



# EU Carbon Border Adjustment Mechanism (CBAM)

Emissions Calculations and Reporting Services



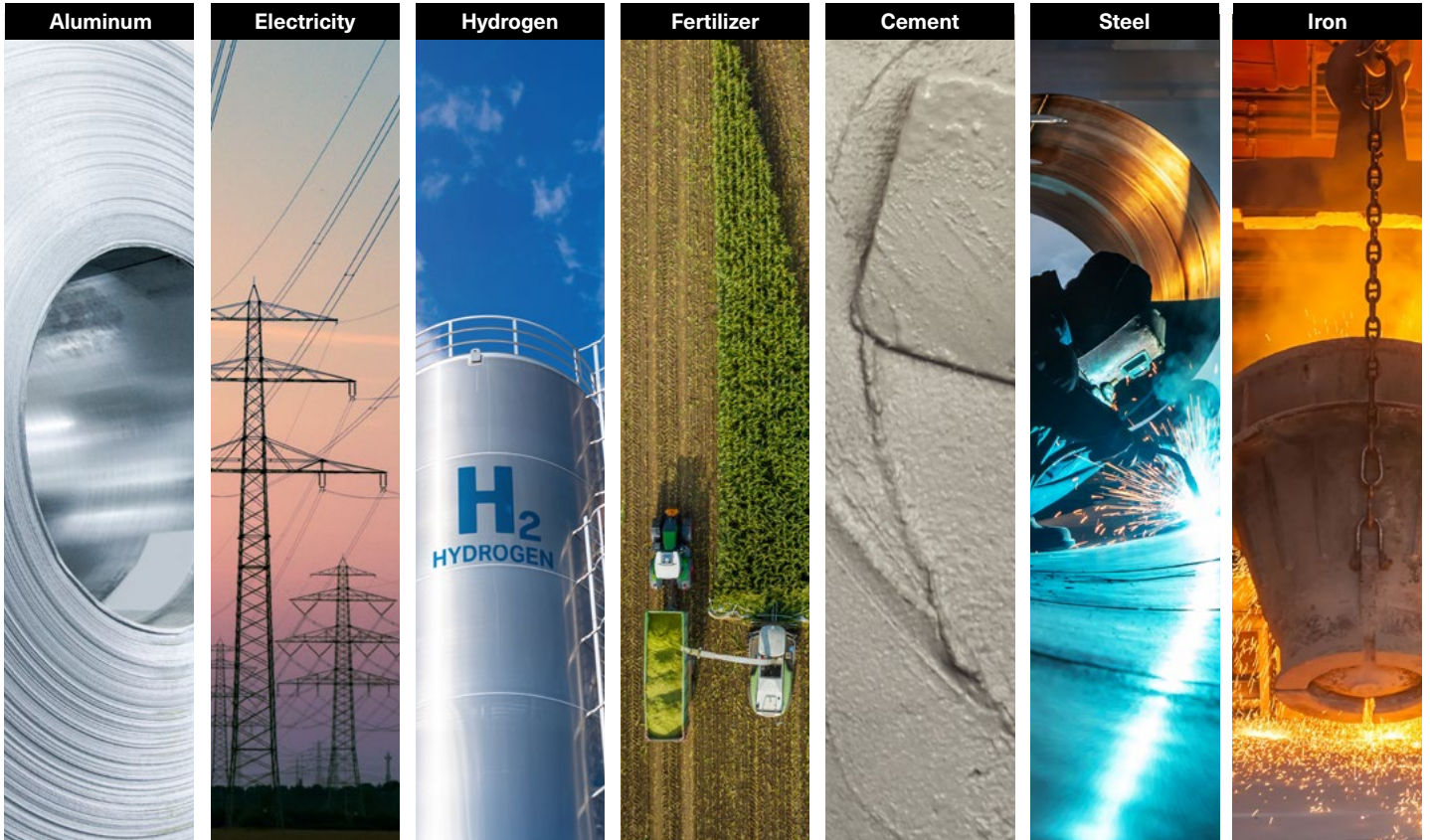
An aerial night view of a large container port. The scene is filled with numerous stacks of colorful shipping containers in shades of blue, red, and white. Several large gantry cranes are visible, some with their lights on. The port is illuminated by various lights, creating a bright, industrial atmosphere. In the background, a city skyline with many lights is visible under a dark sky. The overall image has a blue and green color cast.

