InfluenceMap

European Cement and Climate

A Business Risk Analysis

November 2016

European Cement and Carbon Pricing Regulatory Risk

November 2016

Contents

Executive Summary

- The European Parliament's ENVI[1] is due to vote next month on the reform of the EU Emissions Trading Scheme (EU ETS), a flagship climate policy mechanism. This report shows that while cement companies in their current form could be facing financial risk to their current, carbon intensive business model from effectively implemented carbon pricing, most have not adequately disclosed this risk to investors. At the same time, in spite of the industry's stated support for the Paris Agreement, they have systematically lobbied against an effective reform of the EU ETS and other carbon pricing regulations. InfluenceMap's analysis of corporate engagement with climate policy shows that, out of 15 industrial sectors, cement is the most negatively engaged apart from oil and gas.

- The motivation for the sector to influence the EU ETS reform process is high, with cement production accounting for more than a quarter of all greenhouse gas emissions covered by the scheme.[2] A recent CDP report also showed that even a modest carbon price, effectively implemented, would have a dramatic impact on cement's profits.[3] CDP concludes that drastic action is needed for the industry to achieve a science-based GHG emissions reduction trajectory by 2025.

- This report presents analysis that shows despite cement companies' public embrace[4] of ambitious climate policy and despite CEMBUREAU's (the main European cement trade association) assurance that with its 2050 Low Carbon Roadmap "the cement industry is fully in line with the goal to keep temperature rise below 2°C, it actively opposes ambitious, science based climate policy.

- As the cement sector's main representative in Brussels, CEMBUREAU is at the centre of the sector's climate policy engagement in Europe, with a HeidelbergCement executive holding the current Presidency and nearly all the major European cement makers on its Senior Advisor Group. In 2016, CEMBUREAU has continued to push back on the European Commission DG Clima's recommended reforms to the EU ETS and has supported the carry-over of 700 million credits worth of unused emission allowance from phase III to phase IV. In 2016 it opposed the

[1] Committee on the Environment, Public Health and Food Safety

[2] Cement Exposed, Sandbag, October 2016

[3] Visible Cracks, CDP investor focused report on the cement sector, June 2016

[4] For example, LafargeHolcim website states: "As a world leader and advocate of the decarbonization of the construction value chain, LafargeHolcim welcomed the COP 21 Paris Agreement. We have since elaborated a set of commitments to cut our net CO2 emissions and reduce our dependency on natural resources".

proposed 'tiered' approach to permitting reform, further arguing that if it is introduced, then sectors at risk of carbon leakage should continue to receive 100% free allowances up to 2030.

- European companies such as Ecocem, who have focused on commercialising low carbon cement production, hold opposite views on how the ETS could help the sector to decarbonize. Ecocem's CEO, Donal O'Riain has been outspoken on this issue suggesting that the biggest cement companies have "skewed the rules of the game against innovators."

- Market leader LafargeHolcim, a signatory of a commitment to a UN guide on responsible climate policy engagement,[5] has made public statements supporting carbon pricing but has opposed ambitious EU ETS reform, records of 2015 public consultations on the policy reveal. [6] It also holds many key positions[7] in trade associations that have consistently sought to undermine the ETS and other EU climate policy. All the companies analysed have either directly opposed EU ETS reforms or hold senior positions in trade associations that have opposed them.

- European cement makers are also active in climate policy engagement, often obstructive, at national levels in Europe and the US. For example, HeidelbergCement and Cemex hold key positions in the US Portland Cement Association which joined the EPA-directed lawsuit against the Clean Power Plan, characterising it as "arbitrary and capricious, contrary to the United States Constitution and the Clean Air Act." The association's policy engagement profile is also available on InfluenceMap.

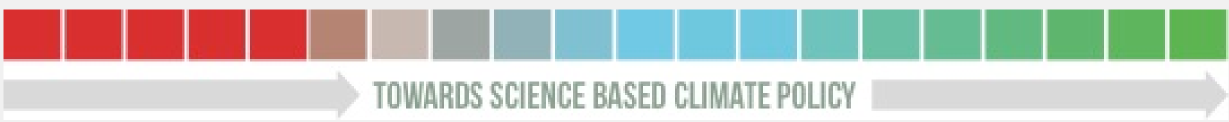
- Despite active and negative engagement with ambitious climate policy, the cement sector's overall disclosure of climate regulatory risk is limited. The companies appear to be aware of risks based on submissions to CDP [8] but there appears to be little discussion of these risks in financial filings and annual reports. Buzzi Unicem or Italcementi do not appear to be effectively communicating on regulatory risks to their investors whilst LafargeHolcim has only provided a wide-ranging approximation of the financial risk. HeidelbergCement and Cemex perform better in this report's analysis of climate risk disclosure, giving a clearer indication of potential regulatory impacts on their business from the EU ETS.

[5] UN Guide for Responsible Engagement with Climate Policy, UN Caring for Climate
[6] Lafarge's submission to Consultation on Revision of the EU Emission Trading System (EU ETS) Directive, March 2015
[7] InfluenceMap Scorecard for LaFargeHolcim, see Relationships Score tab
[8] CDP's Climate Change Information Request annual process

Scoring Summaries

The following table summarises our analysis of how the Europe based cement makers score relative to each other on disclosure of risk due to carbon pricing regulations and their engagement with such regulations. The CDP assessment of the company on its GHG emissions performance, from its June 2016 report "Visible Cracks" is provided in the right-hand column for reference. Note that the InfluenceMap and CDP scales are not directly comparable with each column representing distinct metrics via which the performance of the companies relative to each other can be gauged.

Scorecard Summary	Disclosure Score	Policy Engagement Score	CDP GHG Emissions Performance Grade
LafargeHolcim	D	E	B
CRH Plc	D+	E-	C
Cemex	C	E-	D
HeidelbergCement	B-	F	D
Italcementi	E+	E-	E
Buzzi Unicem	E+	F	D



Cement's Policy Engagement in Context

From InfluenceMap's online analysis platform of corporate engagement with climate policy, the following tables indicate the relative scores of the cement sector and CEMBUREAU within the context of other sectors and other leading European trade associations respectively.

Sector	Average Score
Consumer Staples	C+
Information Technology	C
Telecommunications	C-
Healthcare	C-
Utilities	D+
Industrials	D+
Retailing	D+
Airlines and Logistics	D+
Automotive	D+
Commercial Services	D
Chemicals	D
Materials	D
Media	D
Cement	D-
Oil and Gas	E+

European Trade Association	Sector	Score
Confederation of British Industry (CBI)	All Sectors	C+
International Chamber of Commerce (ICC)	All Sectors	C-
German Automotive Association (VDA)	Automotive	D
International Council of Chemical Associations (ICCA)	Chemicals	D
Eurelectric	Utilities	D
European Roundtable of Industrialists (ERT)	All Sectors	D-
German Industrial Federation (BDI)	All Sectors	D-
CEMBUREAU: The European Cement Association	Cement	E+
International Association of Oil and Gas Producers (IOGP)	Energy	E
German Chemical Industry Association (VCI)	Chemicals	E
Business Europe	All Sectors	E
FuelsEurope	Energy	E-
European Automobile Manufacturers Association (ACEA)	Automotive	E-
European Chemical Industry Council (CEFIC)	Chemicals	E-
Federation of French Industry (MEDEF)	All Sectors	E-

How the cement sector is failing to transition to low carbon alternatives

An overview provided by Tomas Wyns
Project Researcher Environment and Sustainable Development
Institute for European Studies**, Vrije Universiteit Brussel**

The efforts of the European cement sector to reduce greenhouse gas emission have been minimal until now. While emissions from the sector decreased by almost 40% between 1990 and 2012, mostly due to a reduction in production volumes, the CO2 intensity decreased by only 12%. These small improvements are due to a higher use of biomass as a fuel, small efficiency improvements and incremental higher use of clinker substitutes (clinker being the most GHG-intensive products to make cement).

