

Natural Resources Forum ESG Week 2021**Panel 2.2: Green Steel****Panellists:**

Moderator: Dr Dion Vaughan, Senior Adviser, HCF International Advisers

- Neil Goodman, CEO and Founder, Appalachian Iron Inc
- Olga Kalashnikova, Head of Environment, Severstal
- Rob Simmons, Investor Relations and Corporate Development, Ferrexpo plc

During this session, the panellists discussed some key questions currently being considered by the steel sector.

Green Steel currently has no universally agreed definition, however both Rob Simmons of Ferrexpo and Olga Kalashnikova of Severstal agreed that in the current market, there is now significant demand from customers for steel products that will help them decarbonise. The issue at present is cost. Iron ore pellets of a higher grade are less polluting as they require less fuel, but they are also more costly to produce and come with a premium which has jumped substantially in the last few years. Steel producers today are currently unwilling to pay this premium, as highlighted by Neil Goodman of Appalachian Iron Inc.

Olga drew attention to the value of a customer-focused approach, explaining that Severstal was currently developing products to fit the customer demands observed by its marketing team, such as steel graded by percentage of greenhouse gas intensity. Rob agreed that this was a sensible approach, stressing the growing focus on Scope 3 emissions in the journey to decarbonisation as it is where 90% of emission lie. Neil emphasised, however, that the price gap left by carbon taxes must still be covered to ensure decarbonisation into the future.

The role of different technologies like high smelt mining autonomy, and fuels such as biochar, biocoal and hydrogen was also discussed by all panellists. While many of these options are very promising, the current issue is using such technologies on a commercial scale.

The panellists discussed how what is required from investors to support green steel today, and stressed the importance of patience. Much of the change taking place at the moment is going to be incremental, and so patient capital will be required for long term change. As for companies and associations, the panel agreed that more collaboration is needed to standardise reporting. A good example of this is the Task Force for Climate Change Disclosures (TCFD), which works across stakeholder groups to improve reporting standards.

Compiled by Hudson Sandler

