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HOW READY IS YOUR ORGANISATION FOR CBAM VERIFICATION?

LRQA'S FIVE-QUESTION PULSE CHECK, WITH INSIGHTS FROM RESET CARBON



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EXECUTIVE SUMMARY

The EU Carbon Border Adjustment Mechanism (CBAM) entered its definitive period on 1 January 2026.

Importers submit annual declarations based either on actual verified emissions data or on default values. Where actual emissions are used, the verification must be carried out by independent verifiers accredited by EU national accreditation bodies.

Verification is not the confirmation of a single number. It looks beyond the final figure to the monitoring plan, the completeness and correctness of the data, how it flows into the calculation, and whether the controls around it work. That is why a completed calculation is not the same as being ready: a calculation can be mathematically complete while the evidence behind it is not yet ready for verification.

For many importers, CBAM is no longer simply a reporting exercise. As CBAM certificates become payable, poor-quality data, missing supplier information and reliance on default values can have a direct cost impact. Organisations that understand their emissions profile early can not only prepare for verification but also identify opportunities to reduce future CBAM liabilities.

Before formal verification, LRQA helps organisations assess the accuracy of their embedded emissions data, identify gaps in their reporting processes and highlight potential compliance risks. Drawing on the expertise of Olga Rivas, ESG Cluster Technical Manager, and Liam Salter, CEO of RESET Carbon, this pulse check sets out five questions on the themes emerging as organisations prepare for verification, covering scope, data, supply chain, methodology and verification.

KEY MILESTONES TO DATE

1 January 2026
Definitive CBAM period begins

September 2026
First CBAM verifiers to receive accreditation

1 February 2027
CBAM certificates go on sale

30 September 2027
First annual declaration and certificate surrender deadline (for 2026 imports)



1. SCOPE

ARE THE RELEVANT CN CODES, PRODUCTION PROCESSES AND SYSTEM BOUNDARIES CLEARLY ESTABLISHED?

WHY IT MATTERS

The boundary used for the emissions calculation can directly influence the resulting embedded emissions intensity.

START WITH THE CN CODE

CBAM goods are identified solely by their CN (customs) codes, so establish the CN code of the final good and the specific process performed.

EMBEDDED EMISSIONS ARE CALCULATED PER FUNCTIONAL UNIT

Generally, per tonne of goods is under the same 8-digit CN code. Exceptions apply for cement (clinker content), fertilisers (nitrogen content) and electricity (kWh).

WHAT THE VERIFIER CHECKS

Verification applies at installation level, where they check the completeness of the emission sources, the relevant production processes and the goods produced under each.

SECTOR SPOTLIGHT

IRON AND STEEL

THE ACTIVITY MATTERS MORE THAN THE LABEL.

Terms like “galvanising” or “zinc coating” don’t by themselves decide CBAM treatment. What counts is the actual process performed.

PRODUCTION ROUTES CHANGE THE RESULT.

The same type of steel can carry very different embedded emissions depending on how it’s made, for example blast furnace versus electric arc furnace.

MOST EMISSIONS ARE OFTEN BOUGHT IN.

For products such as tubes, wire or coated steel, the precursor steel can make up much of the embedded emissions.



QUICK SELF CHECK

Can we list the CN code and the production process behind each CBAM good we import or produce?

Have outsourced processes, such as galvanising, been assessed against CBAM boundaries?

Is our production boundary set by the CBAM rules rather than by what ships to the EU?



2. DATA

CAN THE REPORTED EMBEDDED EMISSIONS BE TRACED BACK TO APPROPRIATE SUPPORTING EVIDENCE?

WHY IT MATTERS

Data quality is not only about accuracy. The ability to trace a figure back to its source can be equally important during verification.

MORE THAN A NUMBER

Verification covers whether the monitoring plan conforms to the methodology, the completeness and correctness of the data, the correct performance of data flows and calculations, and the functioning of the control system.

WHAT "TRACEABLE" COVERS

CBAM data should be appropriately complete, consistent and supported by evidence. That may include source data, monitoring information, calculation methodologies, emission factors, unit conversions, allocation methodologies, precursor data, supporting records and relevant internal controls.