There seems a significant, cost-effective and untapped CO2 reduction potential for cement production and consumption. For instance, best practice cement production efficiency (e.g. in India) is 20% better than the EU average. This shows that EU cement producers can still make important improvements through modernisation of existing installations and closure of old inefficient plants. There is still further scope to substitute clinker in cement with alternatives such as granulated blast furnace slag, fly ash and other materials (e.g. belenite), leading to over-all emission reductions of 25-30% compared to current emissions. Last but not least, there is growing evidence that the use of cement in concrete can be dramatically reduced without compromising quality or cost. In theory, the cement intensity of concrete can be reduced by 50-60% compared to current standard practice in the EU. If applied across Europe this could lead to emission reductions (following lower consumption of cement) of a same order. Overall a reduction potential of around 70% compared to current levels would be achievable without the use of breakthrough technologies and radically new process plants.

Deep emission reductions appear to be conflicting with the European cement sector's current investment model. Cement production is a high CAPEX industry due to the high cost of production installations. In Europe, most installations were written off a long time ago, but they have a much longer operational lifetime. Furthermore, the European market is mature and only sees a slow growth. Investments in modern new (and costly) process installations is therefore low and hence also are radical (low-carbon) process innovations. The current construction materials market also sees producers making a margin in cement sales, while the profit margins through sales of concrete are deemed far lower. This de facto implies that cement producers will not be inclined to (significantly) reduce emissions through clinker substitution or product diversification towards low Portland cement concrete.

In addition, the current European and national standards on concrete exacerbate the issue through preventing low Portland cement concrete producers entering the market. Misuse of standards to block (innovative) new entrants in the cement/concrete market has been documented in the cement and concrete sector. Finally, the inertia of cement producers and related rigidity of concrete standards impede new low CO2 cement or concrete products to gain market share and hence trust of consumers. The current business model hence creates a negative feedback loop towards low-carbon (product and process) innovation.

Introduction

The EU is currently considering proposals for the reform of the EU ETS Phase IV, which covers the trading period 2021-2030. These proposals were released by the European Commission in July 2015 and are currently being considered by Member States and the European Parliament. The European Parliament Committee on the Environment, Public Health and Food Safety (ENVI) is due to meet on December 8th 2016 whereupon it will vote on the Commission's proposal. The Parliament's EU ETS plenary vote will take place in February 2017.

The cement sector accounts for around 5% of GHG emissions in the EU, with these emissions roughly split evenly between energy use and manufacturing process emissions specific to the cement sector. [9] It is covered by the EU ETS and thus its engagement with this and other key EU climate policies is of prime interest to stakeholders concerned with climate change. Work by research-focused NGOs such as Sandbag and Carbon Market Watch has suggested the design and implementation of the EU ETS has led to excessive profits from the scheme [10] for the cement sector in Europe at a time when it is not significantly reducing the GHG emissions intensity of its operations.[11] This is largely the consequence of the over-allocation of emissions allowances [12] in response to the industry's argument that it faced the threat of 'carbon leakage', an effect the LSE Center for Climate Change, Economics and Policy [13] found to be "not unfounded" but "overstated".

CDP released a report in June 2016 [14] which found that only three of the twelve largest, global cement companies were reducing their emissions intensity in line with science-based targets, whilst the industry remained significantly exposed to a robust carbon pricing regulatory regime. Among the findings the following conclusions were drawn.

- All the companies need to take action to align themselves with a science-based emissions reduction trajectory that will tighten significantly post-2025.
- The industry has significant exposure to a robust carbon pricing regulatory regime – up to 114% of their profits (EBIT) from just a modest US$10 carbon price.
- To achieve significant emission reductions the cement companies need to focus on longer-term solutions like developing less carbon-intensive cement products.

Within this context and pending a key decision on the EU ETS, this report looks more closely at how European cement companies have responded to this increasing regulatory challenge. The six largest cement companies in Europe are analysed.

[9] Europa.eu data, 2015
[10] Cement - The Final Carbon Fatcat, Sandbag, March 2016
[11] Cement Exposed, Sandbag, October 2016
[12] Policy brief: Industry windfall profits from Europe's carbon market, Carbon Market Watch, March 2016
[13] Asymmetrical industrial energy prices, Center for Climate Change, Economics and Policy, LSE, February 2015
[14] Visible Cracks, CDP investor focused report on the cement sector, June 2016

Methodology

This study considers that the primary climate change risks facing the cement sector are regulatory driven, primarily by policies and regulations that will tend to place a price on the carbon emissions of a company's operations (emissions trading, carbon taxes, GHG targets). While cement manufacturing is an energy intensive sector, its high, additional, GHG emissions particular to the cement making process present companies with significantly more risk (or opportunity if managed well) compared to other energy intensive manufacturing sectors in the face of rigorously implemented carbon pricing regulations. This study builds on recent analysis of climate risk in the cement sector and focuses on the engagement with these climate regulations by leading Europe based cement manufacturers as a means of understanding patterns of behaviour.

In the study, we assess and score two aspects of company behaviour: disclosure of climate risk and engagement with the policies driving these risks. Full details of how we arrive at our numerical scores are detailed in Appendix A.

Disclosure: We assess climate risk disclosure in the companies' latest annual reports, financial filings [15] and CDP responses. We assess and score the thoroughness of the disclosure of these risks and details of the risk management plans.

Policy Engagement: We look at the extent to which the companies are positively or negatively influencing climate policy globally, as assessed using our main climate policy engagement assessment methodology.[16]

The three climate risk/opportunity issues considered in the study are noted in the table below, along with the weighting that has been assigned to the issue in the scoring. This is roughly reflective of the potential pressures to the company's revenue streams and operating costs. In the scoring platform, the risk issue weighting[17] is provided in brackets, on a linear scale of 1 to 10, with 10 the most important.

[15] Most financial regulators require disclosure to investors of 'the most significant risks that apply to the company' (SEC)
[16] InfluenceMap's scoring of corporate engagement with climate policy, 2015-2016
[17] The relative risk weightings for the cement sector and climate was estimated by informal polling of eight experts with knowledge of both the cement sector and climate change regulatory risks and trends.

Carbon Pricing Regulations (emission trading, carbon taxes, GHG reduction targets). This relates to regulatory pressures that will tend to place a financial cost (or opportunity if managed better than competitors) on the company due to its emissions of GHG. In the EU, this is primarily the ETS. This is weighted highly in terms of risk due to the high process emissions from cement. **(Weighting=10)**

Energy Efficiency and Renewable Energy Regulations This relates to regulatory pressures that will tend to place a financial cost (or opportunity if managed better than competitors) on increased use of renewable energy and energy efficiency targets and regulations. **(Weighting=3)**

Products and Processes (other market and regulatory climate motivated drivers) This relates to other climate motivated regulations particular to the cement sector not included above and also market/technology driven risks/opportunities related to GHG-reduction motivated process and product shifts in the sector. **(Weighting=2)**

In the analysis, we highlight potential inconsistencies between disclosures and policy engagements on particular climate risk issues. These inconsistencies can offer indicators of company behaviour.

