

Statement BR20/10887

Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in **2018** of

ACO VERDE DO BRASIL S.A.

Rodovia BR 222 - Gleba Itinga, Km 14,5 Lote, 69
Distrito Industrial de Pequiá - Açailândia - MA - CEP - 65930-000 - BR

has been verified in accordance with ISO 14064-3:2007
as meeting the requirements of

ISO 14064-1:2007 and Brasil GHG Protocol Program

For the following activities:

**“Steel plan for the production and commercialization of pig iron, steel
billets and long steel rolled products.”**

Disclosing emissions of **82,812,911** metric tonnes of CO₂ equivalent

Lead Auditor: Rafael da Silva Caldeira

Authorized by



Vanda Nunes
Director

Date: 14/12/2020

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This Statement is not valid without the full Greenhouse Gas Assertion and the verification scope, objectives, criteria and findings available on pages 1 to 4 of this Statement.

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SGS has been contracted by AÇO VERDE DO BRASIL S.A. (hereinafter referred to as "CLIENT"), Rod. BR 222 – Gleba Itinga; Km 14,5; Lote 69; Industrial District de Pequiá; 65930-000; Açailândia – MA Brazil, for the verification of direct and indirect Greenhouse Gas in accordance with

ISO 14064-3: 2007

As provided in the Greenhouse Gas (GHG) Assertion in the form of report covering GHG emissions of the period January 1st 2018 to December 31st 2018.

Roles and responsibilities

The client is responsible for the organization's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information and the reported GHG emissions.

It is SGS's responsibility to express an independent GHG verification opinion on the GHG emissions as provided in the GHG Assertion.

SGS conducted a third party verification of the provided GHG assertion against the principles of ISO 14064-1: 2007 and ISO 14064-3: 2007 and Brazil GHG Protocol Program in the period 2018. The verification was based on the verification scope, objectives and criteria as agreed between CLIENT and SGS on 12/02/2020 – 12/04/2020.

Level of Assurance

The level of assurance agreed is that of reasonable assurance.

Scope

The client has commissioned an independent verification by SGS ICS Certificadora Ltda of reported GHG emissions to establish conformance with ISO 14064 principles within the scope of the verification as outlined below.

The data and information supporting the GHG assertion were calculated based on monitored and historical data.

This engagement covers verification of emission from anthropogenic sources of greenhouse gases included within the organisation's boundary and based on ISO 14064-3:2007.

- The organizational boundary was established following operational control approach.
- Title or description activities: Steel plant for the production and marketing of pig iron, steel billets and long steel rolled products.
- Location/boundary of the activities: Steel plant. Aço Verde do Brasil Rod. BR 222 – Gleba Itinga; Km 14,5; Lote 69; Industrial District de Pequiá; CEP 65930-000; Açailândia – MA Brazil.

- Physical infrastructure, activities, technologies and processes of the organization:
 - Administrative building
 - the Blast furnace
 - the Steelworks
 - Lamination
 - the ETE
 - the Fleet Fuel Supply Station.
 - Gas plant.
- GHG sources, sinks and/or reservoirs included:
 - Scope 1: Mobile Combustion, Stationary Combustion, Industrial Processes, Solid Waste and Liquid Effluents.
 - Scope 2: Electric Power Consumption.
 - Scope 3: Category 1 goods and services purchased and Category 5 waste generated in operations.
- Types of GHGs included: CO₂, CH₄, N₂O, HFC, PFC e SF₆.
- Directed actions: Not applicable.
- GHG information for the following period was verified: January 1st 2018 to December 31st 2018.
- Intended user of the verification statement: AÇO VERDE DO BRASIL S.A. Brazilian GHG Protocol Program and WorldSteel Association.

Objective

This verification purposes to review the objective evidences and to independently review:

- Whether the GHG emissions are as declared by the organisation's GHG assertion.
- The data reported are accurate, complete, consistent, transparent and free of material error or omission.

Criteria

Criteria against which the verification assessment is undertaken are the principles of ISO 14064:2007 and Brazil GHG Protocol Program.

Materiality

The materiality required of the verification was considered by SGS to 5%, based on the needs of the intended user of the GHG Assertion.

Conclusion

The client provided the GHG assertion based on the requirements of ISO14064-1:2007 and Brazil GHG Protocol Program. The GHG information for the period January 1st 2018 to December 31st 2018 disclosing emissions of 82,812.911 metric tonnes of CO₂ equivalent are verified by SGS to a reasonable level of assurance, consistent with the agreed verification scope, objectives and criteria.

Emissions in metric tons of CO ₂ equivalent (tCO ₂ eq)				
Scope 1	Scope 2 (Location approach)	Scope 2 (approach by purchase choice")	Scope 3	Total
39,651.563	12,538.298	-	30,632.050	82,821.911
Biogenic CO ₂ Emissions (t)				
Scope 1	Scope 2 (Location approach)	Scope 2 (approach by purchase choice")	Scope 3	Total
555,935.131	-	-	-	555,935.131

SGS's approach is risk based, drawing on an understanding of the risks associated with reporting GHG emissions information and the controls in place to mitigate these. Our examination, based on test, includes relevant evidences assessment related to quantities and the GHG information reported by the organization.

Our verification work is performed to obtain the information, explanations and evidence that we considered necessary to provide a reasonable level of assurance that the GHG emissions for the period 2018 are fairly stated.

We conducted our verification with regard to the GHG assertion of AÇO VERDE DO BRASIL S.A. which included assessment of GHG information system, monitoring and reporting plan/protocol. This assessment includes the provisions of the protocol reference is consistently and appropriately applied.

In SGS's opinion the presented GHG assertion

- is materially correct and is a fair representation of the GHG data and information, and
- is prepared in accordance with ISO14064-1:2007 on GHG quantification, monitoring and reporting.

This statement shall be interpreted with the GHG assertion of AÇO VERDE DO BRASIL S.A as a whole.

Note: This Statement is issued, on behalf of Client, by **SGS ICS Certificadora Ltda** ("SGS") under its General Conditions for Green Gas Verification Services available at http://www.sgs.com/terms_and_conditions.htm. The findings recorded hereon are based upon an audit performed by SGS. A full copy of this statement, the findings and the supporting GHG Assertion may be consulted at **AÇO VERDE DO BRASIL S.A.** This Statement does not relieve Client from compliance with any bylaws, federal, national or regional acts and regulations or with any guidelines issued pursuant to such regulations. Stipulations to the contrary are not binding on SGS and SGS shall have no responsibility vis-à-vis parties other than its Client