SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Science-based target-setting for steel companies



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SBTi Corporate Net-Zero Standard

ABOUT THE SBTi

The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

We develop standards, tools and guidance which allow companies to set greenhouse gas (GHG) emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at latest.

The SBTi is incorporated as a UK charity, with a subsidiary SBTi Services Limited, which hosts our target validation services.

FOUNDING PARTNERS

CDP

United Nations Global Compact

WE MEAN BUSINESS COALITION

WORLD RESOURCES INSTITUTE

WWF



A **DECADE** OF SETTING THE GLOBAL STANDARD

The SBTi has grown exponentially, proving the value of science-based targets for businesses worldwide

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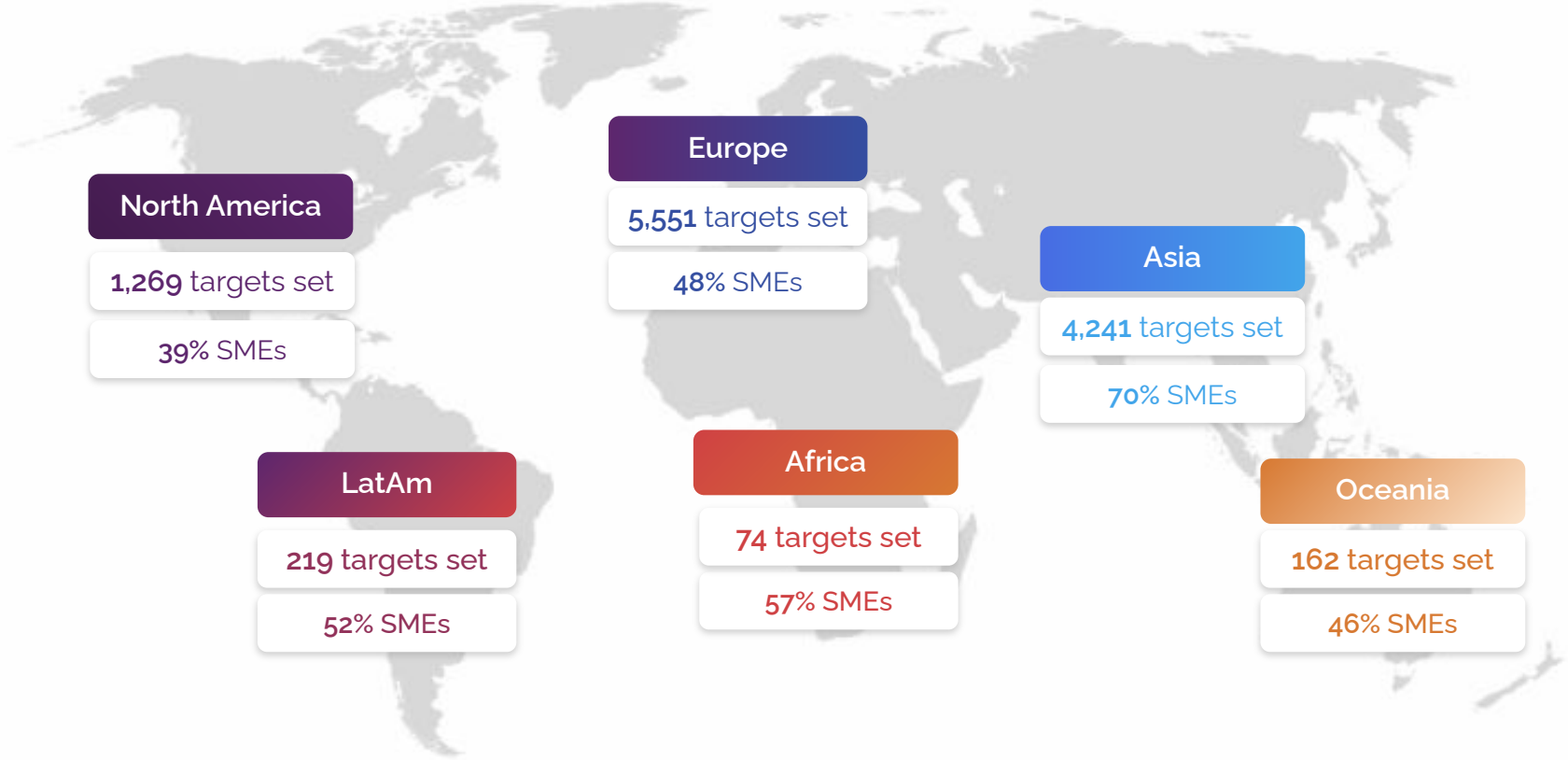
TOTAL SCALE

12K+

companies worldwide have set science-based targets



WHAT IS A **SCIENCE-BASED TARGET**?