**СВАМ**



## What is it?

Carbon Border Adjustment Mechanism (CBAM) regulation is an EU import tariff with a transitional reporting phase beginning October 1, 2023, through December 31, 2025. During this initial phase, quarterly reporting of direct greenhouse gas emissions for all categories of products that fall within the scope of the regulation will be required, as well as indirect greenhouse gas emissions for electricity, fertilizers and cement products. For global companies producing iron and steel, aluminum, electricity, cement, hydrogen and fertilizer products outside the European Union (EU), the new Carbon Border Adjustment Mechanism (CBAM) will provide significant logistical, reporting and financial challenges for importing into EU countries.



## Where to Start

### Calculating Your Product Emissions with a Product Carbon Footprint

With more than 30 years of providing corporate and product carbon footprints for clients in various industries, SCS Global Services offers a turn-key solution for assessment of your product's emissions in compliance with CBAM regulations. As an experienced Lifecycle Assessment (LCA) provider, SCS can examine your product carbon intensity over its full lifecycle, including raw material extraction, manufacturing, transportation and distribution, use, and end of life disposal, while providing deep insights into your supply chain.

The EU CBAM Regulation requires specific methodologies for carbon accounting in each of the target industries that differ from accounting required by other commonly used standards like PAS 2050, WRI/WBCSD GHG Protocol, and the ISO/TS 14067 accounting methodology.

SCS will create EU CBAM compliant product carbon footprints using an accounting methodology that is fully aligned with the CBAM requirements and will continue to be updated as changes are made to the regulation over time. Companies can be assured that SCS has the expertise in determining both direct and indirect emissions for the wide variety of products included within the current scope of the EU CBAM regulation. SCS can enable companies to continue to successfully engage in and remain compliant with revised EU import regulations and tariffs.



# Lifecycle of a Product Carbon Footprint

Raw Material Mining



Product Manufacturing



Raw Material Processing





## CBAM Reporting

Whether you're a mine in Brazil, a manufacturer in China, or a processor in India, SCS has the technical experts to walk you through CBAM requirements and compliance, including reporting, data verification and report assurance. We use your primary data derived from your own business, products and supply chains, as opposed to generic data and industry averages, to ensure the most accurate emissions are being reported.

SCS has developed a comprehensive SaaS platform that can take each of your products' emissions data, provide the necessary industry inputs and calculations for determining an accurate product carbon footprint, and then create a CBAM-compliant report based on that data that can be used by EU importers to satisfy the CBAM reporting requirements. Quarterly reporting starts in January 2024 based on the previous quarter's emissions data and must include:

- The total quantity of each type of product, identified by CN/tariff code, expressed in tonnes
- Country of origin
- The installation where the product was produced (and specifically for steel goods, where known, the identification number for the steel mill where the batch of raw materials originated)

- The production route used for the manufacturing of the product, which reflects the technological option and information on specific parameters qualifying the route chosen and descriptive parameters that affect the embedded emissions of the goods
- Total embedded emissions of imported goods in tonnes of CO<sub>2</sub>e calculated according to the method listed in Annex IV of the CBAM Regulation, as further expanded upon in the CBAM Implementing Regulation
- The embedded direct emissions following the methods detailed in Annex III of the CBAM Implementing Regulation
- The embedded indirect emissions following the methods detailed in Annex III as well as the electricity consumption and the corresponding emissions factor

\*The CBAM "Implementing Regulation" is available on the [EU Commission website](#).



## Choose SCS as your CBAM Partner

SCS brings 4 decades of experience working in nearly every sector of the global economy to inform work in calculating GHG inventories for organizations. In addition, we have been a trusted, science-based sustainability service provider utilizing our well established LCA practice and experts to develop Scope 3 inventories for complex upstream and downstream categories for over 30 years. As part of our GHG inventory, verification, reporting and technical advisory services, SCS practitioners employ the most advanced accounting principles and GHG calculation methodologies, including the most up-to-date emissions factors, to ensure each company's outcomes are authentic, unbiased and accurate. SCS is known throughout the world for the exceptional quality of our work; the ethics, reliability, and thoroughness of our auditors; and our quick response and follow-up to all inquiries and ongoing requests for information.

## How Companies Benefit

SCS understands the complexities and unique challenges of every carbon footprint project. Our clients benefit from our keen understanding and years of experience as we help them roadmap a path to success that overcomes the many hurdles and bottlenecks that can occur during the carbon accounting process.

With full vision of hurdles and bottlenecks at project launch, we help our clients make important tactical decisions to ensure they are meeting internal/external milestones while not extending timelines and budgets.



**For more information contact:**

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