



# Just transition in the steel industry

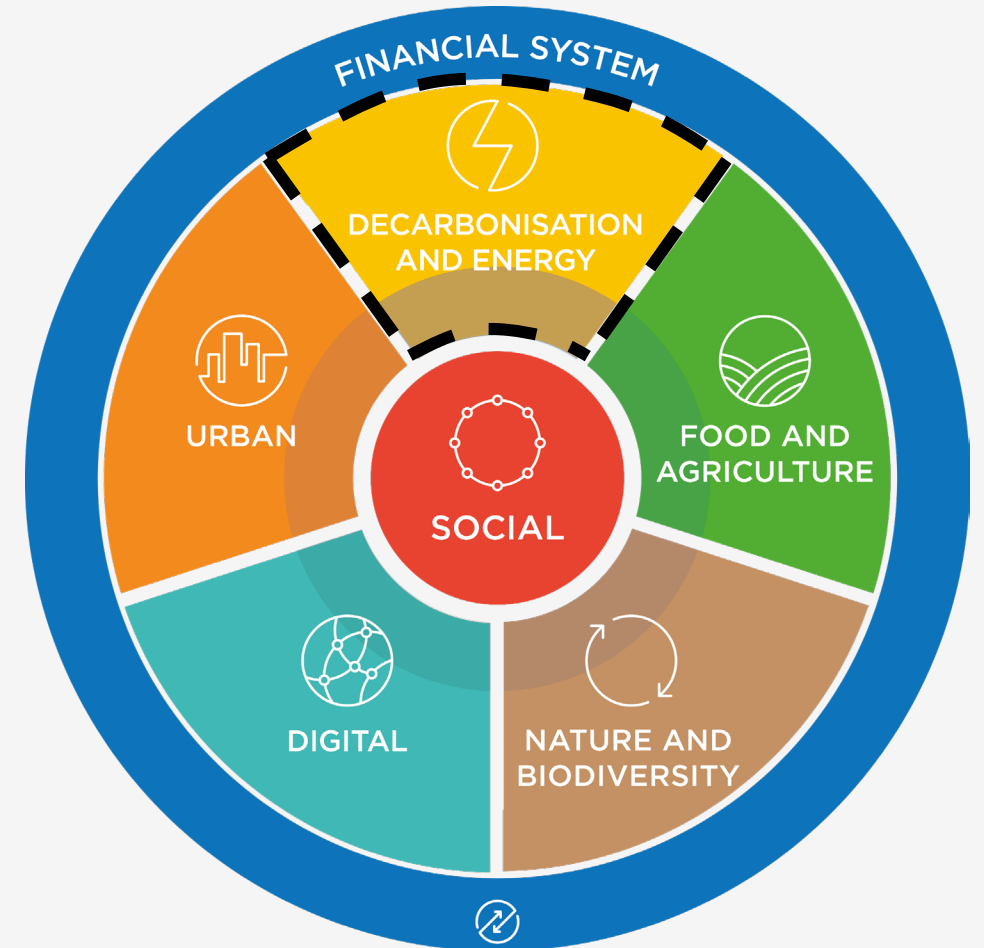
**Luís Costa**  
Climate Research Lead  
Climate & Energy transformation

**World Steel Association**  
12<sup>th</sup> June 2024  
Brussels

# Benchmarking for a better world

The **World Benchmarking Alliance (WBA)** is a non-profit organisation holding 2,000 of the world's most influential companies accountable for their part in achieving the Sustainable Development Goals.

- **Open-source** benchmarks compare companies' performance across seven transformation
- Recognise **leadership** and embed **corporate accountability**
- Realise **impact** together with our **multi-stakeholder alliance**



# 2,000 keystone companies



**2,000**  
companies

**USD 45**  
**trillion**  
in revenue

**92 million**  
people employed

**86**  
countries



# Decarbonisation and energy transformation

- **Assessing 450 of the world's most influential companies in high-emitting sectors**
  - Deepen the accountability of companies in ensuring a decarbonisation and energy transformation that leaves no one behind.
- **Climate and Energy Benchmarks:**
  - Measuring the credibility of the private sectors low-carbon transition planning using the ACT and Social assessment methodologies.
- **Sectors evaluated:**
  - **Automotive, Electric Utilities, Oil & Gas, Buildings, Transport** and [Heavy Industries](#).



