



**Committed to the ENVIRONMENT
and SUSTAINABILITY**

"Creating a more sustainable, inclusive and growing future for all is the defining issue of our time."





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SUMMARY

Steel is an infinitely versatile building material that's utilised extensively throughout modern society. It is used in everything from buildings, transport, utilities and communication systems to a wide range of consumer products. It's also essential to the global Net Zero ambition. Wind turbines, electric vehicles, low-carbon homes and offices, and nuclear powerplants will all be built with, and of, steel. According to UK Steel, the world consumes around **1.9 billion** tonnes of steel a year - 250kg for every person, and this continues to grow.

Our consumption of steel, however, comes with an environmental impact. Globally, each tonne of steel produced gives rise to an average 1.85 tonnes of CO₂ (tCO₂) accounting for around **7-9%** of global emissions.*



The UK landscape

The UK produces **seven million tonnes** of steel each year, equating to around **11.6 million tonnes** of CO₂. **The emissions related to the steel we import and consume in the UK, however, are far greater.**

Imported steel used in sectors such as manufacturing and construction, coupled with the significant volumes of imported goods containing steel, equate to around 18 million tCO₂. The UK, therefore, could ultimately be seen to be consuming around **16 million** tonnes of steel each year and responsible for **29 million tCO₂**.*



*SOURCE: UK STEEL - NET ZERO STEEL REPORT

When developing a strategy for decarbonising steel, it's important that a wider view and aim to reduce the overall emissions related to steel consumption is considered - not just the emissions from domestic production.

By taking a global view, the UK can avoid the unnecessary situation of decarbonisation through deindustrialisation and prevent losing the industrial capability, jobs and resilience that come from the domestic steel sector.

There are two key targets for the steel sector:*

The Climate Change Committee's recommendation that all ore-based steelmaking be near zero emission by 2035

The Government's 2050 Net Zero target, which could require the steel sector to reduce its emissions by over 95%



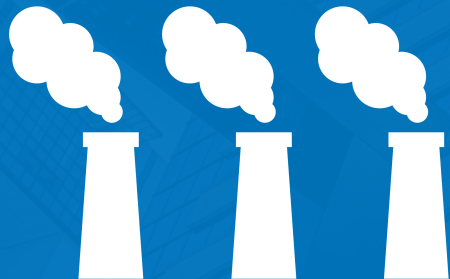
*SOURCE: UK STEEL - NET ZERO STEEL REPORT

THE CHALLENGE

Steelmaking is a carbon-intense process, accounting for 7-9% of all global greenhouse gas emissions and with the world's consumption of steel increasing at over 3% each year, there is a growing need to address those emissions.

The challenge of decarbonisation will require the most fundamental transformation of the steel sector in modern history. No steel company in the world has managed to fully decarbonise its production process yet.

The UK, however, has consistently been at the vanguard of climate action and is, once again, well placed to show leadership and tackle the challenge head on.*



*SOURCE: UK STEEL - NET ZERO STEEL REPORT



It's widely agreed that the steel sector will require the development and application of new technologies and initiatives, which could include:

- An increase in electric arc furnace (EAF) steel production capacity in the UK
- The application of carbon capture, utilisation and storage (CCUS) technologies to a range of steel production processes
- The replacement of natural gas in downstream processes with alternative 'green' fuels
- Advanced sorting technologies to improve the quality of steel scrap supply
- Improvements in electric arc furnace technologies to increase the production range available
- The introduction of alternative ore-based steel production processes, including HIsarna and Direct Reduced Iron (DRI) technologies like MIDREX and HYL (likely to be available after 2035).

Enabling this transition will require significant investment from the steel industry as well as major policy changes from Government. The potential for growth and increased steel production in the UK, however, offers the prospect of new 'green' jobs and the development of economic activity in local communities.

OUR COMMITMENT TO A GREENER, CLEANER FUTURE

Operating to a consistently high ethical standard is the foundation of building and maintaining the trust of others. Our commitment to sustainability extends across all areas of our business and is rapidly gathering pace with initiatives and measures that are already yielding strong results.

