

AR Shelving Low CO₂ Emission Steel _Brief_v1

Operational Definition of Low CO₂ Emission Steel

Within the context of AR Shelving, “**Low CO₂ Emission Steel**” refers to steel produced through manufacturing processes that involve a **verifiable reduction in greenhouse gas (GHG) emissions** compared to conventional integrated production routes. This includes, among others, steel produced through **electric arc furnace processes using scrap (EAF route)** and steel obtained through **Direct Reduced Iron (DRI)-based processes**, provided that they are supported by a **valid Environmental Product Declaration (EPD)** confirming such reduction.

System Objective

To ensure that the volume of products marketed as “**low-carbon**” does not exceed the volume of **low-emission raw material** acquired by AR Shelving during a defined period, and that **verifiable traceability** is maintained within the **ERP system**.

Chain of Custody Model

ISO 22095 is adopted as the **international reference standard for chain of custody**. Our practices are aligned with the models established in this standard, which sets **internationally recognized guidelines** for developing and maintaining **reliable traceability frameworks** throughout the supply chain, ensuring **transparency and data integrity** from raw material sourcing to final product delivery.

Key Criteria and Controls

Raw Material Input

- ERP registration of all purchases of **low-emission steel**.
- **Verification of steel type** (EAF route, DRI, EPD, etc.).

Allocation to Product Families

- Definition of **product family eligibility** for **low-emission labeling**.
- Assigned volumes **do not exceed available low-emission raw material**.

Balancing Period

- A **six-month reconciliation period** between inputs and outputs.
- **No over-allocation and no indefinite accumulation.**

Labeling and Traceability System

- Identification through **internal codes and commercial descriptions.**
- **Documentary records** retained for all allocations.

System Based on the Following Pillars

- **Product Registration:** Clear identification of products included in the system.
- **Raw Material Control: Strict inventory management** of low-emission steel.
- **Customer Allocation:** Allocation based on **customer requirements.**
- **Output Control:** Assurance that labeled volumes are **fully supported by purchased raw material.**
- **Final Product Identification: End-to-end labeling and traceability.**

External Verification

The system has been audited in accordance with **ISO 22095 (Chain of Custody)** and **ISO 14067 (Product Carbon Footprint Calculation)** and verified by **DNV**, an **independent international certification body** with presence in more than **100 countries.**

More information: <https://www.dnv.com>

Both the calculation model and the traceability system have been developed and validated jointly with **Global Factor**, a **leading sustainability and climate consulting firm** with more than **20 years of international experience.**

More information: <https://www.globalfactor.com>

System Guarantees



- a) **Compliance with ISO 14067** for emissions calculation.
- b) **Compliance with ISO 22095** for chain of custody.
- c) **Independent verification** at least every **two years**.
- d) **Technical validation** by environmental experts.

System Limitations

- **No physical segregation** of raw materials is required.
- Allocation may be **accounting-based**, provided that **full compliance with ISO 22095** is maintained.

Review and Update

This document is subject to **annual review** or whenever significant changes occur in **procurement models, calculation methodologies, or regulations**.



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