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EU CARBON BORDER ADJUSTMENT MECHANISM

Meridian Textiles (Demo)

Declaration period: Q1 2026

Basis: Regulation (EU) 2023/956 · Annex IV default values

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Prepared with the Kevit ESG platform

SAMPLE REPORT
Meridian Textiles is a fictional company
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Executive Summary

Goods covered, embedded emissions and the exposure they imply.

5	516	1,824	3.54
SHIPMENTS	TONNES OF GOODS	EMBEDDED TCO2E	AVG TCO2E/T

Executive Summary

This declaration covers five shipments imported during the first quarter of 2026, comprising a total of 516.0 tonnes of CBAM goods with aggregate embedded emissions of 1,824.3 tCO₂e. The resulting quantity-weighted average emissions intensity across the reporting period is 3.54 tCO₂e per tonne of product. This figure should be read as a blended average across dissimilar product categories and is not representative of any single good; the intensity varies materially by CN code and production pathway, as set out below.

The goods fall under three CN codes. CN 7208.39 (flat-rolled iron and non-alloy steel products) is represented by two shipments produced via the basic oxygen furnace (BOF) pathway, with declared intensities of 1.92 and 2.20 tCO₂e per tonne against the CBAM Annex IV default of 2.20 tCO₂e per tonne. CN 7610.90 (aluminium structures and parts) is represented by two shipments, with declared intensities of 8.4 and 16.8 tCO₂e per tonne against the applicable default of 16.8 tCO₂e per tonne. CN 7318.15 (threaded steel fasteners) is represented by one shipment produced via the electric arc furnace (EAF) pathway, with a declared intensity of 0.55 tCO₂e per tonne against the default of 2.20 tCO₂e per tonne.

The headline exposure of this declaration is the reliance on default values. Of the five shipments, three (60 percent) rest on measured, installation-specific data and two (40 percent) rest on CBAM Annex IV default values. Specifically, one CN 7208.39 shipment and one CN 7610.90 shipment carry declared intensities that are identical to their respective defaults, indicating that no verified installation data has yet been substituted for

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How to rely on this report

Every narrative in this report is generated only from the data recorded by the preparer — the AI paraphrases, it never invents figures. Each section is tagged with a confidence level reflecting the provenance of the data beneath it (measured, estimated, or a draft skeleton to replace before filing) and lists the external standards the disclosure references. Review every section before filing; the consultant remains the responsible preparer.

Declared Data vs CBAM Annex IV Defaults

Annex IV defaults are deliberately punitive. Every shipment still on a default is money left on the table and an audit exposure.

3	2	60%
SUPPLIER-VERIFIED	ON ANNEX IV DEFAULT	VERIFIED SHARE

Embedded emissions methodology

Embedded Emissions Methodology and Documentation Requirements

Basis of Determination

For the Q1 2026 declaration period, embedded emissions were determined across five shipments totalling 516.0 tonnes of product, with total embedded emissions of 1,824.3 tCO₂e and a weighted average intensity of 3.54 tCO₂e per tonne. Two distinct approaches were applied across the shipment population: three shipments (60 percent) rely on declared, installation-specific data, and two shipments (40 percent) rely on CBAM Annex IV default values. The distinction is material and must be transparent in the declaration, because the two categories carry different evidentiary standards and different commercial consequences.

Shipments Determined from Declared Supplier Data

Three shipments carry emissions intensities derived from installation-specific data reported by the producer. Under CN code 7208.39 (flat-rolled steel, BOF pathway), one shipment declares 1.92 tCO₂e per tonne against the applicable default of 2.2 tCO₂e per tonne, a reduction of 12.7 percent. Under CN code 7610.90 (aluminium structures), one shipment declares 8.4 tCO₂e per tonne against the default of 16.8 tCO₂e per tonne, a 50 percent reduction. Under CN code 7318.15 (steel fasteners, EAF pathway), one shipment declares 0.55 tCO₂e per tonne against the default of 2.2 tCO₂e per tonne, a 75 percent reduction. Each of these figures sits at or below the corresponding Annex IV default, which is the pattern an assurer expects from genuine measured data, but the credibility

Default-value exposure

Embedded Emissions and the Use of Annex IV Default Values

This declaration covers five shipments for the reporting period Q1 2026, comprising a total quantity of 516.0 tonnes of CBAM goods and 1,824.3 tCO₂e of embedded emissions, giving an average emissions intensity of 3.54 tCO₂e per tonne. Of the five shipments, three carry measured, installation-specific emissions data and two rely on the CBAM Annex IV default values. The reader should note that default reliance in this period stands at 40 percent of shipments by count. Quantity-weighted default exposure has not been computed from the data provided and must be calculated before final submission, because the commercial and tax consequences of default reliance scale with tonnage, not shipment count.

Where Annex IV defaults were applied

Two shipments carry declared intensities that are identical to the CBAM default and are therefore best treated as default-derived rather than independently substantiated. Shipment

7ac804130e7a4e15a733791f46813369, under CN code 7208.39 (flat-rolled steel, BOF pathway), reports a declared intensity of 2.20 tCO₂e per tonne, exactly equal to the Annex IV default of 2.20 tCO₂e per tonne, a delta of 0.0 percent. Shipment 58f442a416294227ad30d0c8c30e659d, under CN code 7610.90 (aluminium structures), reports 16.8 tCO₂e per tonne against a default of 16.8 tCO₂e per tonne, again a delta of 0.0 percent. A declared figure that matches the default to two decimal places is, in practice, the default. Under EU CBAM rules, from the start of the definitive regime these shipments will be charged on the punitive Annex IV default rather than on any lower verified value the installation may in fact achieve.

