

# CLIMATE GROUP STEELZERO

In partnership with



## Corporate Leadership in Demand for Net Zero Steel

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CLIMATE GROUP  
STEELZERO

# About Climate Group

Founded in 2004, Climate Group is an international non-profit with offices in London, Amsterdam, New Delhi, New York and Beijing.

Our mission

**To drive climate action.  
Fast.**

Our goal

A world of net zero carbon emissions by 2050, with greater prosperity for all.

Our core networks

**600+ businesses** (Energy, Industry, Transport initiatives)  
**270+ governments** (Under2 Coalition members)

Climate Group  
initiatives

RE100

EV100

EP100

EV100+

STEELZERO

CONCRETE  
ZERO

ZEV PLEDGE

UNDER2<sup>+</sup>

Secretariat

CLIMATE  
WEEK  
NYC

by CLIMATE GROUP

Singapore | 8 June, 2023

## CLIMATE GROUP Asia Action Summit

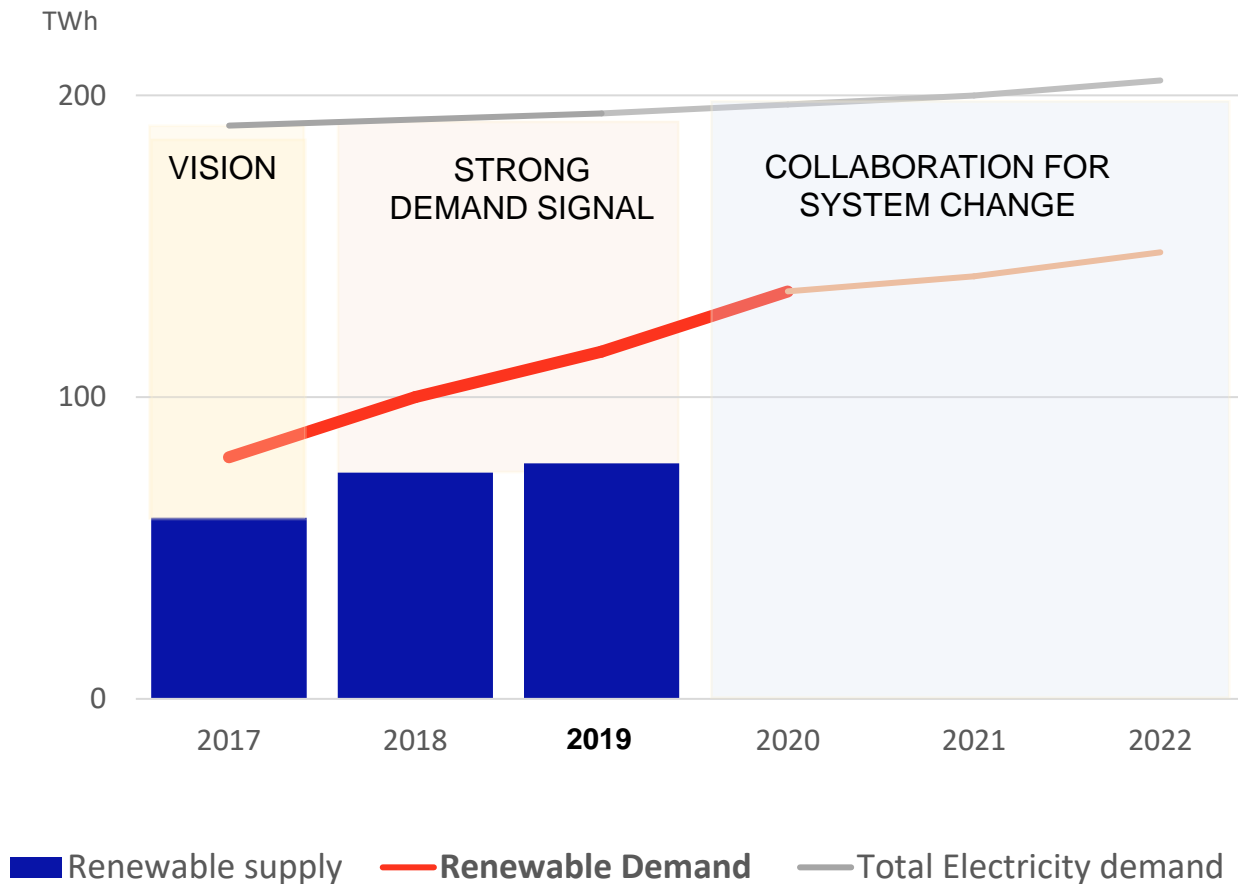
Path to net zero  
steel and energy



# Demand signals drive market development; Japanese businesses play an important role

## RENEWABLE ELECTRICITY/RE100 CASE STUDY

Based on 2019 graph from Bloomberg New Energy Finance on Projected Renewables Shortfall for RE100 Members



- **RE100 launched** in 2014 as a collective demand-side campaign for businesses who saw the future of energy procurement as renewables
- In 5 years **190 global businesses committed** through RE100 by 2019 to sourcing 100% of their energy from renewable sources, before the supply was fully available
