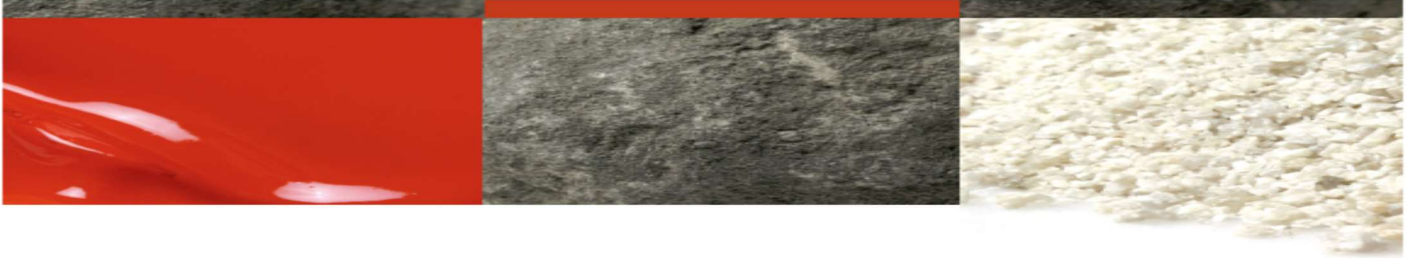




**CEMENT INDUSTRY
FEDERATION**



Cement Industry Federation

SUBMISSION

CORPORATE EMISSIONS REDUCTION TRANSPARENCY
REPORT

Consultation Paper

November 2021



BORAL™





**CEMENT INDUSTRY
FEDERATION**

Introduction

The Cement Industry Federation (CIF) welcomes the opportunity to make a submission on the *Corporate Emissions Reduction Transparency Report: Consultation Paper*.

The CIF is the national body representing all Australian integrated cement manufacturers and comprises the three major Australian cement producers – AdBri Ltd, Boral Cement Ltd and Cement Australia Pty Ltd.

Together these companies account for 100 per cent of integrated clinker and cementitious supplies in Australia. Cement is a critical input for Australia’s residential and commercial construction industry, as well as for major infrastructure projects.

1. Context

The stated purpose of the Corporate Emissions Reduction Transparency (CERT) Report is to support company emissions reduction claims by providing a level of verification and standardisation for companies that choose to disclose emissions commitments and their progress towards them.

Whilst supportive of transparent reporting, the CIF remains concerned around consistency of the proposed CERT framework compared with established and internationally recognised reporting frameworks used by our member companies - including the Task Force on Climate-related Financial Disclosures and Science Based Targets initiatives. Whilst this is a substantive issue that needs to be addressed, the following sections provide comment on the issues raised in the consultation paper and associated draft guidelines.

2. Key Principles

Consultation with industry to date identified **flexibility** and the **ability to provide contextual information** as key areas of concern for industry, as well as the **implementation of reporting options** to maximise the use of existing systems and processes to minimise the reporting burden.

Many of these issues have been addressed in the latest iteration of the proposed CERT, however, complexities remain with companies required to provide several publicly available framing elements which will then be verified against existing data held by the Clean Energy Regulator (CER) – potentially adding to the existing reporting burden faced by NGER reporters that choose to participate.

Also, questions remain around how well the CERT report will align with the myriad of existing company structures and goals, and whether the CERT will add enough value for companies to participate in the first instance.

Importantly, the proposed trial will be critical in terms of testing systems for collecting contextual information and minimising the reporting burden. A successful trial will be reliant upon a having a suitable number (and mix) of NGER participants.

As such, and given the issues raised above, further effort is likely to be required to encourage a high level of participation in CERT.

3. CERT Guidelines

3.1 Participation

The CIF supports the proposal that CERT participation will be voluntary. This is particularly important given the concerns raised above around the potential misalignment of company level commitments and existing NGERs reporting structures.

Further, once a company opts-in to CERT this should continue until the company chooses to opt out – as opposed to item 5.1 of the guidelines which states that NGER reporters will be required to opt-in annually within EERS as part of the NGER scheme.