As a company, we:

Have and continue to hold the ISO 14001, ISO 45001, ISO 9001 and EN1090 accreditations at both processing sites

Comply with Carbon Footprint reporting to Scope 1 & 2 carbon emissions

Conduct and complete Energy Savings Opportunity Scheme (ESOS) audits to enable compliance with ESOS legislation (currently reporting on Scope 1 & 2)

Comply with all relevant Waste and Packaging legislation and reporting

Continually review and improve our Quality, Environment and Health & Safety Management Systems

Evaluate suppliers for compliance with relevant standards before adding them to the approved suppliers list

Produce and communicate policies to manage AJN Steelstock's governance





We have been on our journey of actively tackling our climate impact for over a decade and where possible, we look to introduce and develop new solutions and innovations to help contribute to CO₂ reduction through our processes, services, technologies, materials and equipment.

Maximising efficiency, minimising waste

SOLAR POWER

Two of our steel storage and processing warehouses in Kentford have been fitted with solar panels. Covering 3,863 square metres, the solar panels cut our reliance on traditional energy consumption by **55%** and prevent over **60 tonnes** of CO₂ from entering the atmosphere a year.

LED LIGHTING

All office, warehouse and stockyard lights are being replaced with energy efficient LED lighting. At the time of publication, **92%** of the lights at our Henstridge site have been converted to LEDs, **83%** at Kentford. All emergency lighting and signs at both sites have been converted to LEDs.

TIMERS

Light switches at all sites are being converted to timer switches so that they only come on when required.

FUEL EFFICIENCY

Our 70 plus fleet of delivery vehicles all comply with 'Euro 6' European Emission Standards and some are fitted with wind deflectors to deliver **7%** fuel efficiency and **7%** lower CO₂ emissions.

REFURBISHMENTS

Lorry trailers are being full refurbished rather than replaced to increase their lifespan and reduce waste.

RECYCLE

Everything that can be recycled, is being recycled, significantly reducing waste to landfill - scrap metal (100% of scrap metal is recycled), swarf, wood, paper, cardboard, plastics, PPE and domestic waste such as cans and bottles.

PLANNED MAINTENANCE

An extensive programme of planned preventative maintenance is carried out to increase the lifespan of plant machinery and vehicles.

REDUCED WASTAGE

Materials bought in are reduced to those that are absolutely necessary and needed to reduce waste.

TRAINING

Staff are regularly educated on environmental issues such as energy use, waste segregation and spill training via regular toolbox talks and on-site training.

BIODIVERSITY DEVELOPMENT

- working with **nature** as part of a Net Zero strategy

There is a natural way to capture carbon from the atmosphere - in trees, soil and grasslands. As it grows, this natural vegetation absorbs carbon dioxide from the air, removing carbon from residual emissions. The process of capturing carbon in this way is called sequestration.

We are enhancing and expanding the environmental benefits of our own sites and the surrounding areas and have an active programme of installing and maintaining native species rich hedgerows and trees as well as the protection of existing green areas to promote wildlife to the area.

We also remain committed to supporting the Government's plan to enhance biodiversity within development and expansion by installing fencing that is accessible to wildlife such as hedgehogs. Watercourses and drainage systems are also protected and maintained to safeguard areas from flooding and pollution.



SUSTAINABLE STEEL

Steel today is produced to one of two methods. Globally, 72% of steel is made via ore-based production in blast furnaces and basic oxygen furnaces (BOF) using coking coal and iron ore as its primary raw materials. A further 28% of steel is produced via scrap-based production in electric arc furnaces, melting and recycling scrap steel to make new steel products.

The electric arc furnace process can use 100% recovered ferrous scrap metal as the primary raw material and can emit up to 85% less carbon dioxide than blast furnaces.*

Whilst electric arc furnaces allow for a much cleaner way to produce steel, the whole life cycle of the steel production process - including transportation and the energy source used in powering the furnaces - must be considered when looking at decarbonisation targets.

Reports suggest, for example, that electric arc furnaces require three times more grid electricity to produce the same volume of steel as a blast furnace. Additionally, electric arc furnace steel, produced in the EU and shipped to the UK, produces 50% more CO₂ than steel produced and transported in the UK.*

OUR APPROACH

As one of the UK's leading steel stockholders, we run a continual business cycle of planning, implementing and reviewing in order to meet our environmental obligations. Our current steel sourcing targets and objectives include:

- 🌀 Only purchasing steel from suppliers who are reducing their carbon footprint by introducing electric arc furnaces
- 🌀 Purchasing steel locally, where possible, to reduce CO₂ emissions through transportation
- 🌀 Consider renewable energy sources rather than conventional energy sources where possible
- 🌀 Eliminating the use of plastics in packaging material from suppliers
- 🌀 Increasing the use of curtain sided vehicles and vehicle sheeting to eliminate the need to wrap material in plastic.