- **Collaboration with national governments and regulators** advocating for reducing barriers and policy and regulatory change helped supply increase
- **Now 79 Japanese companies are members of RE100** and the initiative has 399 global members, including members of the Japan Climate Initiative

# Focus on Scope 3 and materials is growing; construction is the focus of early regulation

## SCOPE 3 REGULATION / CONSTRUCTION CASE STUDY

Source: ResearchGate, Timeline of Green Building Rating System Development



- Most countries have committed to carbon neutrality by 2050 and are **looking to businesses** to tackle their greatest sources of emissions: after energy, this is often embodied carbon in materials (scope 3)
- Steel is the most emission-intensive material**, accounting for c.3,750 MTCO<sub>2</sub>e per year<sup>1</sup>
- The construction sector has been the early focus of **scope 3 regulation and standards**; this focus is expected to widen to other high steel-consuming sectors e.g. automotive, shipping, electronics
- The CFO at **Volvo Cars** (a SteelZero member) **said: ‘No company can do this in isolation...That is why we are partnering with other companies to eliminate fossil fuels from steel and battery production, among other areas.’**

<sup>1</sup> [Mining Technology, How scope 3 emissions pose the biggest threat to net-zero ambitions](#)

# Due to the global nature of the steel market, global trends will impact Japan

## JAPAN GLOBAL EXPORTS OF STEEL PRODUCTS

Source: International Trade Administration, Steel Exports Report Japan (2019)