CEMENT INDUSTRY FEDERATION

The ability for participants to opt-out at any time by advising the Clean Energy Regulator in writing is supported.

However, clarification is required as to how this would be represented on the online dashboard. Would the participant's data and previous commitments simply be removed from the online dashboard? Would there be a placeholder stating that the participant had decided to opt-out and if so, will there be provision for the participant to provide an explanatory statement?

The proposal to include non-NGER facilities in the future is supported in principle to encourage wider participation in emissions reduction activities across all sectors of the economy.

3.2 Verification

It is proposed that the Clean Energy Regulator will primarily verify CERT reporting through internal processes including data matching between agency systems. The term 'internal processes' lacks specificity as to exactly what systems and agencies will be used to verify the data.

The guidelines should provide more detailed information as to the likely systems and agencies that will be used to verify the data. This will be important in situations where the accuracy of CERT reporting is questioned, and additional information is sought.

The guidelines should also define what the likely timeframe will be for companies that opt-in and are required to supply additional information to accurately verify CERT reporting. This could then be tested as part of the trial period.

The guidelines should also be more specific around the processes leading up to and including where some or all of the CERT data provided by the participant is unable to be verified by the agency – including clear procedures for requesting additional data and deadlines for submission – before a decision is made to not publish, only publish the verifiable data or publish as 'company assured'.

3.3 Eligible Commitments

The option to include two types of eligible commitment – i.e. progress verified and/or company assured – is supported. The ability to report 'other commitments (company assured)' recognises that there will be company targets that may not meet the CERT verification requirements, however, still provides a means to report progress.

The option to report multiple commitments is also supported.

With regards to 'progress verified' commitments, the trial period should be used to closely examine the effectiveness of the framing elements – both in terms of providing the relevant metrics to be tested against agency data and in relation to the streamlining the data collection process as much as possible to minimise the reporting burden.

This reinforces the need for a suitable number (and mix) of NGER participants in the trial.

Clarification is required with regards to when/if a participant removes a commitment from the next year's report (by advising the Clean Energy Regulator in writing) and how this would (or would not) be represented on the online dashboard.

In addition, while providing flexibility for reporters (which is strongly supported), the range of options open to participants – specifically in terms of the chosen baseline and adjustments – reduces the ability to meet the stated aim of standardisation.

3.4 Publication details

The stated aim of the CERT is support company emissions reduction claims by providing a level of verification and standardisation for companies that choose to disclose emissions commitments and their progress towards them.



**CEMENT INDUSTRY
FEDERATION**

The proposed mechanism for publication of a participant's progress – i.e., a company view (or dashboard) and detailed company report – will inevitably lead to comparisons being made between participants. This is despite the potential for significant variation in how commitments have been determined.

For 'progress verified' commitments, for example, there are multiple options for each of the framing elements – year or multi-year averaging; scope 1 or scope 2 or both; gross basis or net basis; operational or equity share of emissions and energy data; financial year or calendar year

The 'company view' and 'datasheet view' should include a disclaimer that direct comparisons of participant commitments should not be made given the potential for significant variation in how commitments have been determined.

It is proposed that if a participant does not report a 'Commitment (progress verified)', then this section of the CERT report, including percentage progress will not display any information.

Where a 'commitment (progress verified)' is not reported, or reported as 'company verified', due to a significant misalignment between a participant's publicly stated target and NGERs reporting, there should be a mechanism to provide contextual information as to why this is the case – rather than leaving this section blank.

Also, it is proposed that amendments to a CERT '...may be made at the time of publishing of the following year's CERT or earlier at the agency's discretion.'

Provision should be included in the guidelines to allow for changes relating to clear and established errors (e.g., data entry errors if they occur) in published data to be made as soon as practicable – rather than 'at the agency's discretion.' This would provide a level of reassurance for companies that data errors will be rectified in a timely manner.

4. Further Contact

Thank you for the opportunity to provide the above comments. The CIF welcomes the opportunity to discuss any of the comments included in this submission.