- The **lack of disclosure** on a climate risk accompanied by **significant obstructive engagement** against an associated policy, indicating the company is aware of the risk but chooses not to disclose details of this.

- A company may offer **detailed disclosure** on a particular risk along with similarly disclosed strategy on how the company intends to manage this risk. In parallel with this, the company may be actively **opposing the corresponding regulatory driver** behind the risk, potentially indicating conflicting behaviour within the company.

Details of **disclosure** and **policy engagement** by the six cement companies with significant European activities are presented in the companies' profile pages from page 12 onwards. These are focused on the three issues above and highlight any inconsistencies observed between their disclosures on climate risk issues and policy engagement. The scores reflect mostly disclosures and positions on carbon pricing regulations due to the strong weighting afforded this risk issue in the assessment.

Climate Policy Engagement by the Cement Sector

Introduction

How a company or sector engages with ambitious climate policy gives a clear indication its readiness for a low-carbon future. CEMBUREAU has created an emissions roadmap for the sector, complete with policy suggestions on initiative such as increasing raw material and fuel efficiency with the use of alternatives. In the build up to COP21, CEMBUREAU stated support for a “legally binding international climate change agreement” and assured that its Low Carbon Roadmap “is fully in line with the goal to keep temperature rise below 2°C.”

Despite this, our analysis shows that in 2016 CEMBUREAU has actively opposed all three major aspects of EU climate policy– renewable energy, energy efficiency and GHG emissions reductions through the EU ETS. This regulation, and the targets it aspires for, are crucial in the EU’s strategy to achieve a low-carbon economy by 2050. An analysis of the cement sector’s engagement with climate policy casts serious doubts over the efforts of its major players to align itself with a low-carbon trajectory.

Corporate engagement with climate policy

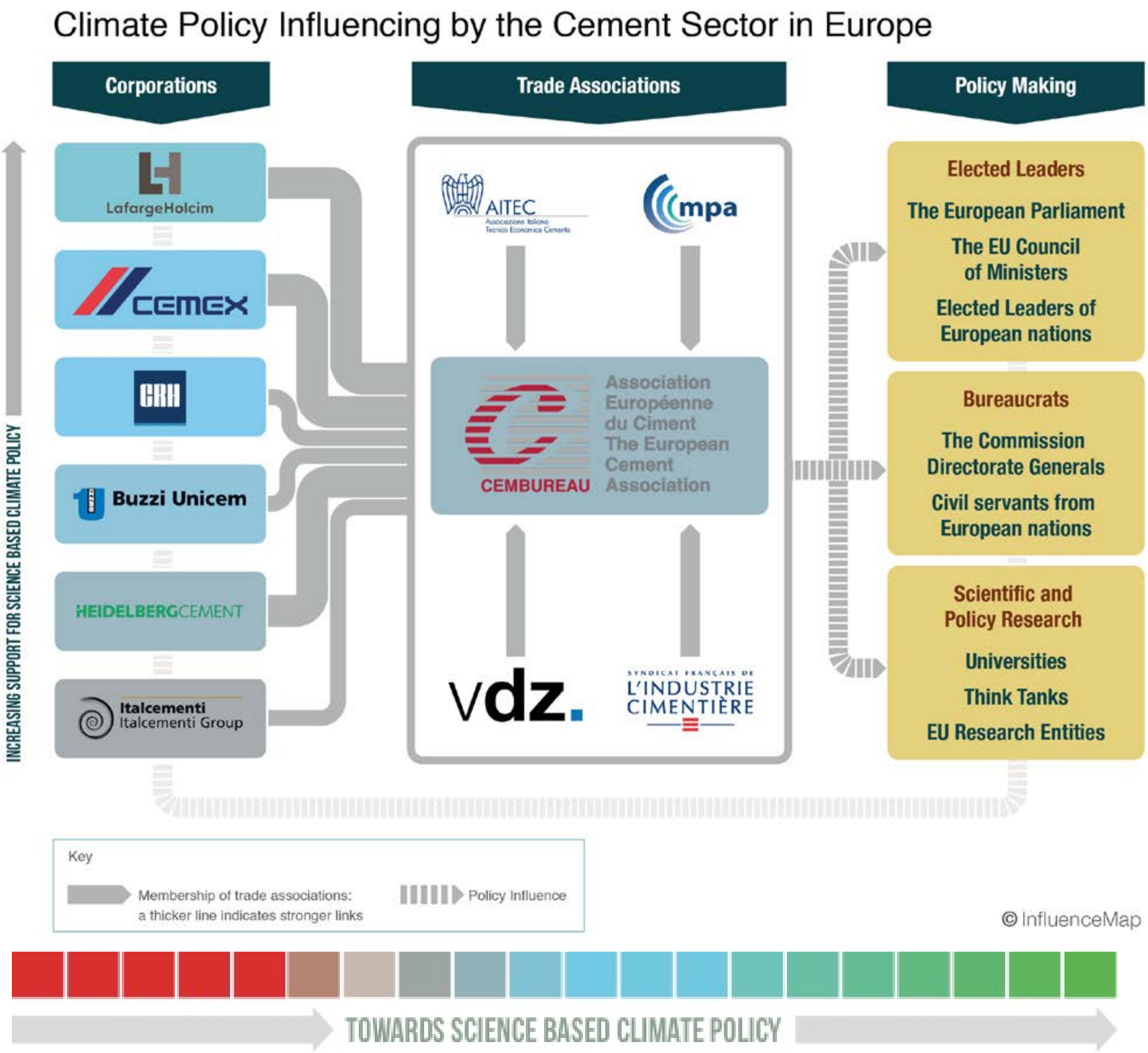
Guidelines on influencing climate policy established by the UN Global Compact confirm the range of business activities that constitute influence, including policy engagement, advertising, PR activities and providing technical assistance to policy makers. The guidelines highlight the prominent role that trade associations can play in policy formation. Over 120 corporate signatories have made commitments, pledging best practice in their policy engagement in accordance with the guidelines, including LafargeHolcim. InfluenceMap bases its definition of "influence" on this UN guide.

The European Union

The responsibility to develop policy tackling climate change at the level of the EU and its Member States lies primarily with the European Commission, which has a structured European Climate Change Programme. Correspondingly, there is a well-established process in Brussels for corporations to influence various strands of the EU's climate agenda. At the European level the key representative of the cement sector is CEMBUREAU, based in Brussels.

> *"CEMBUREAU is the representative organisation of the cement industry in Europe. The Association acts as spokesperson for the cement industry before the European Union institutions and other public authorities, and communicates the industry’s views on all issues and policy developments with regard to technical, environmental, energy and promotional issues."* CEMBUREAU website, 2016

The following infographic shows how the European cement sector uses trade associations to exert influence over EU policy and regulations and the disparity between the stated positions of the major companies and those of the key trade associations on climate change.



Focus on the role of CEMBUREAU

InfluenceMap's analysis shows CEMBUREAU has negatively engaged with each major aspect of EU climate policy in recent years, but with a particular emphasis on the EU ETS. - a brief summary of highlights is provided below.   In its policy engagement, CEMBUREAU has emphasized the limits to cement GHG emissions reductions due to what it considers unavoidable process emissions. In its role as the "spokesperson for the cement industry" it has successfully weakened the ambition of climate regulation as it applies to cement production by arguing that regulators should not punish "best performers" in the industry. Further details on CEMBUREAU are in Appendix B.