The commercial consequence of default reliance is direct. A CBAM default is deliberately set at or above the emissions intensity of the worst-performing

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Shipment Detail — declared intensity vs Annex IV default

Per-shipment comparison. A large positive delta will be flagged by the importer's auditor.

CN code	Pathway	Declared tCO2e/t	Default tCO2e/t	Delta	Interpretation
7208.39	BOF	1.92	2.2	-12.7%	verified below default — highly credible
7208.39	BOF	2.2	2.2	+0.0%	close to default — expected
7610.90	—	8.4	16.8	-50.0%	verified below default — highly credible
7610.90	—	16.8	16.8	+0.0%	close to default — expected
7318.15	EAF	0.55	2.2	-75.0%	verified below default — highly credible

Framework Coverage

Disclosures this CBAM data also satisfies — reusable elsewhere.

Framework	Publisher	Disclosures covered
ISSB S2 Climate	IFRS Foundation	S2-14, S2-29, S2-9
GRI Standards	Global Reporting Initiative	305-3, 305-4
TCFD Recommendations	Financial Stability Board	Metrics_b, Strategy_a, Strategy_b
CDP Climate Change	CDP	C11.2, C6.5

Installations & Physical Climate Risk

Water-stress screening on the installations behind these goods.

Meridian Textiles, Coimbatore

Baseline Stress	extremely-high
Seasonal Variability	high
Drought Risk	high
Notes	Textile cluster — Noyyal river highly polluted, ZLD enforced. Reuse rates critical.

Physical Climate Risk of Installation Locations

The data provides physical climate risk information for one installation only: Meridian Textiles, Coimbatore. For this location, the baseline water stress is assessed as extremely high, with high seasonal variability and high drought risk. The accompanying notes identify the site as part of a textile cluster on the Noyyal river, which is characterised as highly polluted, with Zero Liquid Discharge (ZLD) enforced and water reuse rates flagged as critical to continued operation. In substance, this installation faces acute water availability and water quality exposure, compounded by seasonal supply variability. Where a facility depends on assured water access and is subject to ZLD compliance, drought conditions and regulatory tightening can translate directly into production interruption and remediation cost. This exposure is relevant to the ISSB S2-9 (climate risk exposure) and TCFD Strategy narratives that this engagement is positioned to support.

It should be noted, however, that the risk assessment above is water-related only. The data does not contain broader physical climate risk parameters for this or any location, such as flood, extreme heat, cyclone or storm exposure, or transition-related regulatory risk beyond ZLD.

A material gap must be stated plainly: physical climate risk data is present for only one installation. The five shipments in this declaration span at least three CN codes (7208.39, 7610.90 and 7318.15) and multiple production pathways (BOF, EAF, and two shipments with no pathway recorded), which indicates more than one producing installation is involved. No location or physical risk data has been provided for the installations behind the steel and aluminium shipments. Consequently, the location risk picture in this

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Compliance Action Plan

What to collect, from whom, before the quarterly filing deadline.

CBAM Q1 2026 Declaration Readiness: Prioritised Action Plan

Overview of current position

This engagement covers five shipments totalling 516.0 tonnes of product with total embedded emissions of 1,824.3 tCO₂e, giving an average intensity of 3.54 tCO₂e per tonne. Of the five shipments, three carry measured, installation-specific intensities and two rely on CBAM Annex IV default values. The default-reliant shipments represent the principal compliance and cost exposure for this filing, because from the definitive period default values attract the full carbon liability at the reference price with no credit for actual installation performance. The actions below are ordered by materiality to the declaration and by the commercial cost of inaction.

Priority 1: Replace default values on the two default shipments

Two shipments are currently declared at the Annex IV default rather than a measured value, and in both cases the declared intensity equals the default exactly, which is the signature of missing supplier data rather than a genuine measurement.

- Shipment 7ac804130e7a4e15a733791f46813369, CN code 7208.39, BOF pathway, declared at 2.2 tCO₂e per t (equal to the default). Collect the installation-specific emissions calculation from the flat-rolled steel supplier for this consignment.
- Shipment 58f442a416294227ad30d0c8c30e659d, CN code 7610.90, aluminium structures, declared at 16.8 tCO₂e per t (equal to the default). The aluminium default is high in absolute terms, so this shipment carries the single largest per-tonne liability in the set. Collect installation-specific data from the aluminium supplier as the highest-value upgrade.

The commercial consequence of leaving these at default is direct: the importer pays the carbon charge on the full default intensity with no allowance for the supplier's actual performance. The comparable measured shipments in this same filing demonstrate the scale of the overstatement — the other 7610.90 shipment (db4e94368cdd46e5ad373a2449cdcc8c) was verified at 8.4 tCO₂e per t, exactly half the default, and the

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Automated Checks

Rule-based observations from the logged shipments.

Quality. 2/5 shipments (40%) use CBAM default values. After Jan 2026, EU importers face carbon tax on the default value — buyers strongly prefer verified installation-specific data. Recommend upgrading to measured emissions on high-volume shipments first.

Framework. Measured shipments (3) generate credible ISSB S2-9 (climate risk exposure) + ISSB S2-14 (financial impact) narrative. Include the CBAM avoided-tax figure ($\approx \text{EUR} \times \text{emissions} \times \text{EU ETS price}$) in the report.

Framework. This CBAM data covers 10 disclosures across ISSB S2, TCFD, GRI 305, and CDP Climate — consultants can reuse the same data for Scope 3 downstream reporting under GRI 305-3 and CDP C6.5.