*SOURCE: UK STEEL - NET ZERO STEEL REPORT

"Specifying steel with a high recycled content might not have the impact we think it would."

Part of the answer to the decarbonisation of steel is through the increased use of recycled material. At the time of publication, **around 60% of the steel sourced and purchased by AJN Steelstock** is recycled content*.

Whilst we have ambitious plans to increase this over the next few years, we are aware that specifying steel with a high recycled content can have adverse consequences within the broader sustainability context.

Global steel demand outstrips recycled steel feedstock

Globally, the current production of steel is **three times** higher than the supplies of scrap available, and whilst nearly all steel is recycled (90%), by 2050 scrap supplies will only make up around **half** of the projected demand for steel.

Blast furnace production of virgin steel, therefore, will remain vital to support societies' demand for steel for several years to come.

A rise in imports would cause a rise in emissions

Should the UK move to a 100% scrap-based steel production, it would, in the medium term, still need to import certain steel products and the emissions associated with this production would simply be moved abroad without reducing overall global emissions.

*Currently, 60% of material held and processed by AJN Steelstock is recycled content produced by scrap-based production in electric arc furnaces (EAF). However, if a customer's project calls for a higher percentage, we will do our utmost to ensure we always meet their requirements.



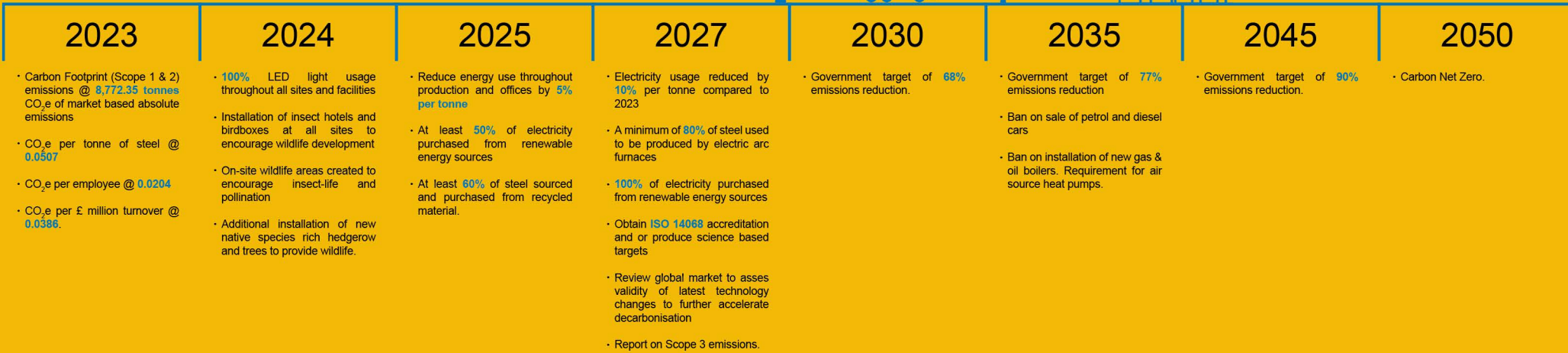
OUR PATH TO NET ZERO

It's vital that we engage with our staff and work in partnership with our customers and suppliers as we embark on our Net Zero journey. **In 2023 a baseline was set with Carbon Footprint that covered our Scope 1 and Scope 2 emissions for direct operations.** This will be extended to include Scope 3 categories across our value chain.

Scope 1 emissions relate to emissions that we make directly, including fuel we use in our vehicles and the heating of our offices. **Scope 2** emissions refer to indirect emissions from the generation of purchased electricity, such as powering our offices or charging electric vehicles. **Scope 3** refers to all other indirect emissions that occur in our value chain, including supply chain, business travel and employee commuting.

Net Zero roadmap

We are committed to achieving Net Zero climate impact by 2050.





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