On the EU ETS

- 2009/2010: CEMBUREAU successfully pushed for cement emissions to be measured against clinker (not cement) production, as well as a lax emissions cap for phase III of the EU ETS. This has limited the ambition of the ETS as it applies to the cement sector, has contributed to an excess allocation of emission permits and has contributed to the creation of a mechanism that rewards traditional, GHG intense production methods.
- 2013/2015: CEMBUREAU regularly engaged with EU policy makers, consistently utilizing arguments around carbon leakage, to push for continued future allocations of free emission permits for the cement sector, as well as resisting ambitious reforms, including the Market Stability Reserve and a Cross Sectoral Correction Factor.
- 2016: CEMBUREAU continues to stress carbon leakage issues, the irreducible nature of cement emissions and the need to refrain from punishing 'best performers', to undermine ambitious reform of emission permitting, including advocating the carry-over of 700 million credits worth of unused emission allowances from phase III to phase IV, and opposing the proposed 'tiered' system for carbon leakage - further arguing that if it is introduced, then sectors at risk of carbon leakage should continue to receive 100% free allowances up to 2030..

On Energy Regulations (renewable energy and energy efficiency)

- Renewable Energy: Despite advocating for increased support for biomass usage and renewable energy targets for other sectors, in a 2016 review with policy makers CEMBUREAU criticised the Renewable Energy Directive for undermining investment in "secure power generation". It appealed for greater financial support to mitigate against carbon leakage and called for the phase out of renewable subsidization which it argued is undermining the competitiveness of EU industry.
- Energy Efficiency: In a 2016 review of the Energy Efficiency Directive, CEMBUREAU strongly advocated against the use of energy efficiency targets for the cement sector. Specifically, the association argued that there was little potential left for energy efficiency improvements and that the costs required to achieve these means that they are not in line with "economic reality".

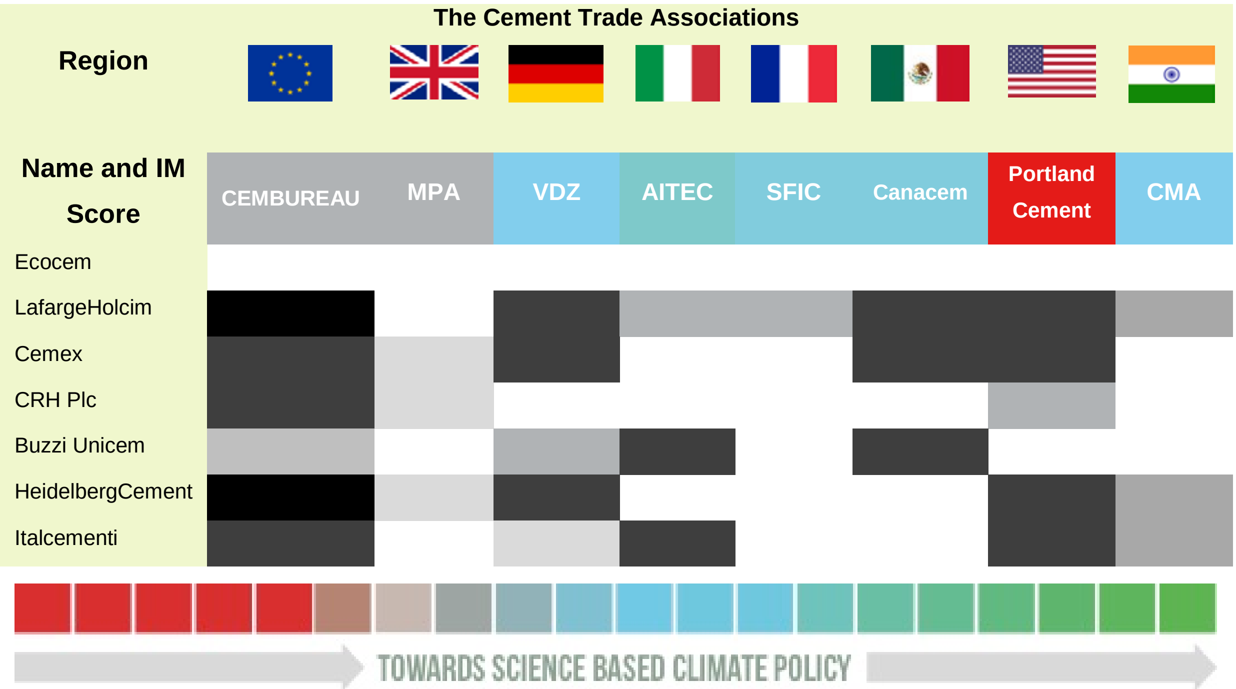
An example of supportive EU climate policy engagement by cement

Companies which employ low-carbon technologies as a key business differentiator tend to be supportive of science based climate policy which may afford them cost advantages. InfluenceMap analysed and scored the policy engagement of one such company in the cement sector, Ecocem, ranking it a B, making it comparatively one of most supportive industrial companies of ambitious climate and energy policy. Its profile on the InfluenceMap system is here.

Ecocem is an Irish cement manufacturer that produces 1.7m tonnes of cement a year. Its cement is low-carbon as it uses a different manufacturing process in the production of clinker, which is where most GHG emissions occur. The company supports the transition to a low-carbon economy with the dramatic reductions in CO2 and an effective regulatory framework to drive this decarbonization. Currently excluded from the ETS, Ecocem has been publicly critical of the scheme suggesting that the over-allocation of emissions credits has led to an artificially low and ineffective carbon price, which is holding back the industry' transition. It has asked policy makers for changes in the scheme to counter free over-allocation, including a tax on windfall profits to correct competitive distortion against low-carbon cements. Its CEO has also been particularly vocal on the cement sector's negative policy influence, suggesting the effect of "powerful incumbents has neutered the effect of the EU Emissions Trading System (EU ETS), and skewed the rules of the game against innovators."

Rest of the World

As global companies the cement players that have been assessed have significant involvement in trade associations globally. We map out which ones are involved in which trade groups, and the climate positions of these. In the graphics below, the darker the shade of grey the stronger the relationship between the corporation and the trade association.



Trade Association membership shading key	
	President of association or head of climate committee or equivalent
	Board membership or equivalent
	General membership
	Membership through subsidiary or equivalent
	No membership

The following are some highlights of the policy engagement by the companies in our study, at the national level.

On Carbon Pricing Regulations

- In 2015, CEMBUREAU and companies including HeidelbergCement and Italcementi told policy makers that they are opposed to carbon pricing measures being implemented in national legislature in EU member states.
- UK: The MPA has repeatedly called for the repeal of the carbon tax floor, eventually succeeding in negotiating an exemption from the scheme for the cement sector.
- The US: In 2015, The Portland Cement Association has joined legal action against the Clean Power Plan characterizing it as "arbitrary and capricious, contrary to the United States Constitution and the Clean Air Act." It further appears to believe that any carbon pricing regulation "could cripple the industry".
- Mexico: In 2013 CANACEM, the Mexican cement association, advocated to policy makers to oppose a carbon tax.