COMMON GAPS

The most common gaps are incomplete data that can't be traced to source, inconsistent methodologies and weak data controls. Missing supplier or precursor information, unmanaged assumptions and unclear responsibilities across the supply chain are also frequent.

WHAT WE SAY

"Identifying potential gaps in data, methodology and evidence well in advance gives organisations time to address them before formal verification.

Keeping a record of each gap, its supporting evidence and its status can help show where further improvement is needed. A readiness assessment or pre-verification can help bring these weaknesses to light, but it does not replace formal accredited verification."

Olga Rivas | ESG Cluster Technical Manager

QUICK SELF CHECK

Do we have a current monitoring plan, and does it reflect how we actually collect data?

Could someone outside the team trace our reported figure to source records?

Do we keep a log of known data gaps, assumptions and their status?

Alongside embedded emissions, do we know the free allocation adjustment for each product, and so our net CBAM cost?





3. SUPPLY CHAIN

IS SUFFICIENT INFORMATION AVAILABLE FOR RELEVANT PRECURSORS AND OUTSOURCED PROCESSES?

WHY IT MATTERS

Where a supplier cannot provide verified emissions data for a precursor, default values may need to be applied to that part of the calculation.

KNOW YOUR PRECURSORS

A precursor is any CBAM good used as an input to make another CBAM good. Operators now need to identify their own precursors, as there is no longer a fixed list to rely on.

ACTUAL OR DEFAULT VALUES?

To use actual emissions for a purchased precursor, you need a positive verification report from the installation that made it, covering the right period and kept on file. Otherwise, official default values apply, which include a mark-up rising to 30% from 2028 for most goods.

EU AND EXEMPTED ORIGINS

Precursors from the EU or exempted countries count as zero embedded emissions, but their identity and quantities must still be monitored and reported.

FINANCIAL IMPACT

Using actual verified emissions data may result in significantly lower reported emissions than default values for some products and suppliers.

Organisations that rely on default values may face:

- High CBAM cost
- Reduced product margins
- Less competitive pricing
- Greater uncertainty in sourcing decisions

Early supplier engagement can help organisations identify where better data could reduce future CBAM exposure.



QUICK SELF CHECK

Do we know which CBAM goods are used as precursors in our production processes?

For each precursor, do we hold the origin, quantity, production period and, where we use actual data, the producer's verification report?

Have we set a date by which we switch to official default values for any precursor data still missing?



IN PRACTICE: PRIORITISING SUPPLIER DATA

CASE STUDY FROM RESET CARBON, PART OF THE LRQA GROUP

THE CHALLENGE

Lidl & Kaufland Asia, the Hong Kong-based sourcing arm of Lidl and Kaufland, sources products from factories in eleven markets.

It already knew which products were in scope for CBAM. The challenge was collecting data efficiently from a large supplier base with limited resources.

RESETcarbon
AN LRQA COMPANY

THE APPROACH

RESET Carbon ran a four-phase programme:

1. **Supplier segmentation:** using purchase volumes and CBAM default data to find where emissions were concentrated.
2. **Supplier training:** on-site sessions for most suppliers, mainly in China, and a one-to-one webinar for the largest supplier outside China.
3. **Data collection:** a streamlined template capturing factory-level process data, with helpdesk support and a final technical review of every submission.
4. **Summary report:** comparing suppliers' actual data with default values by product and supplier, and quantifying the savings from using actual data.

WHAT THE DATA SHOWED

10%
of in-scope products generated over

80%
of CBAM-relevant emissions, coming from **14 suppliers.**

Just **5 suppliers** accounted for

85%
of emissions over five quarters.

THE TAKEAWAY

Emissions are rarely spread evenly across a supply chain. Mapping where they sit lets organisations focus on the suppliers where it would make the greatest impact, including collecting upstream precursor data for high-impact products.

Read more →

"Collecting data from every supplier at once isn't realistic for most companies, and it isn't necessary, a small number of suppliers usually account for most of the emissions. Start there, and the task becomes more manageable."

Liam Salter | CEO of RESET Carbon



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4. METHODOLOGY

HAS YOUR CALCULATION BEEN CHECKED AGAINST THE CBAM METHODOLOGY?

