

Net Zero Steel Pathway Methodology Project



TATA STEEL



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ASSOCIATION

PRESS RELEASE:

26.07.2021

Steel industry sets its path to net-zero

Some of the world's leading steelmakers have produced a set of clear recommendations for adopting science-based targets (SBTs) for the industry's road to net-zero in a report titled **"The Net-Zero Steel Pathway Methodology Project: Final Report and Recommendations"** (NZSPMP report) published today.

The report, produced by an international group of major steelmakers* together with the World Steel Association and ResponsibleSteel, sets out a framework for developing robust guidance for those in the sector who wish to make a realistic and credible commitment to the Paris Agreement, with a net-zero or 'science-based target'. The key recommendations for greenhouse gas (GHG) emissions reduction targets are:

- 1: Differentiate between primary and secondary steel
- 2: Set a consistent scope and system boundary
- 3: Establish a consistent steel sector budget and trajectory
- 4: Acknowledge the GHG emissions reduction from using co-products made by the steel industry
- 5: Integrate the influence of regulatory policy when setting a science-based target
- 6: Leverage existing standards and methods into a dedicated steel sector decarbonisation approach for more consistent target setting
- 7: Develop unambiguous guidance for companies making different types of steel products

Fifteen of the world's largest steelmakers, including ArcelorMittal, GFG Alliance, Tata Steel and BlueScope Steel, contributed to the report over the last year in order to produce these recommendations which will help the steel industry set ambitious net-zero carbon targets. These recommendations are urgently needed as the steel sector currently emits between 7-9% of global CO₂ emissions annually. However, steelmakers will not be able to achieve net-zero on their own - significant support will be needed from both investors and policy makers to create the right environment for the massive and long-term investment required to make the structural changes needed.

The recommendations set out in the NZSPMP report are a significant step to help guide steelmakers to become more consistent in how they measure and set company level GHG emissions reduction targets. It seeks to open a dialogue with stakeholders on the challenges faced by the steel industry in setting meaningful, yet ambitious, SBTs that follow a net-zero GHG emissions pathway towards 2050. The critical next step is to see the work lead rapidly to the development of guidance which will allow steelmakers to set credible, practical, comparable net zero company targets that have the support of the industry as well as civil society.

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Additional Information attached: Annex 1: Media quotes from project participants

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PLEASE NOTE: A webinar to present the report and take questions is scheduled for **1100-1200 BST on Wednesday, 28 July. Please join via the following link:**

https://us06web.zoom.us/webinar/register/WN_hcec0YCIRvKYLWgXYQocmw

*Project Participants

** Steering Group members

ArcelorMittal**

BlueScope Steel**

Celsa Group

GFG Alliance**

JSW

Liberty

Nippon Steel

NLMK

Outokumpu

POSCO

ResponsibleSteel**

Severstal

Tata Steel Europe**

Tata Steel Ltd

Tenaris

Ternium

voestalpine

Wirtschaftsvereinigung Stahl

World Steel Association**

Annex 1: Quotes from NZSPMP Project participants:

- 1. ArcelorMittal:** Commenting, Brad Davey, Executive Vice President, ArcelorMittal said: “The steel industry has a very important contribution to make to a net zero world. The NZSPMP came together because we saw the value in defining some clear principles for how to measure that contribution that takes into account the fundamental dynamics of the steel making process. This includes defining a clear boundary for steel related emissions; appreciating that primary steelmaking cannot simply be replaced by secondary steelmaking; and recognizing the contribution steel makes to lowering emissions in both other parts of the value chain and in the processes required for other materials. To decarbonize the steel industry, we have to decarbonize the primary industry – that is really what will drive the path to net zero as there is not enough scrap available to move to a truly scrap-based industry for at least this century. We very much hope the work of the NZSPMP will feed into the steel industry budgets and methodologies currently being worked on – including the methodology for achieving a science based target. These principles we believe will enable the steel industry to be judged fairly and equally and ensure that steel companies make their full contribution irrespective of the technology route they follow.”
- 2. BlueScope Steel:** Gretta Stephens, BlueScope Chief Executive Climate Change: “We welcome the publication of the report. It is an important step in guiding steel companies to consistently set and measure meaningful and pragmatic emissions reduction efforts.” “Addressing climate change is a shared responsibility across industry, governments, investors and stakeholders, and BlueScope will play its part. Our climate change strategy and decarbonisation pathway to net zero will be based on optimising existing processes to deliver emissions reductions and building optionality around emerging technologies, where feasible. Our pathway to net zero will be dependent on the commercial availability of emissions reduction technologies, the availability of affordable and firm renewable energy and public policy that supports investment certainty.”
- 3. Tata Steel Europe:** Annemarie Manger, director Sustainability Tata Steel Europe, said “Sustainability is at the heart of our strategy and steel is at the heart of global sustainability. This is why we have set ourselves a target to reduce our steelmaking emissions in Europe by 30-40% by 2030. To do this we will need to make significant investments to decarbonise our assets in the coming years, so we are preparing various decarbonisation options including hydrogen-based steel production technology and, especially in support of more rapid decarbonisation, carbon capture, storage or utilisation.

“Decarbonising the steel sector will need action not just from us and other steelmakers, but governments, policy, makers, markets and other stakeholders, including civil society, who will all need to work together to solve the challenge. We very much welcome the publication of this report as an important step on the pathway to a decarbonised sector, by making a valuable contribution to supporting steel producers with their own target-setting and transition”.
- 4. ResponsibleSteel:** “ResponsibleSteel welcomes the publication of this important work” says Anne-Claire Howard, CEO ResponsibleSteel. “Steel is critical to human development and the world economy – but the industry has to reduce its net GHG emissions to zero within the next 30 years. Every steel company needs to plan its own pathway to achieve this, and to do so urgently. We look forward to seeing the recommendations in this report leading to the rapid development of credible, practical, comparable net zero GHG emission company targets and pathways by steel makers. There is no time to waste.”