On Energy Regulations (alternative energy and energy efficiency)

- Germany: The German cement association, the VDZ, has asked the government for substantial tax relief in compensation for the loss of subsidies related to the Renewable Energy Resources Act (EEG 2014)
- Mexico: Cement association CANACEM and company Cemex have supported the 2015 Energy Transition Law, which included long-term renewable energy targets, becoming law in December 2015.

LafargeHolcim

LafargeHolcim	Disclosure Score: D	Policy Engagement Score: E

Some disclosure on company risk, 2016, Sources: Annual Report, CSR Report, CDP

LafargeHolcim has not described the material risks from carbon pricing regulations through its sustainability and annual reports, although it has identified the risks in its financial disclosures. In its 2016 disclosures to CDP it has given a broad indication of the financial risk it could face.

Disclosing support for emissions trading schemes, 2016, Sources: Website, CDP disclosure

In its 2016 CDP disclosure, LafargeHolcim purports that its supports emissions trading schemes around the world - on the condition that the various policies create a level playing field. On its website it has stated support for the EU ETS and, through its CDP disclosure, stated support for reforms such as the Market Stability Reserve. It considers its position on the ETS to be consistent with CEMBUREAU.

Carbon Pricing Regulations

LarfargeHolcim has not supported carbon pricing regulations through its policy engagement activities, 2014, 2015 Source: EU Legislative Consultations,

Through consultations with EU policy makers in 2014 & 2015, Lafarge opposed ambitious EU ETS reform, including the Market Stability Reserve. It has stressed the threat to the industry from carbon leakage and the need for free emissions allowances. Before the merger, Holcim communicated mixed support for ETS reform, supporting the long-term reform of emissions permits, on the condition free allowances are provided in the short-term. Larfarge has also opposed carbon pricing measures by EU Member States, eg. UK Carbon Price Floor.

LarfargeHolcim has held leadership roles in trade associations that have opposed carbon pricing regulations, 2014, 2015, 2016, Source: Legislative consultations

LafargeHolcim recently held the presidency of CEMBUREAU, which has strongly opposed reform to the EU ETS. It also chairs the board of directors of the Portland Cement Association which opposes measures to reduce GHG emissions in the US in Oregon and federally through the Clean Power Plan and a carbon tax .

Limited disclosure on company risk, 2016, Sources: Annual report, CSR Report, CDP

LafargeHolcim's 2016 CDP disclosure response recognises regulatory risk from energy efficiency standards, but the company has not made detailed disclosures through other communication channels on impacts related to energy efficiency or renewable energy regulation. LafargeHolcim's sustainability report, website, and financial disclosures instead refer to its broad energy alternative and energy efficiency ambitions.

Disclosing mixed support for low carbon energy standards, 2016, Sources: Website, Bernard Mathiew Interview, Cemtex

LafargeHolcim's Head of Sustainable Development, Bernard Mathieu, has stated support for low carbon energy standards but only ones beyond their "fence lines" and has advocated for higher renewables use in the power sector. The company's website states support for energy efficiency standards on the condition that they apply to 'building's energy performance' not specific materials.

Energy Regulation

LarfargeHolcim has supported some low carbon energy standards through its policy engagement activities, whilst opposing others 2016, 2016, Source: Legislative Consultations

Lafarge in 2015 opposed the EU's energy efficiency directive on the basis that, along with other legislation, it forms a "cumulative burden" on industry. However, it has promoted energy efficiency performance measures related to "building codes and norms", which arguably present less risk to its business. In 2016 it has advocated for a greater share of renewables in the energy mix, suggesting in a 2015 consultation to the EU the need for a renewable energy target for the power generation sector.

LarfargeHolcim has held leadership roles in trade associations that have opposed renewable energy legislation.

LafargeHolcim's Honorary Chairman is Energy and Climate Change Working Group Chair of the European Roundtable of Industrialists (ERT) that has opposed EU renewable energy targets, as has the Portland Cement Association which it also holds a senior position in.

Limited disclosure on company risk, 2016, Sources: CDP Responses, Annual Report, Financial Disclosures

Through its 2016 CDP climate change information response, LafargeHolcim broadly identified business risks related to increasing demand for low carbon products. However, it has not discussed any relevant material risks through its annual report or financial disclosures.

Low Carbon Processes and Products

Italcementi

Italcementi Italcementi Group	Disclosure Score: E+		Policy Engagement Score: E-
Limited disclosure on company risk, 2016, Sources: CSR Report, CDP Responses, Annual Report. Italcementi's 2016 CDP disclosure response details risk related to carbon pricing regulations. However, the company has not clearly disclosed on the material risks in other communications, including its sustainability communications and annual report. **Disclosing support for emissions trading schemes**, 2016, Sources: Website, CDP Responses, CEO Statements. Italcementi's CEO Carlo Presenti has stated support for the EU ETS. In its 2016 CDP disclosure, the company has also stated support for a scheme in Kazakhstan. It considers its position on the ETS to be consistent with CEMBUREAU.	**Carbon Pricing Regulations**		**Italcementi has opposed carbon pricing regulation through its lobbying activities. 2015,** Sources: Legislative consultations Through consultation with EU policy makers in 2015, FYM, a member of the Italcementi Group, opposed ETS reform, including the Market Stability Reserve, designed to increase the carbon price and effectiveness of the scheme and strongly advocated for greater carbon leakage protection. The company also stated its opposition to 'unilateral' carbon pricing measures by EU Member States, eg. UK Carbon Price Floor. **Italcementi is a member of trade associations that oppose carbon pricing regulation.** Italcementi has a position on the Senior Advisory Group of CEMBUREAU, which has strongly opposed reform to the EU ETS, and a senior executive of Italcementi subsidiary Essroc is on the board of directors of the Portland Cement Association, which opposes federal GHG emissions reduction efforts through the Clean Power Plan, as well as carbon taxes and cap and trade schemes in general.
Limited disclosure on company risk, 2016, Sources: Website and CSR Report, CDP Responses. Italcementi provides limited disclosure on energy standards and targets risks, only describing a general risk from 'energy and	**Energy regulation**		**Italcementi has not supported clean energy standards and targets through its policy engagement activities** 2015 Source: Legislative Consultations In a 2015 consultation, Italcementi Group member FYM criticized the 'cumulative

climate' in their 2016 sustainability reporting, not describing risks in any other source. They have not disclosed either the cost or likelihood of the impact of energy standards and targets.

Disclosing some support for low carbon energy policy, 2015, 2016, Sources: CDP Responses.

Italcementi has not clearly disclosed a position on low carbon energy standards and targets, although through its 2016 CDP disclosure it has communicated support for renewable energy projects in countries in which they operate, as well as 'fiscal incentives' for energy intensive business to invest.

burden' created by EU energy efficiency regulation, suggesting that it was duplicative of other climate regulation and therefore unnecessary. Despite supporting a renewables target for the power sector, the company criticized the use of multiple targets for renewable energy and energy efficiency in the EU's 20-20-20 objective in general, and called for increased carbon leakage protection in future policy.

Italcementi is a member of a trade association that has opposed energy standards and targets 2015, 2016 Source: Legislative Consultations

Italcementi has a position on the Senior Advisory Group of CEMBUREAU, which has criticized EU renewable energy policy and has also called for the phase out of renewable subsidies in EU Member States. Also, CEMBUREAU has, like Italcementi, opposed the 'cumulative burden' of EU energy efficiency regulation and, in a 2016 consultation, argued that energy efficiency targets should be avoided for the sector.

Low Carbon Processes and Products

Limited disclosure on company risk, 2016, Sources: Website and CSR Report, Annual Report.

