

SteelZero

Commitment Framework

Introduction

Steel production can be decarbonised. SteelZero, by the Climate Group and ResponsibleSteel (“SteelZero”), is an initiative to drive market demand for Net Zero Steel (see Appendix A for all definitions) by building a united group of leading organisations to support this transition.

Organisations who join SteelZero are either companies that procure steel, public procurement bodies, specifiers of steel such as designers and engineers, or organisations involved in the steel supply chain at any stage after the production of crude steel.

By harnessing their collective purchasing power and influence, SteelZero will send a strong demand signal to shift global markets and policies towards responsible production and sourcing of steel.

Organisations who move forward now to develop their plans for Net Zero Steel will be better positioned to respond to clients’ requirements and manage market demands for Net Zero Steel.

The commitment

Organisations who join SteelZero must be willing to make a public commitment to transition to **100% Net Zero Steel by 2050**.

Organisations are encouraged to commit to the most ambitious, credible target that fits with their strategy. Organisations have the option to review their commitments on an annual basis, can adjust their commitment providing it always meets the minimum criteria, and will be encouraged to increase the ambition of their commitment if possible.

Organisations must commit to achieve a set of Minimum Commitment Criteria, which have been designed to:

- send a strong market signal to steel producers to transition to the production of Net Zero Steel;
- be adoptable by organisations across all steel-using sectors;
- be globally applicable.

Minimum Commitment Criteria

- 1. Long Term Commitment:** Commitment to [procuring/specifying/stocking] 100% of steel requirement by 2050 being Net Zero Steel.
- 2. Interim Commitment:** Commitment to [procuring/specifying/stocking] a total of 50% of steel requirement by 2030, meeting one or a combination of the following conditions:
 - a.** Steel produced by a steelmaking site where the site's corporate owner has defined and made public both a long-term emissions reduction pathway and **a medium-term, quantitative science-based GHG emissions target for the corporation**. A science-based target approved by the SBTi (Science Based Targets initiative) or other quantitative, scientifically justified target of comparable ambition, quality and coverage would meet this interim requirement in full.
 - b. ResponsibleSteel™ Certified Steel**, or steel meeting an equivalent international standard.
 - c. Low Embodied Carbon Steel**, as defined in Appendix A.

For example, "Organisation X" with an annual steel requirement of 100,000t could meet the Interim Commitment by procuring 25,000t of Low Embodied Carbon Steel and procuring 25,000t of ResponsibleSteel™ Certified Steel. Commitment criteria may evolve over time to ensure that the group is always calling for appropriate and ambitious low-and net-zero steel procurement and specifications from its members. Any updated criteria will be discussed with SteelZero members in detail. Climate Group and ResponsibleSteel reserve the right to make alterations to the commitment criteria in the event changes are required after such consultations.

Launch and publicity

SteelZero publicly launched with the initial group of committed organisations on 1st December 2020. SteelZero will provide digital assets to help organisations communicate their commitments through various media. There will be ongoing media and profiling opportunities as SteelZero grows and develops.

Action

SteelZero will support organisations in their journey to Net Zero Steel and in taking action on their commitment. Organisations will be invited to join working groups to assist them in developing a roadmap to fulfil their commitment to Net Zero Steel with the opportunity to share best practices to achieve the highest standards of sustainability. Working groups will be driven by the potential for driving emissions reductions and the needs of members, and will be co-ordinated by SteelZero.

An example of a working group, is a regular convening of organisations across a sector-specific steel supply chain to tackle barriers to action e.g. the Construction & Property sector. Wider topics may also include consideration of efficient design practices, and the shift towards the circular economy. We recognise that whilst the SteelZero commitment focuses on the decarbonisation of crude steel production, there is great scope to address broader ESG issues associated with the steel supply chain, and SteelZero will establish a working group to consider how to implement effective policies to address broader ESG issues as part of steel procurement, in consultation with its members.

Alignment with complementary initiatives

We are collaborating with non-profit expert partners and business associations across the space, to provide dual and complementary approaches to building demand for net-zero carbon steel:

- Net-Zero Steel Initiative led by the Energy Transitions Commission in collaboration with the World Economic Forum
- Net Zero Steel Pathway Methodology Project established by steelmakers with the support of worldsteel and ResponsibleSteel
- Advancing Net Zero project led by the World Green Building Council
- The Clean Construction Forum led by C40 Cities
- The ACT (Assessing Low-Carbon Transition) Initiative for the Iron and Steel Sector led by CDP and the French Environment and Energy Agency (ADEME)
- The Science Based Targets Initiative

The Climate Group and ResponsibleSteel

The Climate Change Organisation, known and trading as The Climate Group, a limited company registered in England and Wales under registration number 4964424 and a registered charity (charity registration number 1102909), whose registered office is located at Adam House, 7-10 Adam Street, London, WC2N 6AA, United Kingdom.

