

# FAQ: Verification against LESS

Frequently asked questions regarding the verification



### **What values are supposed to be used for the electricity emission factor for electricity credits?**

Electricity is credited using the latest (even if these are still subject to uncertainties) emission factor for the EU Member States national electricity mix officially published by the EU Member State's national authority (e.g. in Germany Federal Environment Agency UBA)

### **Where does the QR code on the label lead to?**

The QR code leads to the LESS aisbl webpage ([www.lowemissionsteelstandard.org/certification-system](http://www.lowemissionsteelstandard.org/certification-system)).

### **Should a data hierarchy be applied for the calculation of direct emissions, such as prioritizing the EU ETS respective EU ETS mass balance/model over other calculation methods?**

It is generally preferable to use verified data or data subject to verification requirements from the ETS (potentially including SPK), either directly or as a starting point for emissions allocation to products. This approach aligns with reducing reporting efforts, as such data and the underlying models are also relevant for new reporting obligations, such as those under the CSRD. Using these data would reduce the specific verification effort required for LESS. However, there may be reasons to deviate or use supplementary data, which is why this is not mandated in the rulebook. This flexibility is also unavoidable due to the differing scope of LESS.

### **Should a market-based or location-based approach for electricity be applied?**

The location-based approach is to be used for electricity credits - as the value specified in the rulebook. Indirect emissions from purchased grid electricity for credits are to be accounted for on a market-based approach.

### **Which approach applies to account for electricity in non-EU countries?**

For steel in third countries from outside the EU, default values for indirect grey emissions are applied on the basis of Annex IV point 4.3 of EU Regulation 2023/956 on the creation of a carbon border adjustment system, either based on an average emission factor of the EU electricity grid or the average emission factor of the electricity grid of the country of origin applicable at the CBAM. There is no further differentiation.

### **What is the definition of scrap being used by LESS?**

Scrap includes pre-consumer, post-consumer and internal scrap. Rule is described in the rulebook.

### **How are scrap values to be calculated??**

Scrap values are calculated per product group based on actual amounts used during production of that product and not based on annual / site level averages. If the steel producer defines its whole production at one site as a single product group, the site level average scrap value will be taken

### **According to LESS rulebook, Scope 1 and 2 emissions include only CO<sub>2</sub>, while Scope 3 also accounts for GHG emissions. Scope 3 for electricity must be determined from various values under the EF due to the inclusion of additional greenhouse gases. Why was this approach chosen?**

LESS is based on the EU-ETS, where only CO<sub>2</sub> is considered for Scope 2 emissions, therefore only CO<sub>2</sub> emissions should initially be accounted for in LESS for electricity (Scope 1 and

Scope 2). In the future this approach might be adapted to reduce calculation efforts and simplify verification.

**Should the facility's electricity consumption only include the producing facility or also account for other allocated consumptions that may arise due to measurement inaccuracies, such as distribution based on cost?**

If the electricity used in production cannot be explicitly identified by measurement equipment (e.g. meter), the electricity of the entire facility must be taken into account in the conservative approach this may then also include consumption for social rooms or similar.

**What is the acceptable time period for data for the first verification?**

If there are provable not enough data available from the last year, data from previous years may be used in chronological order (maximum 20 datapoints).

**Is there a standardised report format for verification against LESS?**

No, there are no mandatory report formats. However, operators and certification bodies can voluntarily use report documents that are listed on the website.

**Are the emission factors updated regularly?**

The Technical Working Group (TWG) and the Certification Body Committee of LESS aisbl will review the emission factors on a regular base and update them if required. This could imply to use a newer version of Ecoinvent database in the future.

**Do primary data need to be applied whenever possible?**

Yes, primary data should be used whenever available, especially for Scope 1 and Scope 2 data. Only if these data are available in the company.

**How are the emission factors or pellets, ferromanganese, silicon manganese, and ferro chromium composed?**

Pellets: In addition to the Scope 3 emissions for pellets (market for iron pellet, GLO), the transport emissions for ship, truck and train transport of iron ore (market for iron ore, crude ore, 63% Fe, GLO) must be included.