Through its 2016 CDP climate change information response, Italcementi has disclosed on business risks related to increasing demand for low carbon products and processes. However, it has not discussed any relevant material risks through its 2015 sustainability or annual reports.

HeidelbergCement

HEIDELBERGCEMENT

Disclosure Score: B-

Policy Engagement Score: F

Carbon Pricing Regulations

Good disclosure on company risk, 2016, Sources: Website and CSR Report, CDP Responses, Annual Report.

HeidelbergCement's 2016 CDP climate change response details the risk to its business from global emissions trading schemes, including the level of financial risk it faces. The company has further disclosed on emission regulation risk in its annual report and financial disclosures.

Not supporting emissions trading schemes, 2015, 2016, Sources: CSR Report, Annual Report, CDP Responses, CEO Statements.

Through its 2016 CDP climate change disclosure, HeidelbergCement has stated it supports the EU ETS with major exceptions – seemingly not supporting recent reforms to the scheme. In its 2015 annual report, it states that EU ETS reforms are making the regulatory environment 'difficult and uncertain'. It considers it position on the ETS to be consistent with CEMBUREAU.

HeidelbergCement has opposed carbon pricing regulation through its lobbying activities, 2014, 2015, Source: Legislative Consultation Documents.

HeidelbergCement has opposed ambitious EU ETS reform in multiple EU consultations in 2014 and 2015, emphasizing the threat of carbon leakage and advocating against reforms such as the Market Stability Reserve, as well as the Cross-Sectoral Correction Factor. The company also opposed 'unilateral' carbon pricing measures by EU Member States, eg. UK Carbon Price Floor.

HeidelbergCement has leadership roles in trade associations that have opposed carbon pricing regulation. 2014, 2015, 2016 Source: CDP Response, Legislative Consultations

A senior executive from HeidelbergCement took over CEMBUREAU presidency in June 2015 and, according to the company's 2016 CDP climate change disclosure, the company holds "chair or co-chair in several working groups." CEMBUREAU has strongly opposed reform to the EU ETS. A senior executive at a subsidiary of HeidelbergCement is on the board of directors of the Portland Cement Association which opposes federal GHG emissions reduction efforts through the Clean Power Plan, as well as carbon taxes and cap and trade schemes in general.

Some disclosure on company risk, 2016, Sources: CDP Responses, Annual

HeidelbergCement has not supported low carbon targets through its lobbying

Report, Financial Disclosures.

Energy regulation

HeidelbergCement discloses on low carbon energy regulation in Germany through its 2016 CDP climate change disclosure, with some broad indication of the financial risk. It has not disclosed on the impact of increasing standards through other communications, only detailing its energy efficiency and renewable energy strategy in response to general environmental and energy security risks in its financial and annual reports.

Mixed support for clean energy standards and targets, 2015, 2016, Sources: Website, CDP Responses.

In its 2016 CDP Climate Change Disclosure, HeidelbergCement states it is promoting supportive regulation for renewable energy on the condition that energy-intensive industries are exempt. However, the company does state that it supports energy efficiency targets for their own installations. It considers its position on general climate change policies to be consistent with CEMBUREAU.

activities, 2014, 2015, 2016 Source: Legislation Consultation Documents.

Through consultation with EU policy makers, HeidelbergCement has supported renewable energy targets for the power sector in 2015. However, in 2016 the company criticized the impact of the Renewable Energy Directive, advocating for increased support for biomass, but also calling for the phase out of renewable energy subsidies at Member State level. In 2015, the company also criticized energy efficiency regulation for creating a cumulative burden on top of other EU regulation.

HeidelbergCement has a leadership role in a trade association that has opposed energy standards and targets 2015, 2016 Source: CDP Response, Legislative Consultations

A senior HeidelbergCement executive holds the presidency of CEMBUREAU which, in a similar fashion to HeidelbergCement, has opposed the imposition of energy efficiency and renewable energy targets on the cement sector.

Low Carbon Processes and Products

Good disclosure on company risk, 2016, Sources: Website, CDP Response, Annual Report, Financial Disclosures.

In its response to the CDP's 2016 climate change information request, HeidelbergCement disclosed on the impact to demand for its products due to increasing demand for low carbon products and processes, with an indication of the financial risk faced by the company. The company has further discussed the risk in its 2015 annual report.

CRH Plc

	Disclosure Score: D+	Policy Engagement Score: E-

Carbon Pricing Regulations

Disclosed on company risk, 2015, 2016, Sources: Website and CSR Report, CDP Responses, Annual Report & Financial Disclosures

In its 2016 CDP climate change disclosure CRH Plc has covered operational risks associated with carbon pricing regulations, including some indication of the financial risk it faces. The company has also detailed regulatory risk related to its emissions in its 2015 SEC 20F form and annual report.

Not disclosing support for emissions trading schemes, 2015, 2016, Source: CDP Responses.

CRH Plc has not publicly disclosed a clear position on emission trading schemes, however, through its CDP climate change disclosures, has indicated that it does not support EU ETS reforms, stating that changes to existing regulatory frameworks are contrary to long-term investment planning and growth in the cement sector. It considers its position on climate policy to be consistent with CEMBUREAU.

CRH Plc does not appear to have directly engaged with policy makers on carbon pricing regulations

CRH Plc does not appear to have consulted directly with EU policy makers over the EU ETS.

CRH Plc is a member of trade associations that have opposed carbon pricing regulation, 2015, 2016 Source: CEMBUREAU website, Legislative Consultations

CRH Plc holds a position on the senior advisory group of CEMBUREAU, which has strongly opposed reforms to the EU ETS, including the Market Stability Reserve and Cross-Sectoral Correction Factor, and has stressed carbon leakage concerns in an effort to secure free allocations of emissions permits for the cement sector.

Mixed disclosure on company risk, 2016, Sources: Website and CSR Report, CDP Responses, Annual Report, Financial

CRH Plc does not appear to have engaged directly with low carbon energy standards through policy engagement activities.

Disclosures.

CRH Plc's 2016 CDP climate change disclosure covers risk from 'fuel/energy taxes and regulations' but does not indicate the size of the financial risk. The company has not discussed the impact of increasing clean energy standards or targets through other communications, but instead focuses on its energy efficiency ambitions as a response to climate change and energy costs in its 2015 sustainability report.

No clear policy position on low carbon energy standards, 2016, Source: Website, CDP Response

CRH has not communicated a clear public position on low carbon energy standards, although its website states that energy efficiency is a major focus of its response to climate change. It considers its position on general climate change policies to be consistent with CEMBUREAU.

Energy Regulation

CRH Plc does not appear to have consulted directly with EU policy makers over low carbon energy standards in any major consultation.

CRH Plc is a member of a trade association that has opposed energy regulation, 2016, Legislative consultations

CRH Plc holds a position on the senior advisory group of CEMBUREAU, which, in 2016, highlighted the negative impact of EU renewable energy legislation on the cement sector and called for the phase out of renewable energy subsidies. CEMBUREAU has also directly opposed energy efficiency regulation by asking EU policy makers to avoid applying targets to the sector.

Low Carbon Processes and Products

Limited disclosure on company risk, 2016, Sources: CDP Responses, Sustainability Report, Financial Disclosures

In its response to the CDP's 2016 climate change information request, CRH Plc broadly identified increasing demand pressure from low carbon products and processes, but has stated that it considers the risk to its business 'very unlikely'. The company has not discussed in any detail related material risks in its sustainability report or annual financial disclosure.