Waking the giants: Insights on the decarbonisation and just transition efforts of the heavy industries

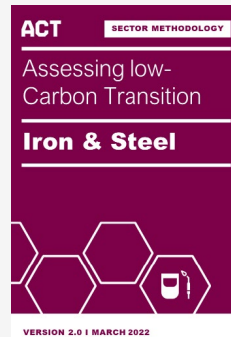
Insights report

June 2024

# The Climate and Energy Benchmark

**ACT Assessments:** Utilizes one or more ACT sectoral methodologies based on the specific sector considered.

- Targets
- Climate performance
- Investments
- Supply chains
- Business models




[Download](#)

**Social Assessments:** Incorporates both *Just Transition* and Core Social indicators, which are sector-agnostic.

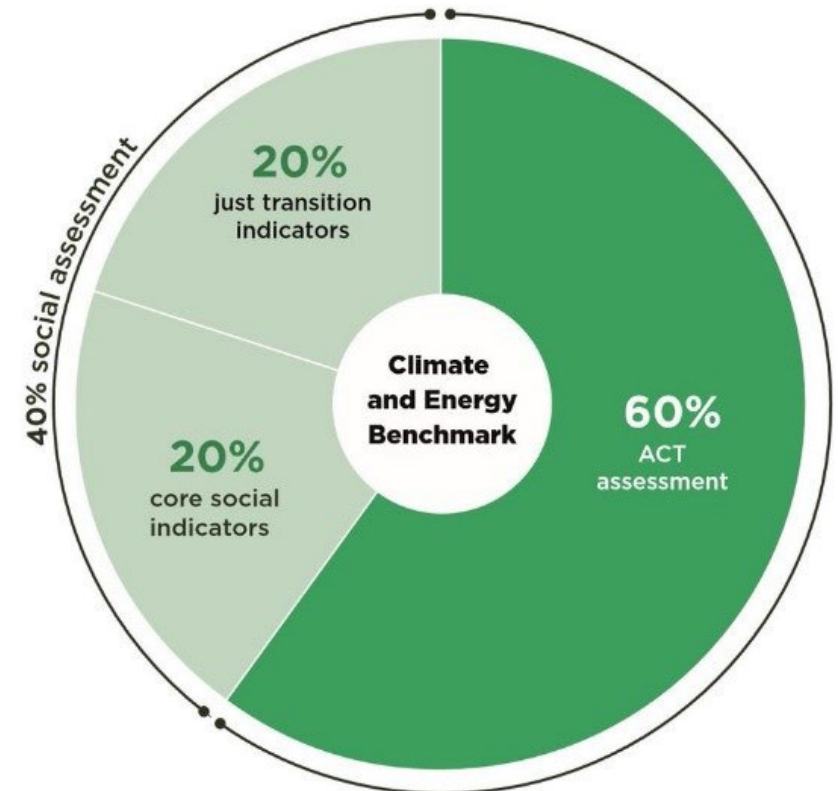
- Social dialog
- Just transition planning
- Green and decent jobs & re/upskilling
- Social protection
- Advocacy



[Download](#)

Only public data is considered!  
Company reporting and 

Climate and Energy Benchmark



# Just transition across sectors

## *Heavy industries*



91 companies assessed, 45 Iron & Steel, 34 Cement and 12 Aluminium.

Combined the benchmark covers **over a third of the global production** of the evaluated industries.

**~2.9** Million workers

### Over a third of global heavy industries production assessed

Percentage of global production and emissions covered by the 2024 Climate and Energy Benchmark, by industry

■ Production ■ Emissions

#### Aluminium



#### Cement



#### Steel



# Just transition – Benchmark results

**Top performers demonstrate the feasibility of a just transition,** but the majority struggles to keep pace

The sector as a whole has a **long way to go** to ensure that no one is left behind in the low-carbon transition.

**Half of the companies score 0** on all just transition indicators, putting their workers and the communities around these companies at risk.

**Only four companies score over 20%** of the available points.

**Only 18% of the assessed companies** commit to engaging in social dialogue and **only 10% of the companies disclose** the categories of stakeholders whose human rights may have been impacted by their activities.