The Steel Stewardship Council Ltd, known as ResponsibleSteel, is a not for profit company (Australian Company Number 610 479 000) whose registered address is located at 755 Hunter Street, Newcastle West, NSW 2302, Australia.

Appendix A - Definitions

Note: Throughout this document, we recognise carbon (C) is a key element in many steel alloys; however in this context any reference to carbon or decarbonisation is related to greenhouse gas (GHG) emissions.

Crude Steel is defined as Steel in the first solid state after melting, suitable for further processing or for sale. Synonymous with raw steel (adopted from worldsteel).

Embodied Carbon is defined as the carbon footprint of a material, in this case it is used consistently across steel using sectors to refer to the GHG emitted to produce Crude Steel.

ESG is defined as Environmental, Social and Governance. We refer to these issues with regards to sustainability and societal impact, and will continue to work with ResponsibleSteel and other organisations in relation to best practice around these issues.

GHG Offsets are discrete GHG reductions used to compensate for (i.e., offset) GHG emissions elsewhere, for example to meet a voluntary or mandatory GHG target or cap. Offsets are calculated relative to a baseline that represents a hypothetical scenario for what emissions would have been in the absence of the mitigation project that generates the offsets. To avoid double counting, the reduction giving rise to the offset must occur at sources or sinks not included in the target or cap for which it is used (adopted from The Greenhouse Gas Protocol).

GHG Emissions Intensity is measured in metric tonnes of CO₂e (CO₂ equivalent) per metric tonne of Crude Steel and includes direct GHG emissions from steelmaking sites (scope 1), the indirect emissions of GHGs associated with energy generation (scope 2), as well as other upstream (scope 3a) indirect GHGs of steelmaking. Scope 1, 2 and 3 emissions are as referred to in The Greenhouse Gas Protocol. The GHG Emissions Intensity will be calculated in accordance with the requirements of an applicable, recognised international and/or regional standard.

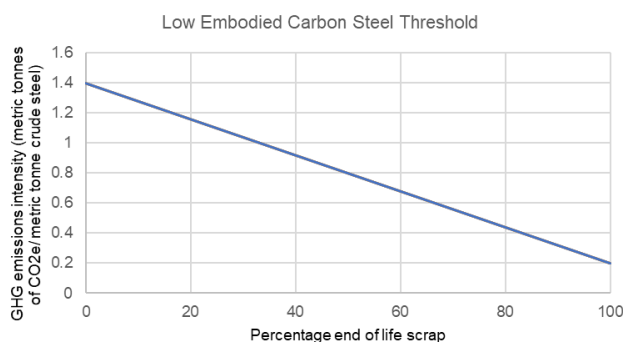
Low Embodied Carbon Steel is defined as crude steel with a GHG Emissions Intensity of less than or equal to the 2030 target threshold in accordance with the following formula:

2030 Target Low Embodied Carbon Steel GHG Emissions Intensity threshold for crude steel = $(X \text{ tonne CO}_2 / \text{tonne}) + (1 - \% \text{ end of life scrap}) \times ((Y - X) \text{ tonne CO}_2 / \text{tonne})$

Where:

X = 0.2 metric tonnes of CO₂ equivalent/ metric tonne crude steel (the target GHG Emissions Intensity for Crude Steel produced in 2030 if produced from 100% end of life scrap)

Y = 1.4 metric tonnes of CO₂ equivalent/ metric tonne Crude Steel (the target GHG Emissions Intensity for Crude Steel produced in 2030 if produced from 100% iron ore)



Low embodied carbon steel threshold update: data points are under review in order to reflect the most up to date science-based information

Net Zero Steel is defined as steel with a GHG emissions intensity minimised to be as close as operationally possible to zero metric tonnes of CO₂e / metric tonne crude steel and any remaining emissions offset as a last resort using a recognised offsetting framework. SteelZero is coordinating with organisations such as the World Green Building Council, C40 Cities, World Business Council for Sustainable Development and CDP to ensure a consistent approach to the definition of net zero and the use of offsets in this context.

ResponsibleSteel Certified Steel is defined as steel which meets the performance requirements for ResponsibleSteel steel product certification, including the applicable threshold performance level for GHG emissions. These requirements are being developed by ResponsibleSteel throughout 2020 in consultation with ResponsibleSteel members and other stakeholders. Draft specifications are available on the ResponsibleSteel website, with the expectation that they will be finalised and approved in early 2021. For further information about the ResponsibleSteel standard development see <https://www.responsiblesteel.org>