CEMEX

CEMEX	Disclosure Score: C	Policy Engagement Score: E-

Carbon Pricing Regulations

Good disclosure on company risk, 2016, Sources: Policy Position Paper, CDP Responses, Financial Disclosures.

Cemex's 2016 CDP climate change disclosure response provides a breakdown of the business risk of carbon pricing regulations, including value estimates of the potential financial risks. Communication through the company's website and financial disclosures also discuss risk from carbon pricing regulation.

Disclosing support for carbon pricing regulation, although with serious exceptions, 2016, Sources: Website, CDP Response

Through its website, Cemex purports that it has 'long supported carbon pricing as a key policy instrument', preferring emissions trading over a carbon tax. However, despite stating support for the EU ETS and the California cap and trade scheme in its 2016 CDP climate change disclosure, Cemex further states that it has opposed EU ETS reforms, including an early introduction of the Market Stability Reserve, and supports free emission permit allocation in California. It considers it position on the EU ETS to be consistent with CEMBUREAU.

Cemex has opposed carbon pricing regulation through its policy engagement activities, 2014, 2015, Source: Legislative Consultations

In consultations with EU policy makers, Cemex has consistently opposed ambitious reforms to the EU ETS, including the Market Stability Reserve, and has stressed issues around carbon leakage and the irreducible nature of cement process emissions to advocate for free emission permits, and for less stringent emission benchmarks for the sector.

Cemex has membership to multiple trade associations that oppose carbon pricing regulations, 2014, 2015, 2016 Source: Legislative Consultations, Trade association website

Cemex holds a position on the Senior Advisory Group of CEMBUREAU, which has actively opposed EU ETS reforms. A senior executive of Cemex is the vice-president of Mexican association Canacem, which has directly opposed the imposition of a carbon tax in the country. Finally, the President of Cemex USA is on the board of directors at the Portland Cement Association, which opposes federal GHG emissions reduction efforts through the Clean Power Plan, as well as carbon taxes or cap and trade schemes in general.

Energy

Some, limited disclosure on company risk, 2016, Sources: Website and CSR Report, Annual Report, Financial Disclosures.

Cemex has supported some energy standards through its policy engagement activities, whilst opposing others, 2015, Source: Legislative Consultations

On its website, Cemex has published policy position papers on climate change and alternative fuels that recognise the risks from future fossil fuel scarcity. Through its 2016 20-F form the company discloses on the business impacts from renewable energy legislation in Mexico. However, Cemex has not disclosed in detail the financial risk of such regulations or any impacts related to energy efficiency regulations.

Disclosing support for low carbon energy standards, 2015, 2016, Sources: Website,

President of Cemex's energy division - Energy Cemex, Luis Farias, has stated clear support for renewable energy legislation in Mexico, and the company's website states that it is the "industry leader in Clean Electricity". The company's climate change policy paper details mixed support for energy efficiency standards, which it considers 'close to their technical limits' for new cement kilns.

Regulation

In a 2015 consultation with EU policy makers for a renewable energy target in the power sector the company reportedly attempted to drive support for energy transition regulation in Mexico. However, in a 2015 consultation with EU policy makers, Cemex criticised EU energy efficiency regulation, suggesting that it is a duplicative and unnecessary burden on the industry – arguing instead for 'a single target for industrial growth'.

Cemex is a member of multiple trade associations with inconsistent views on renewable energy regulation, 2016, Legislative consultations, Trade Association website

Cemex is a member of CEMBUREAU, which has criticized EU renewable energy legislation and has advocated to policy makers to phase out renewable energy subsidies. However, a senior executive of Cemex is also on the board of the Mexican association CANACEM, which has supported tax incentives for renewable energy.

Low Carbon Processes and Products

Some disclosure on company risk, 2016, Sources: Policy Position Paper, CDP Response

In its response to the CDP's 2016 climate change information request, Cemex disclosed on increasing demand pressure from low carbon products, including an indication of the financial risk, but stated it considers the risk to its business 'rather unlikely'. In a 2016 policy position paper the company discusses trends of low carbon products without discussing any material risks to its business.

Buzzi Unicem

Buzzi Unicem	Disclosure Score: E+		Policy Engagement Score: F
	Some, limited disclosure on company risk, 2015, 2016, Sources: CSR Report, CDP Responses, Annual Report Buzzi Unicem has only broadly identified risks related to emissions trading in Europe through its 2015 sustainability and annual reports. The company has not responded to CDP's 2016 climate change information request, but in 2015 the company disclosed on the impact of carbon pricing regulation, including a broad indication of the financial risk. **Has not disclosed clear position on carbon pricing regulations** Buzzi Unicem has not clearly disclosed its position on carbon pricing regulation. In its 2015 CDP climate change disclosure, Buzzi Unicem stated that its positioning on climate change policy is consistent with CEMBUREAU and the Portland Cement Association, suggesting that it "is involved in the formulation and modification of policy" in the latter.	**Carbon Pricing Regulations**	**Buzzi Unicem does not appear to have directly engaged with policy makers on carbon pricing regulations** Buzzi Unicem does not appear to have consulted directly with EU policy makers over the EU ETS. **Buzzi Unicem is a member of trade associations that have opposed carbon pricing regulation,** 2015, 2016 Source: Legislative Consultations Buzzi Unicem is a member of CEMBUREAU, which has strongly opposed reforms to the EU ETS. The company has also disclosed an active position in the Portland Cement Association, which opposes federal GHG emissions reduction efforts through the Clean Power Plan, as well as carbon taxes and cap and trade schemes in general.
	No disclosure on company risk, 2016, Sources: CSR Report, Annual Report Buzzi Unicem does not disclose on the business risks related to regulations on energy efficiency or renewable energy	**Energy Standards**	**Buzzi Unicem does not appear to have directly engaged with policy makers on energy efficiency or renewable energy regulation.** Buzzi Unicem does not appear to have

regulation. It has only broadly identified the significance of 'alternative fuels' and 'energy efficiency' in its 2016 CSR Report **No clear policy on energy standards and targets** Buzzi Unicem has not clearly disclosed its position on energy efficiency or renewable energy regulation. In its 2015 CDP climate change disclosure, Buzzi Unicem stated that its positioning on climate change policy is consistent with CEMBUREAU.	**and Targets**	engaged directly with EU policy makers over renewable energy or energy efficiency policy. **Buzzi Unicem is a member of a trade association that does not support energy efficiency regulation in Europe 2015, 2016** Source: CDP Response, Legislative consultations Buzzi Unicem has a member on the board of CEMBUREAU which has criticized EU energy efficiency regulation, urging policy makers in 2016 to avoid setting energy efficiency targets for the sector.
Limited disclosure on company risk, 2015, 2016 Sources: CSR Report, CDP Responses, Annual Report In its response to the CDP's 2015 climate change information request, Buzzi Unicem broadly identified increasing demand pressure from low carbon products and processes, stating it considers the risk 'more likely than not'. However, in their sustainability and annual reports Buzzi Unicem does not discuss the relevant material risks to its business.	**Products and Processes**	

Appendix A: Methodology

InfluenceMap's proprietary methodology for analysing and ranking engagement by groups of entities on regulatory issues is outlined for global climate policy on our website here. We modified this to analyse climate risk disclosure within the context of the cement sector.

