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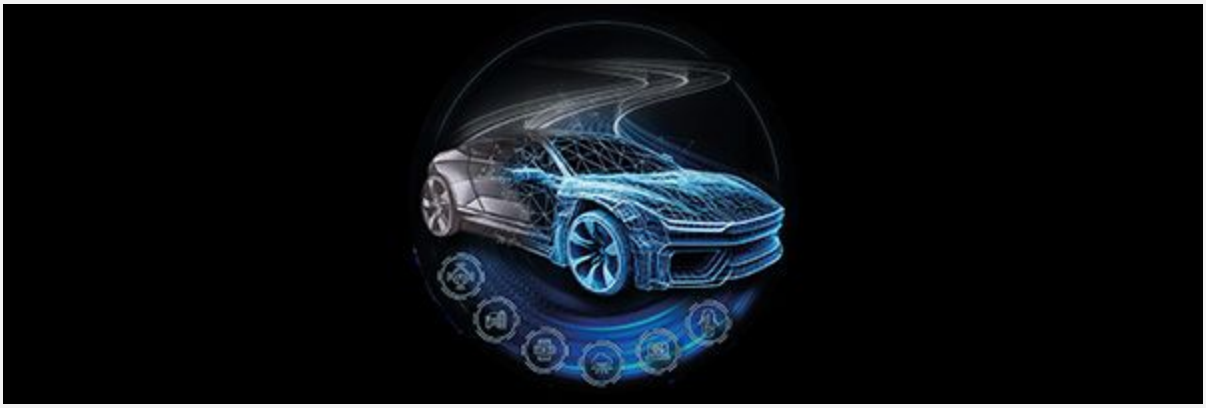

CE Automotive Newsletter

Q3 2024

Carbon tax: Additional costs for your company or a starting point for company transformation?

The introductory phase of the carbon tax regulation came into force on October 1, 2023. **However, it shouldn't be seen solely as CBAM reporting requirement, but rather as an opportunity to leverage advantages beyond compliance**. Compliance is just the starting point, not the end goal.

Data traceability is crucial – as penalties are already in place within the first phase for unreported CO2 emissions, automating data flows and ensuring effortless CBAM reporting should be a priority. By preparing ahead of time, **substantial financial savings can be achieved when entering the final period in 2026**.

Establishing a clear track record of calculations and auditable data is essential, allowing the avoidance manual yearly data collection and setting up flexible data collection and calculation processes. Data plays a vital role in these early stages, especially as the calculations continue to evolve.

Streamlining data not only improves reporting (not only CBAM reporting), but also enables more strategic decisions and projects. Aligning the company's data strategy with its overall strategy and setting data ownership are necessary steps. **Transitioning to data driven company, data collection with proper quality monitoring, reporting and transparency can be a game changer, enhancing competitiveness**.

Further, companies can manage operations based on insights rather than intuition. Incorporating technical solutions like AI-driven models reduces time spent on planning, decision making, and routine tasks. This marks the pinnacle of the company's transformation, where CBAM reporting becomes less important, and business operations can take back the center stage. Remember, being aware of CBAM reporting is just the beginning, not the final state.

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Sustainable Supply Chain Transformation

Sustainability challenges are the most disruptive forces that businesses face, but they also harbor opportunities. As more than 70% of the carbon footprint of many businesses come from scope 3 emissions, supply chains are the single most important field of action for a company to become sustainable. Implementing sustainability requires transparency from the very first step of the product value chain – from cradle to grave – to truly have a holistic view on lifecycle emissions and resource usage.

Additionally, digitalization emerges as a critical enabler for decarbonization efforts, making ESG improvements more efficient and affordable. Digital supply chain ecosystems can significantly facilitate joint R&D, procurement, manufacturing, delivery, and after-sales services while maintaining transparent ESG documentation, high automation, and cost efficiency.

In the automotive sector, the potential for sustainable supply chain practices is particularly notable. An automotive original equipment manufacturer (OEM) successfully implemented closed-loop recycling of aluminum, achieving significant CO2 savings and energy reductions. Between 2017 and 2021, this initiative saved over 500,000 tons of CO2 and reduced emissions by around 40% in 2018. Additionally, reusing secondary aluminum consumes up to 95% less energy compared to primary aluminum production. This example illustrates how the automotive industry can advance sustainable practices through innovative recycling and material reuse strategies.

Overall, the article highlights that sustainability challenges are disruptive forces for businesses but also present opportunities for growth, innovation, and differentiation. **By embracing sustainable supply chain transformation, companies mitigate risks and comply with regulations, but also create value, attract customers, and enhance their overall performance**.

Deloitte latest analysis and studies

Why batteries are too valuable to recycle?

The battery, as the most cost-intensive component, significantly affects the price of electric cars. Reducing battery costs will increase the acceptance of electric vehicles, especially in price-sensitive segments.

Discover how our PoV “Multi-Lifecycle-Battery” explores a multi-life concept for battery use and can save resources and reduce costs, while mitigating environmental impact.

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