

## CU Reply to the public consultations on the Commission's first Taxonomy Delegated Act on Climate Change Adaptation and Mitigation.

*Cerame-Unie represents the European ceramic industry sector, world leader manufacturer of high-quality ceramic goods produced by labor-intensive and innovative industrial SMEs employing more than 200.000 between direct and indirect jobs, and constituting up to 80% by SMEs. As energy-intensive industry strongly committed toward carbon neutrality for 2050 in line with the strategic [2012 Ceramic Roadmap](#), the EU ceramic sector falls under the cap-and-trade system with more than 1.200 installations, counting for 10% of all EU ETS installations and 1% of the total EU's industrial emissions of greenhouse gasses (GHG), located in several EU Member States as Italy, Germany, Spain, France, Portugal and Austria with a total turnover of 30bn euros worth in annual production.*

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With the present submission, **Cerame-Unie wishes to provide the European Commission with its input to the public consultations on the first delegated act of the EU Taxonomy Regulation (Regulation (EU) 2020/852)** [20 November 2020], establishing technical screening criteria (TSC) for determining the conditions under which certain economic activities qualify as contributing to climate change mitigation (Annex I) and adaptation (Annex II) according to art. 9 of the Basic Regulation and **to provide our structural recommendations to extend the scope of the Taxonomy as well to the ceramic sector as a relevant manufacturing activity** in the context of sustainable finance.

**Our response takes into account the inclusion under the first delegated act of the European ceramic industry as “enabling activity”** within the Manufacturing sector under art. 16 of the Basic Regulation, and **it highlights however that ceramic producers contribute to Taxonomy objectives in several additional sectors** as Cement • Chemicals • Civil engineering • Computers & electronics (batteries) • Electricity & gas supply • Renewable energy (solar panels, windmills, and the production of hydrogen by electrolysis through solid oxide (ceramic) electrolyte) • Glass • Machinery • Refining • Steel • Waste collection & treatment • Water collection & treatment) and others.

Hence, while we recognize the positive effect of being included as *enabling sector* in the current delegated act as it marks our role to achieve carbon neutrality (also) in other sectors,

- ➔ **We urge the Commission to include additional ceramic sectors** (other than NACE code 23.20 [refractory products], 23.3.1 [ceramic tiles and flags], 23.32 [bricks], 23.4.3 [ceramic insulators]) **as “enabling activities” in the remit of the Annexes (I and II) of the draft delegated regulation**, along with Technical Screening Criteria appropriate to our characteristic; **the addition should regard the following NACE sectors**, together with adequate TSCs metrics:

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- **Clay building materials** (NACE C23.3) as key input for the building & renovation sector;
- **Ceramic sanitary** (NACE C23.4.2) and **tableware** (NACE 23.41) as low-carbon technology products with high sustainability characteristics as reusability, durability, hygiene, and repairability;
- **Technical ceramic products** (NACE C23.4.4) as low-carbon technology and energy-efficiency input for manufacturing and energy-intensive activities;
- **Refractories** (NACE C23.2.0), in addition to what is currently provided in the draft, delegated act, **to cover every other listed manufacturing sectors and in all energy-intensive processes as the steel and cement industry**, due to *inter alia* thermal resilience' capacity.

**To maximise the potential of ceramic manufacturers already included** in the draft delegated act as suppliers of energy-efficiency equipment for buildings<sup>1</sup>,

- ➔ **We further urge Commission to amend the metric of the Technical Screening Criteria foreseen under the delegated act for ceramic products for the building sector c) “external CLADDING system”** with U-value lower or equal to 0.5 W/m<sup>2</sup>K to -> **“external WALL system”**; such change would be justified by the fact that the overall energy efficiency of a wall is always related to the wall system and not only to the cladding. Therefore, the use of “external cladding system” would be unprecise. Furthermore, the use of the wording “external wall system” would be in line with the term “roofing system” used in the annex;
- ➔ On a more detailed note, **we highlight the necessity to align the existing standards for sustainable construction as reference metrics for the development of Technical Screening Criteria for ceramic products in the construction sector.**

**On a more general note concerning the scope of Taxonomy Regulation**, in consideration of the future work of the Sustainable Finance Platform as in detail described by the Technical Report (TEG) and its relevant Annex (TEG Annex), which recommends the Commission to extend the scope of the Taxonomy to other Manufacturing sectors (i.e. expressed reference is made to the paper and glass industry page p. 159 of the TEG Annex) **together with the possibility to review the delegated taxonomy act(s)**, as described under Recital 40<sup>2</sup> of the draft delegated regulation, also given the direct and indirect potential of the ceramic manufacturing sector to lower overall GHG emission:

<sup>1</sup>Draft Delegated Regulation, (Annex I Chapter 3.4 page 68) (Annex II, Chapter 3.4, page 54) NACE code 23.20 (refractory products), 23.3.1 (ceramic tiles and flags), 23.32 (bricks), 23.4.3 (ceramic insulators);

<sup>2</sup> **European Commission, Draft Delegated Regulation supplementing Regulation 2020/852**, Recital 40 *“To ensure that the application of Regulation (EU) 2020/852 evolves with technological, market and policy developments, this Regulation should be regularly reviewed and, where appropriate, amended as regards the activities considered to be contributing substantially to climate change mitigation or climate change adaptation and the corresponding technical screening criteria”*

- **We call the European Commission and Sustainable Finance Platform, to include the European ceramic sector as a whole in the “Taxonomy list” as economic activity potentially contributing to climate objectives in addition to being a key enabling sector;**
- **Accordingly, we stress the need to develop Technical Screening Criteria relevant for our industry accordingly, and to this extent to find a solution for including our industry-experts in the work of the Sustainable Finance Platform, to better ensure the real and potential contributions of our activities and products are truly reflected.**

As reflected in the Ceramic Roadmap to 2050, the ceramic industry is fully engaged in decarbonisation through the implementation of existing technologies and the development of breakthrough innovations which will enable higher carbon reductions. Access to all financial instruments likely to support these efforts in the transition towards low carbon manufacturing is absolutely vital to this industry and its industrial SMEs.

Hence, the Taxonomy for many of our companies and for the European Union vis-à-vis our sector plays a twofold main role as **(1) it [could] provides access to green finance for our industry** as an energy-intensive sector for much needed clean technologies projects (today along with transport and power sectors among the main targets of climate actions) **helping to curb down the sectoral GHG emission curve** and **(2) [could] unlock our potential to contribute substantially to key Taxonomy objectives.**

- **On a final note, several CU members are being approached by financial analysts and authorities asking to justify their position vis-à-vis the definition of sustainable finance and if they comply with the relevant Technical Screening Criteria. Unfortunately, our sector is not able to provide the needed answers, which leaves us out from the Taxonomy action and exposed *inter alia* to the risk of lower investment rating.**

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