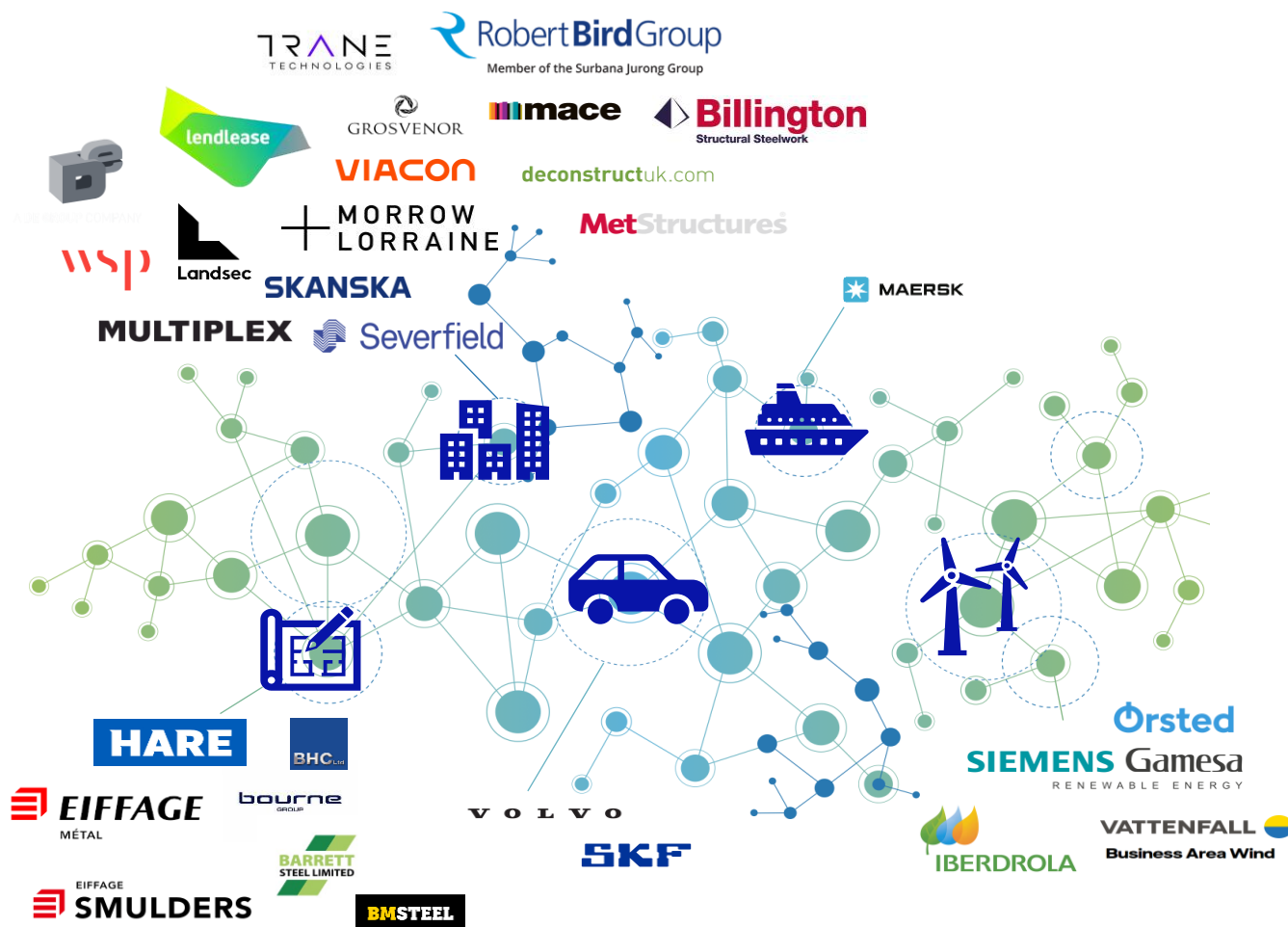
- Japan exports c.34% of steel produced (#2 globally)<sup>1</sup>, and **global patterns of demand are changing**. Private and public buyers are prioritising lower emission steel; Japan has joined the Industrial Deep Decarbonisation Initiative
- The **economic competitiveness of decarbonised steelmaking is rising**: it's expected to be cash cost competitive between 2030 and 2040 in Europe<sup>2</sup>, while global overcapacity and increasing carbon tariffs threaten non-decarbonised steelmaking
- Sustainable steelmaking is attracting **global ESG investment interest**: CA100+ investors (including 700 major investors) will ask steel buyers about how they intend to buy lower emission steel; companies that declare their intentions early can attract investment

<sup>1</sup> International Trade Administration, Steel Exports Report Japan (2019)

<sup>2</sup> McKinsey, *Decarbonization Challenge for Steel*

# Companies join SteelZero to collaboratively lead and shape the global steel market

Our members are climate leaders across sectors and segments of the steel value chain:



- Anticipate and prepare for changing market forces
- Bring customers better products
- Secure financial sustainability – avoid costs of delaying
- Source steel responsibly - support prosperity of local communities
- Attract and retain a high-performing workforce<sup>1</sup>

<sup>1</sup>The Dentsu Conducts Fifth Consumer Survey on Sustainable Development Goals

