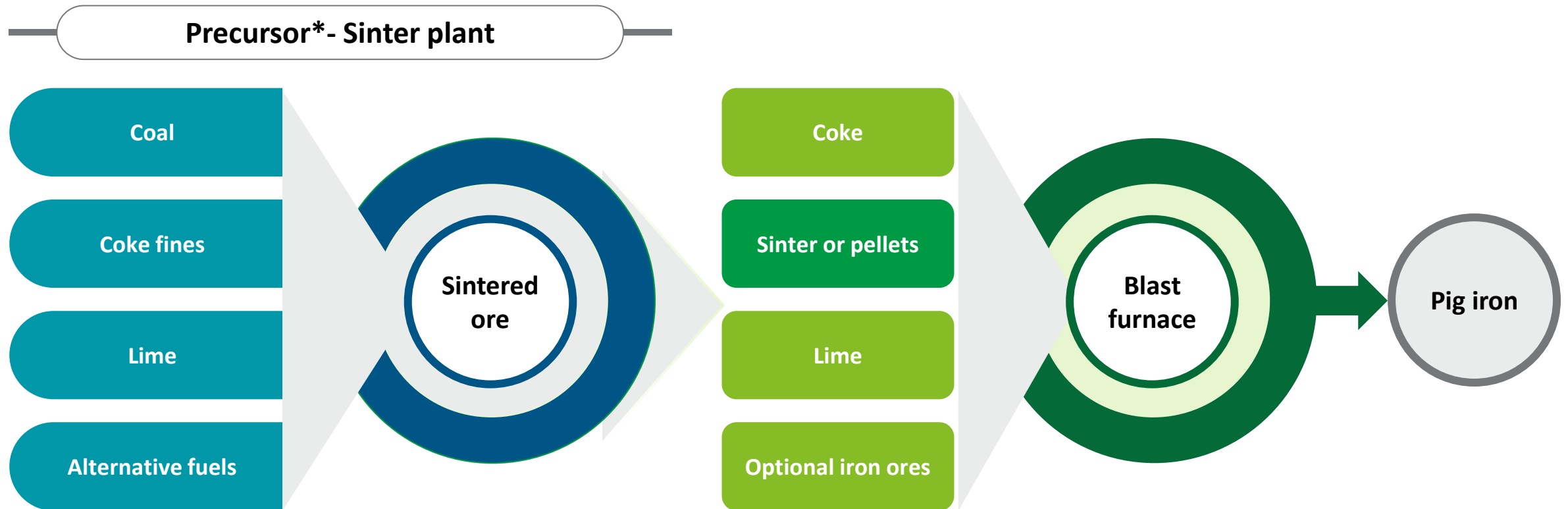


### Auto-link import data with installations and emissions data

Automatically **link** Declaration Lines to Installations based on **built-in logic**



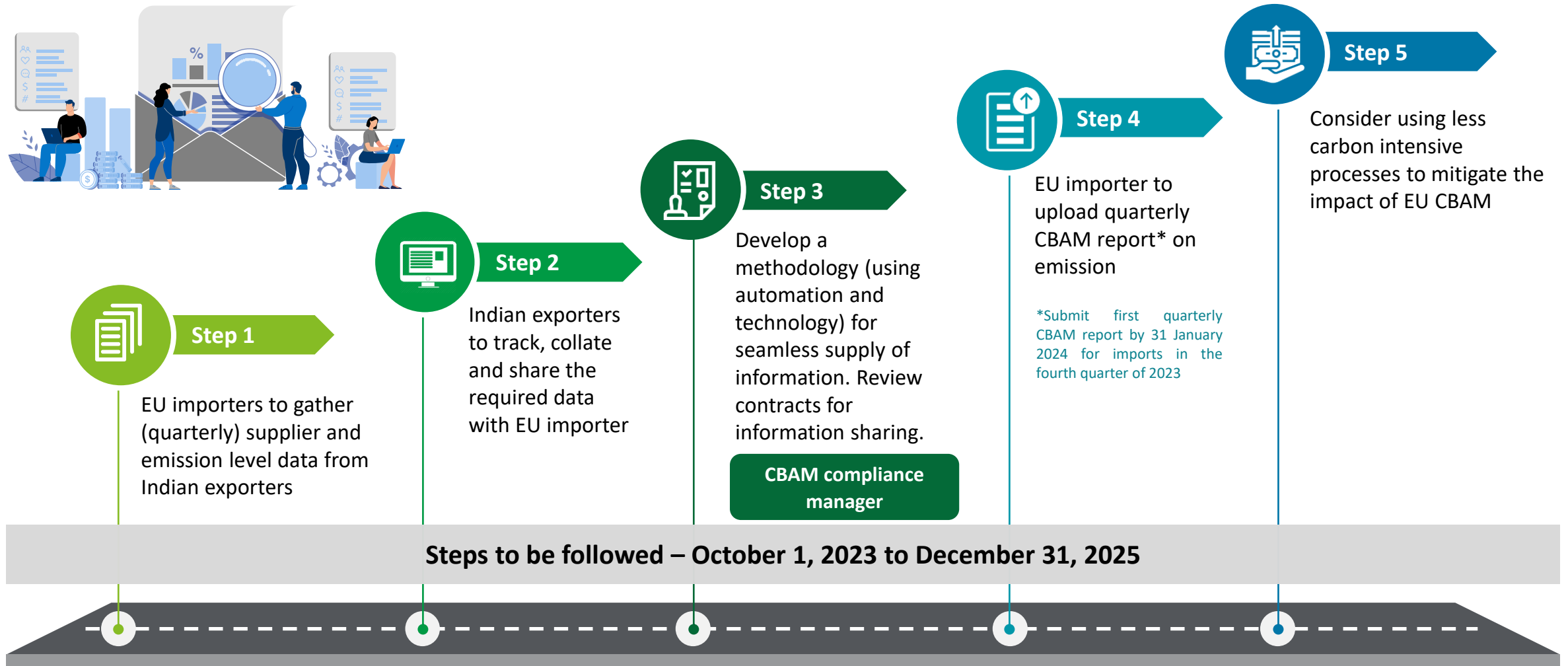
## Case study: Iron or steel production by Blast furnace route