WHY IT MATTERS

The same product can end up with different carbon figures depending on the rules and boundaries used to calculate them.

ONE SET OF RULES

Embedded emissions must be monitored and calculated under Implementing Regulation (EU) 2025/2547. It builds on the EU ETS rules and adds how to treat precursors.

A CARBON FOOTPRINT IS NOT THE SAME THING

CBAM's boundaries are narrower than a product carbon footprint. Transport, downstream use, end of life and some upstream processes are left out.

CALENDAR-YEAR REPORTING

Operators report for the calendar year in which the goods were produced, with an exception for imported electricity.



WHAT WE SAY

"Your existing carbon and ESG systems are a useful starting point, but they won't cover everything CBAM needs. Even detailed lifecycle or product carbon footprint data may not meet CBAM's specific rules. Work out which parts of your current systems carry over, and where you'll need CBAM-specific data or controls."

Olga Rivas | ESG Cluster Technical Manager



QUICK SELF CHECK

Have we compared our calculation approach against the CBAM methodology, not just against our own carbon footprint method?

Do our system boundaries match CBAM's, including what is excluded?

Has anyone checked that our emission factors are acceptable for CBAM purposes?



5. BE VERIFICATION READY WITH LRQA

HAVE THE RELEVANT ACCREDITATION SCOPE, EVIDENCE REQUIREMENTS AND VERIFICATION TIMETABLE BEEN CONSIDERED?

WHY IT MATTERS

Discovering a data gap while the information is still accessible is very different from discovering it just before the reporting deadline.

The first annual declaration, covering 2026 imports, is due by 30 September 2027. Before then, the verification will need to cover the right reporting period, be carried out by a verifier accredited for the relevant activities, and, in the first year, generally include a physical site visit. As a practical approach, organisations may consider undertaking CBAM pre-verification or readiness activities during Q4 2026, providing sufficient time to identify and address gaps before formal verification.

Timing also has a cost. Where verified data is not ready, default values apply, and these are set high by design, with a mark-up that rises from 10% in 2026 to 20% in 2027 and 30% from 2028 for most goods. For a large producer, the difference between default values and verified data can run into millions, while a verification typically costs in the thousands.



HOW LRQA AND RESET CARBON CAN HELP

CBAM TRAINING

A range of CBAM and GHG courses designed for varying levels of experience and learning styles.

CBAM PRE-VERIFICATION

A pre-verification helps organisations identify potential gaps in emissions calculations, monitoring methodologies, supporting evidence and internal controls before formal verification. Identifying these issues early allows time for corrective action and can support a more efficient formal verification process. Pre-verification is a readiness activity and does not replace the formal accredited CBAM verification required when actual emissions data are used.

CBAM VERIFICATION

CBAM verification builds on competencies already established in regulated emissions verification programmes such as the EU ETS and UK ETS. LRQA's global network of sector specialists enables support across complex international supply chains.

IF SOME OF THE FIVE QUESTIONS IN THIS GUIDE ARE DIFFICULT TO ANSWER, THERE MAY BE AREAS OF YOUR CBAM DATA AND EVIDENCE WORTH REVIEWING BEFORE FORMAL VERIFICATION.

THE QUESTION IS NO LONGER WHETHER DEFAULT VALUES ARE AVAILABLE, BUT HOW MUCH YOU ARE WILLING TO PAY FOR NOT KNOWING YOUR ACTUAL NUMBERS.

Talk to our CBAM team about your verification pathway.

Get in touch →

ABOUT LRQA

LRQA is the leading global risk management partner.

Through our connected risk management solutions, we help you navigate an evolving global landscape to keep you one step ahead.

From certification and cybersecurity, to safety, sustainability and supply chain resilience, we work with you to identify risks across your business. We then create smart, scalable solutions, tailored to help you prepare, prevent and protect against risk.

Through relentless client focus, backed by decades of sector-specific expertise, data-driven insight and on-the-ground specialists across assurance, certification, inspection, advisory and training, we support over 61,000 organisations in more than 150 countries.

GET IN TOUCH

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