# SteelZero brings together businesses and policymakers, establishing consensus and driving action globally and locally



Principles to overcome steel decarbonisation challenges	Examples of our impact
Use global standards and definitions	<ul style="list-style-type: none"> <li>• <b>Global:</b> Shaped the <u>ResponsibleSteel</u> GHG emissions thresholds and supported multistakeholder consultations, worked with the <u>CEM IDD1</u> WG3 co-chair to design their commitment pledge</li> <li>• <b>Japan:</b> Peer-reviewing the <u>IEA G7</u> near-zero emission steel work for the G7 Presidency</li> <li>• <b>India:</b> Selected to input to the <u>G20</u> policy process as a T20 contributor</li> </ul>
Grow low emission steel demand	<ul style="list-style-type: none"> <li>• <b>Global:</b> Developed a corporate network with <u>30+ members</u> and 50+ further businesses on the journey, spanning sectors, global geographies &amp; demand segments</li> <li>• <b>Global:</b> <u>70+ press pieces in 2022</u>; offered profiling opportunities at Climate Week NYC, COP, conferences and in media</li> </ul>
Support the steel value chain to address embodied carbon	<ul style="list-style-type: none"> <li>• <b>UK:</b> SteelZero members encouraged British Steel to set science-based targets and the campaign was cited as critical factor in <u>British Steel's</u> announcement to formally adopt them</li> <li>• <b>Global:</b> Created a tool for members so they can <u>compare steelmakers' progress</u> on low emission steel commitments and action; SZ members created template for <u>specific wording for procurement documents</u></li> <li>• <b>Global:</b> Provided input to SBTi's upcoming steel-specific guidance on science-based targets</li> </ul>
Underpin action with efficient design and circularity	<ul style="list-style-type: none"> <li>• <b>Global:</b> Provided '<u>Project Roadmap</u>' for the construction and property sector and guidance for engaging with supply chains</li> <li>• <b>Global:</b> Growing international consensus behind the '<u>sliding scale</u>' approach to defining low carbon steel, that accounts for limited and uneven scrap steel availability</li> </ul>
Drive the scale up of emerging technologies and infrastructure	<ul style="list-style-type: none"> <li>• <b>Global:</b> Helped our members understand and navigate the roadmap towards what it will take to achieve net zero</li> <li>• <b>Global:</b> Co-wrote the <u>First Movers Coalition</u> steel commitment</li> </ul>
Accelerate international coordination	<ul style="list-style-type: none"> <li>• <b>Global:</b> Referenced in the UNFCCC <u>Glasgow Breakthroughs</u>, for our leading role in international collaboration</li> <li>• <b>Global:</b> Worked with 25+ international partners to accelerate steel climate diplomacy and deep value chain collaboration</li> <li>• <b>US:</b> Referenced in <u>US White House Fact Sheet</u></li> </ul>

Key	
★ = Today	■ = Asia focus
▲ = Open Meeting	■ = Global or other focus
👥 = Private Meeting	



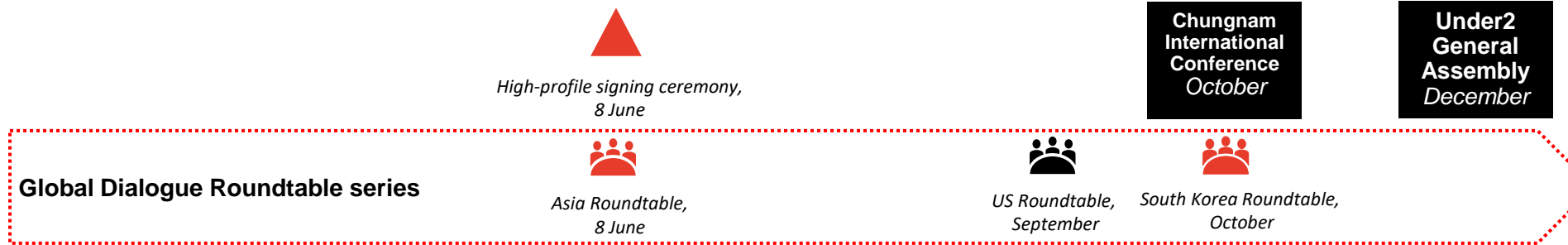
**Information provision about SteelZero**



**Group discussions on key steel topics**



**SteelZero member opportunities**





# Let's drive climate action **FAST**

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Leader of SteelZero and ConcreteZero Initiatives

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