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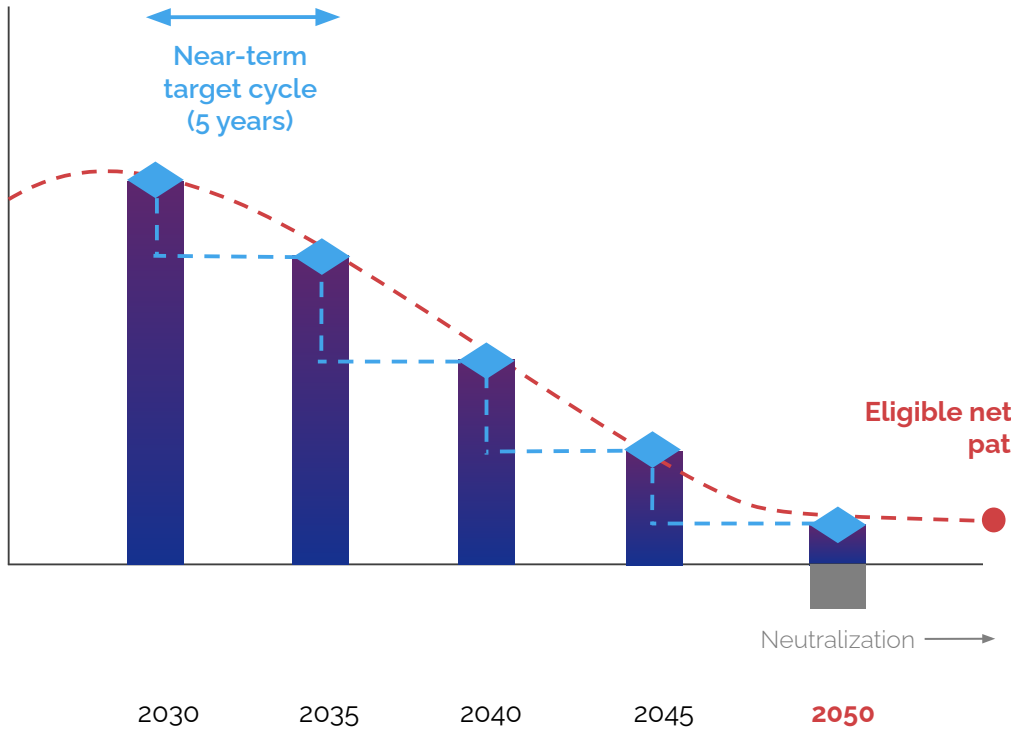
Grounded in climate science
Our standards translate what climate science requires on a global scale to reach net-zero to pathways for decarbonization at the company level

Specific to the individual company
Targets are based on a company's unique GHG emissions inventory and modeled to reflect the company's selected base year and target year

Aim for net-zero by 2050
All targets aim for this north star, however companies can choose to set targets for a near-term timeframe (5 years) with the SBTi

Illustrative example of target setting cycle to the net-zero year



TARGETS ACCELERATE **ACTION**

Companies with validated science-based targets aim higher and make deeper emission cuts



SBTi Nov 2025 Report

91%

reported an overall positive impact associated with setting SBTs

90% reported positive impact on company climate ambition

86% reported positive impact on pace of climate action

66% reported positive effect on preparing for carbon constrained world

TARGETS DELIVER **BUSINESS VALUE**

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Science-based targets deliver competitive advantage—not just climate impact. Companies with validated targets reported stronger market positioning, increased investor confidence, and reputational benefits

BOOST RESILIENCE

76%

reported improved resilience to future regulatory changes



STRENGTHEN RELATIONS

80%

say SBTs strengthen investor relations



ENHANCE REPUTATION

95%

reported benefits to company reputation



THE SBTi STANDARD ECOSYSTEM

Science-based target setting begins with the company inventory and companies then assess which route to take through the SBTi's suite of standards

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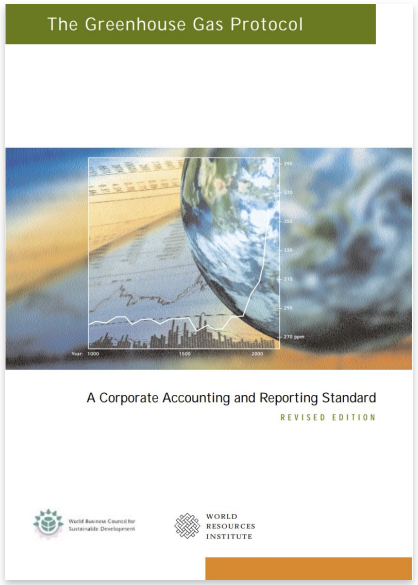
GHG Protocol - Accounting Standards



✓ Companies conduct greenhouse gas emissions inventory according to GHGP standards

✓ Physical inventory determines which SBTi standards apply and is submitted during validation

Sets the foundation for targets →

SBTi Corporate Net-Zero Standard V1.3.1 or V2.0



✓ Cross-sector guidance for near-term and net-zero targets

✓ Covers target-setting and implementation across scope 1, scope 2, and scope 3 (cat. 1-14)

✓ SMEs have unique route for validation

SBTi Sector Standards

✓ Eligible to use for companies operating in high-emitting sectors (some mandatory)