Stage 1: Breaking down climate risk for the cement sector

We break down climate risk disclosure into four queries relating to climate issues that will affect the sector. The queries are weighted relative to each other with 10 being important and 1 not important.

Issue[18]	Description
Q1 & 2 Carbon Pricing Regulations	This relates to regulatory pressures that will tend to place a financial cost (or opportunity if managed better than competitors) on the company due to its emissions of GHG. In the EU, this is primarily the ETS. This is weighted highly in terms of risk due to the high process emissions from cement. **(Weighting=10)**
Q3 & 4 Low Carbon Energy Regulations	This relates to regulatory pressures that will tend to place a financial cost (or opportunity if managed better than competitors) on increased use of renewable energy and energy efficiency targets and regulations. **(Weighting=3)**
Q5 & 6 Products and Processes	This relates to other climate motivated regulations particular to the cement sector not included above and also market/technology driven risks/opportunities related to GHG-reduction motivated process and product shifts in the sector. **(Weighting=2)**

Stage 2: Data sources to run the queries over

The next stage involves selecting data sources over which the queries above can be run and an assessment and scoring made. Again, we can assign weightings to the importance of the data source in overall assessment, with 10 being very important and 1 less important.

Table of data sources

Data Source	Comment	Weighting
Main Website	We search the main organisational website of the company and its direct links to major affiliates and attached documents (e.g. the CSR report) but not the company's annual report.	6
Social Media	We search other media and sites funded or controlled by the organization, such as social media (Twitter, Facebook) and direct advertising campaigns of the organization.	4
CDP	We assess and score responses to CDP's 2016 questionnaire on	7

[18] There are two queries per topic, one for Disclosure and one for Policy Engagement

Responses	climate change	
Annual Report	We assess and score the company's most recently published annual report	8
Media Reports	Here we search in a consistent manner (the organization name and relevant query search terms) a set of websites of representing reputable news or data aggregations. Supported by targeted searches of proprietary databases.	7
CEO Messaging	Here we search in a consistent manner (the CEO/Chairman, organization name and relevant query search terms) a set of websites representing reputable news or data aggregations. Supported by targeted searches of proprietary databases.	8
Regulatory Financial Disclosures	We asses and score the company's most recent 10-K and 20-F SEC filings where available, and non-US equivalents where not. Where these are combined with the annual report we score both under this data source.	10
Other bespoke investor communicatio ns	We search and assess other bespoke communications between the company and investors (e.g. shareholder meeting transcripts and presentations, data provided by the company on the request of shareholders)	9

Stage 3: The scoring matrix

Running the queries over the data sources results in a matrix structure as below with cells that can be scored.

The scoring matrix

Query/ DataSource	D1	D2	D3	....	D8	Sub Totals
Q1	1	1	-1	....	-1	2
Q2	0	2	NA	....	NA	5
Q3	-2	NS	NA	....	2	3
....	....	....	....	....	....	....
Q6	0	-1	0	....	1	4
Sub Totals	8	4	6	....	4	**X**

Each cell represents a scoring opportunity and we have a 5 point scale of -2 through to +2. Weightings for each cell in the overall scoring process are computed by our algorithm based on the query and data source weightings noted above. If we find no evidence or the cell does not apply to the organization concerned (e.g. financial disclosures do not apply to governments), we mark this NS (not scored) or NA (not applicable) and the weighting for that cell is redistributed evenly through the rest of the query row. The scoring is done by our London-based team using comprehensive guidelines as for each cell with set criteria on how to award the scores -2, -1, 0, 1, or 2. The following are some extracts from this system.

Table of scoring examples

Scoring	Details	Examples of Scores for Some Queries
Quantitative Scoring (-2 to 2 points)	Points taken away (-2, -1)	Q1: Has not disclosed any detail on how clean energy standards or targets will affect its business. Would score: -2 Q2: Has disclosed on carbon pricing policy with exceptions – has set out plans to reduce emissions without clearly explaining the impact to its operations. Would score: -1
	Points neither taken or given (0)	Q2: Has referenced emission regulation concerns in broader discussion of regulatory risks, but has not elaborated in any specific detail. Would score: 0
	Points given (2,1)	Q3: Has stated impacts to business from increased proliferation of low carbon products and processes. Would score: + 1 Q4: Has discussed in detail its analysis of the impact to its future value from increasing carbon-pricing regulation. Would Score: +2

Based on the scoring matrix, the weightings and the actual scores -2 to + 2 awarded to each organization in its matrix cells, a numerical % score may be computed which is a reflection of its score on the queries. These are then aggregated into total scores for Disclosure and Strategy. The entire process is automated via our proprietary online software system which catalogues evidence, allows input of scores and comments and computes the required metrics.

Appendix B: CEMBREAU's Climate Scorecard

InfluenceMap has assessed the degree to which the world's largest corporations and trade associations support or oppose ambitious climate policy as articulated by the IPCC, the European Commission DG Clima and other mandated bodies. The following is an extract from the scorecard of CEMBUREAU - the full profile is available online.

The European Cement Association	E+

CEMBUREAU appears to have an active and predominately negative engagement with climate change policy in Europe. When communicating on the correct response to climate change, CEMBUREAU has stressed the threat of 'carbon leakage' and the need to safeguard the cement sector's competitiveness in Europe. Whilst the organization recognizes the need to reduce emissions, it has opposed increased ambition for short-term GHG reduction targets, and believes "setting CO2 targets to 2050 is unrealistic". CEMBUREAU does not appear to support EU regulatory framework on climate change, suggesting in a 2013 consultation on post-2020 climate policy that the current framework should be abandoned for a 'clean slate', further stating in a 2015 consultation that although it supports 'a mix of EU measures', it is opposed to unilateral measures by member states, such as the UK's Carbon Price Support. CEMBUREAU is most heavily engaged with the EU Emission Trading Scheme (ETS). During the setting of benchmarks for the ETS Phase III, the association successfully pushed for a less stringent measurement standard, significantly reducing the ambition of the scheme as it applies to cement production. It has since recognized the need for structural changes to the EU ETS but appears to have opposed many of the suggested reforms. In 2013, Chief Executive Koen Coppenholle used an editorial in an industry magazine to advertise the organization's ability to protect companies from ETS reforms. Throughout 2014, 2015 and 2016 CEMBUREAU has repeatedly consulted with EU policy makers, stressing the threat of carbon leakage, to push for a continued allocation of free pollution permits and oppose measures such as the Cross-Sectoral Correction Factor and other 'intervention' such as the Market Stability Reserve - which it has stated in 2015 would 'undermine the integrity of the market based approach.' In 2016 consultations on the energy efficiency directive, the association suggested that further efficiency gains in the EU cement production are not in line with economic reality and urged policy makers to avoid setting targets for the sector. It has also criticized the renewable energy directive for not offering enough protection to the sector and has called for the phase out of fossil fuel subsidies at the level of EU member states. Despite this, the organization does appear to support the increased use of alternative fuel sources in cement production as a way of replacing fossil fuels usage and reducing emissions, and has advocated for greater support for biomass under the renewable energy directive.

InfluenceMap

About InfluenceMap

We are a neutral and independent UK-based non-profit whose remit is to map, analyze and score the extent to which corporations are influencing climate change policy. Our knowledge platform is used by investors, climate engagers and a range of concerned stakeholders globally.

Contact Information

We are based at 40 Bermondsey Street, London SE1 3UD, UK
Email: info@influencemap.org Web: http://influencemap.org

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