- Direct and indirect emissions are to be monitored in the entire value chain i.e. precursors and main product.
- Direct emissions result from fossil fuel inputs (coke, coal, fuels oils, natural gas, coal), used both for combustion and as a reducing agent, from other fuels (biomass), from process emissions including from process materials such as limestone and other carbonates.
- Indirect emissions are from electricity.



# What do EU importers and Indian exporters need to do? – Transitional period



# What do EU importers and Indian exporters need to do? – Definitive period

## Steps to be followed – From January 1, 2026



### Initial Setup and Authorization

- EU customs authorities will allow imports through authorized CBAM declarants only.
- EU member countries will sell CBAM certificates to the importer (authorized CBAM declarants).



### Annual Reporting and Pricing

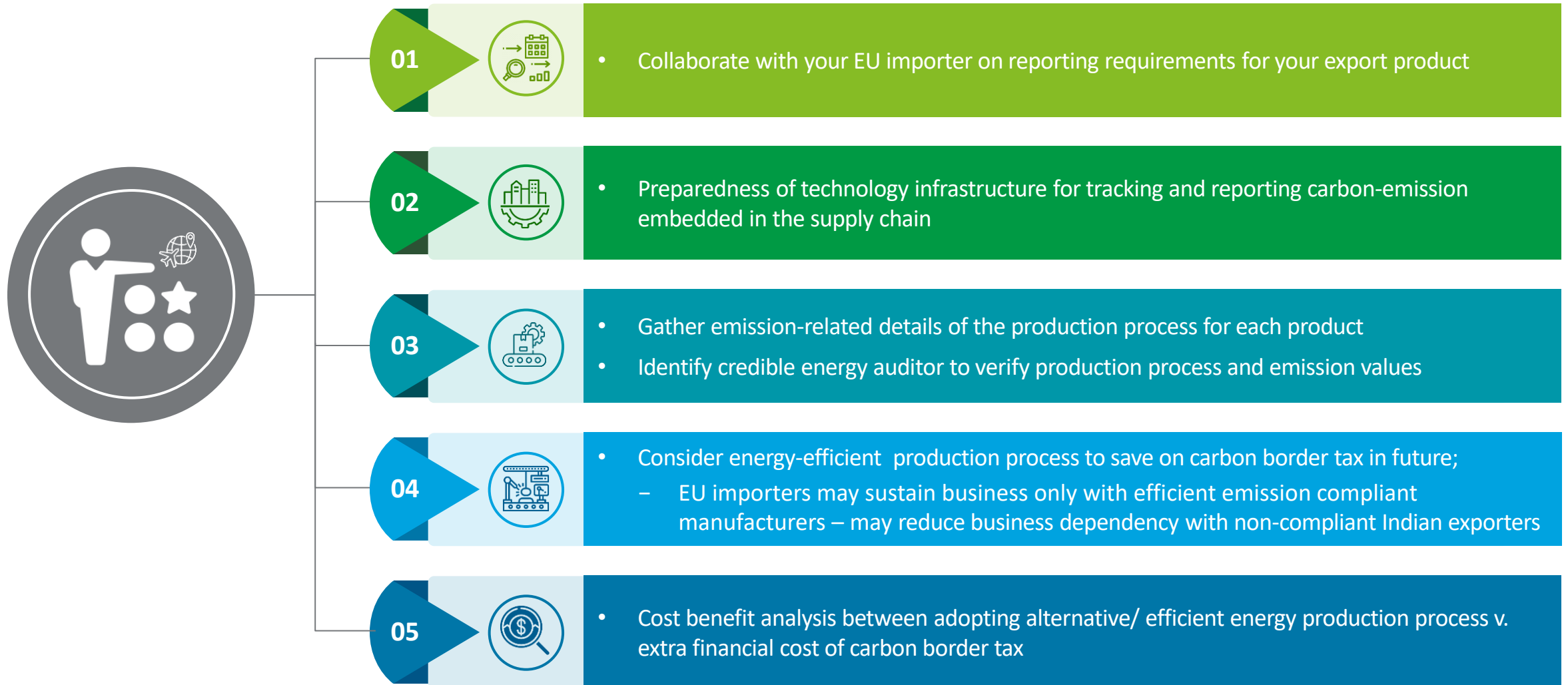
- EU importers must file annual reports by May 31.
- CBAM certificates to be provided for at least 80% of their emissions quarterly.
- Default (higher) values used for missing data.
- Pricing based on the EU ETS auction price in €/tonne of CO2 emitted.



### Emissions Reconciliation and Penalties

- EU importers demonstrate actual emissions during a reconciliation procedure.
- Surrender CBAM certificates corresponding to emissions.
- Penalties apply in case of failure to surrender CBAM certificates by May 31.

# What Indian exporters must be prepared for?





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