Ferromanganese/silicomanganese/ferrochromium: In addition to the Scope 3 emissions for ferromanganese/silicomanganese (market for ferromanganese, high-coal, 74.5% Mn, GLO), all transport emissions of ferrochrome (market for ferrochromium, high-carbon, 55% Cr, GLO) must be included.

Generally applies in both cases: Version 3.9.1 and the 'APOS' system model from Ecoinvent must be used. The GWP 100 according to IPCC2021 is used.

**What emission factor data base should be used?**

As stated in the guidelines for operators and certification bodies, emission values from the Ecoinvent database version 3.9.1 (as listed in Annex VI of the guidelines) should be used to determine the classification according to LESS.

**Scope 3 for electricity must be determined from various values under the EF due to the inclusion of additional greenhouse gases. Is this correct?**

For Scope 3 emissions, the corresponding EF (emission factor) must be used—different EF must be applied depending on the energy generation method.

**What values are supposed to be used for the electricity emission factor? Should these refer to the year under review (value subject to uncertainty according to the authorities website) or from previous years (value assured according to the authority website)?**

The latest values should be used, even if these are still subject to uncertainties according to national authority (e.g. in Germany Federal Environment Agency UBA) information.

**On which delivery notes (finished product and/or semi-finished products from hot rolling mill) can the LESS label be printed?**

Both options are possible. Please remember and ensure that the system boundary of the LESS classification is “hot rolling”, which should be communicated and declared to customers. A design manual that comes with the certificate and the document “Requirements for the LESS label” provide further information.

**Does the cut off criteria rule apply to scope 3.1 in total, or to individual alloying agents?**

The cut-off criterion has been deliberately set so that 90% of all emissions are captured. Consequently, this means that a maximum of 10% of emissions can be excluded. If individual alloying elements contribute less than 10%, but their total contribution exceeds 10%, this would violate the 10% rule. See rulebook.

**What general conditions must be complied with when applying mass balancing?**

The possibility of mass balancing is only permitted within narrow and clearly defined boundaries. This includes the scenario of a partial transformation within a production site. The allocation of input materials is permitted using mass balancing. This applies in particular to substances that are used for similar reasons but have different emission intensities. The balancing approach is also permitted for the allocation of energy sources, as long as they are comparable energy sources. When certificates are sold, they may be allocated to any product of the manufacturer that is covered by the classification group of the certificate and that was produced at the same production site as the certificate. It is not possible to balance across different locations.

**Should data from EU-ETS be applied?**

Primary data from EU-ETS should be applied whenever possible.

**When are EU-ETS data “verified”?**

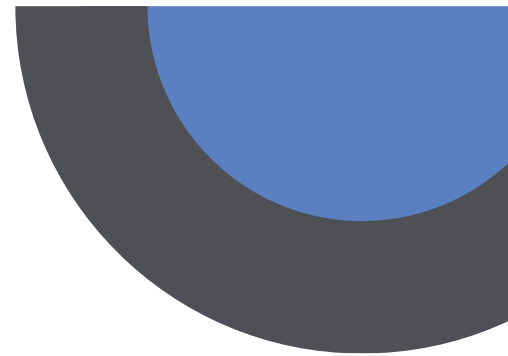
If an EU-ETS verification report has been submitted by the EU-ETS auditor to the operator and the report confirms the verification of the EU ETS data with non-conformities in writing, EU-ETS data are considered as “verified”. A confirmation from the national authority, e.g. DEHSt, is not necessary at this stage.

**Does an operator have to save the exact calculation input values (including emission factors) used for every single batch if applied?**

Operators have to archive (for 5 years) their exact calculation input values (including emission factors) used for every single batch if applied. Auditors may proof data during follow-up verification.

**What validity must certificates (validation, verification) of PCF or declaration of EPD have?**

Certification bodies are only responsible to proof that certificates (validation or verification) for PCF or declarations for EPDs are valid during the validity period of LESS assurance statement.



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**Information status**

03/2025