✓ Based on sectoral pathways for decarbonization

- Automotive
- Aviation
- Buildings
- Chemicals
- Cement
- Financial Institutions
- FLAG
- Maritime
- Power
- Steel
- Aluminum
- Oil & Gas*

**Companies directly operating in the oil and gas industry are currently ineligible to formally set science-based targets with the SBTi due to ongoing work in this sector.*

MAIN STANDARDS/CERTIFICATIONS FOR STEEL SECTOR DECARB

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Standard	What is it?	Core approach	Most popular regions	Market mechanisms included?	User-defined target methods included?
ResponsibleSteel	Site level sustainability certification and product certification	ESG + emissions	Global	–	–
LESS/C2F	Product level certification	Technology neutrality with scrap adjustment	Europe/China	–	–
Global Steel Climate Council	Both target-setting (company) and certification (product)	Strict technology neutrality (no adjustments)	USA	–	–
SBTi — Steel Guidance (current)	Company level target-setting standard	Technology neutrality with scrap adjustment	Global	✗ No	✗ No
SBTi — V2 (planned)	Company level target-setting standard	*Not yet finalised*	Global	✓ Yes	✓ Yes

✓ Yes = feature included · – = not included · TBD / N/A = not yet decided (product benchmarks are still in design).

CNZV2 FOR HIGH EMITTING SECTORS

CNZV2 reflects SBTi's strategic evolution from not only setting ambition, but catalyzing action

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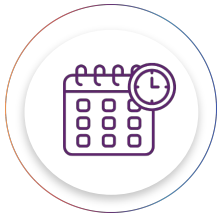


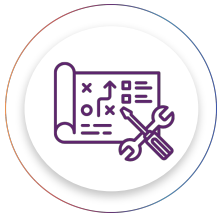
FOCUSING ON THE NOW

V2.0 introduces a **5-year target cycle**, culminating in a robust progress assessment at the end of the target cycle



EXPANDING OUR TARGET SETTING TOOLKIT

Moving beyond a one-size fits all approach, introducing an **expanded toolkit** for target setting across all scopes with emphasis on Scope 3



ASSET DECARBONISATION PLANS

New Scope 1 target-setting approach focused on asset-level decarbonisation and investment decisions



MOBILIZING ACTION

Companies prioritize **direct decarbonization** first, then are enabled to take action further down the new "implementation hierarchy"



LEVERAGING MARKET INSTRUMENTS

that meet minimum integrity criteria is an option for target implementation **in all scopes** where more direct action is not yet feasible,



RECOGNIZING ABOVE AND BEYOND

Companies can earn recognition for hourly matching performance in Scope 2 and for taking responsibility for ongoing emissions

THE SECTOR ENGAGEMENT PROGRAM

SBTi's Sector Engagement Program brings companies and technical experts together to co-design practical, sector-specific guidance under CNZS v2.0.

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THE GOAL

To co-design practical sector resources that translates net-zero ambition into pathways for action.

THE PROCESS

01

GLOBAL REACH

Call for evidence
(now closed)

02

TRUSTED EXPERTISE

Workshops

03

RIGOROUS ANALYSIS

Synthesis of experts' inputs

04

REAL WORLD TESTING

Piloting & development

05

OFFICIAL RELEASE

Publication of sector package

Science-led · evidence-based · technically rigorous · globally representative



STEEL WORKSHOPS

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THE SBTi SECTOR ENGAGEMENT PROGRAM **ROADMAP**

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Moving from early insights to a finalized framework by mid-2027 through distinct, collaborative testing and feedback milestones.



*Project timelines subject to change

KEY DELIVERABLES TO ADDRESS TECHNICAL CHALLENGES

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WORKSHOP 1

Current Progress & Call for Evidence Insights

THEME

Sector milestones that factor in real world challenges

Scope 1 for the steel sector using the company specific target setting method in CNZV2

WORKSHOP 2

ADP Milestone Approaches

THEME

A range of decarbonisation pathways

Scope 1 for the steel sector, underpinning the sector-specific emissions intensity methods

WORKSHOP 3

Market-Based Instruments & Scope 3

THEME

Market-based instruments

Scope 3 for consumers of steel will drive the uptake of Environmental Attribute Certificates (EACs), which themselves require the setting of benchmarks

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Help us shape the sector approach for steel



sciencebasedtargets.org

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Thank you.

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SBTI Services Limited is a wholly owned subsidiary of Science Based Targets Initiative.

KEY RESOURCES TO SUPPORT IN SETTING TARGETS

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What website hosts these resources?

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Navigate the SBTi	Learn More	Get Support
• SBTi Getting Started Navigator • SBTi Getting Started Guide	• SBTi Academy • SBTi Blog - Beginner's Guide to Target Validation	• FAQs • Contact SBTi
• SBTi Services - Corporate Submission Manual	• SBTi Services - SME Route • SBTi Services - Validation Services and Fees	• SBTi Services Help Center • SBTi Certified Experts

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