Half of the companies score 0 on our just transition indicators



# Just transition – Benchmark results

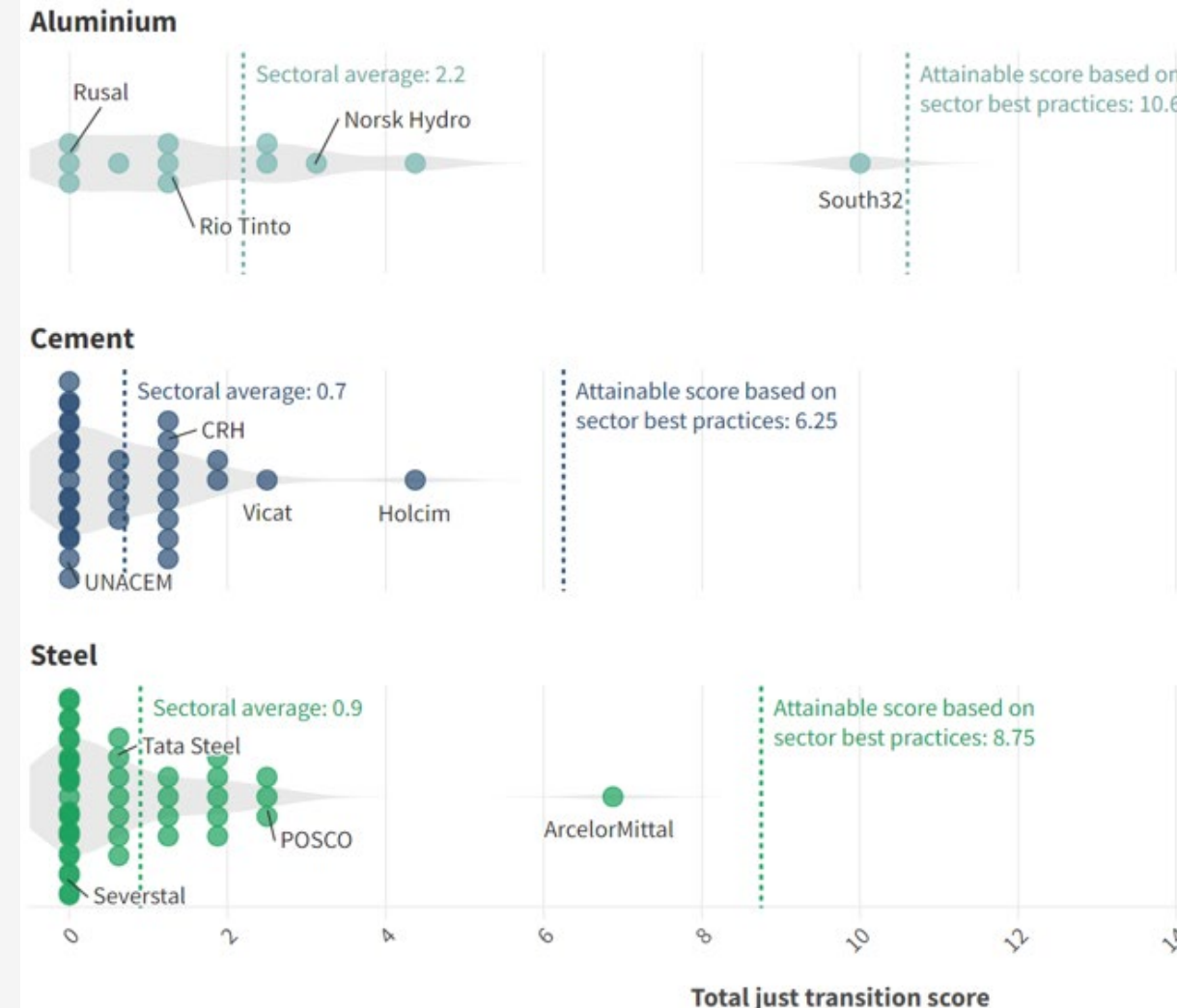
Within the company universe evaluated, the **aluminium industry shows the highest average Just Transition scores (2.2 out of 20).**

**Cement and steel industries trail behind** with only 0.7 and 0.9 average in Just Transition score (out of 20).

**Better Just Transition scores for the steel industry (of 8.7 out of 20) are possible to attain** if one leverages practices.

- **Frequent Stakeholder Engagement & Collaboration**
- **Global Implementation** with just transition efforts at specific locations across various countries
- **Impact Awareness** by understanding impacts through value chain analysis.
- **Human Rights Focus** with specific measures to prevent direct and indirect adverse impacts on workers and communities.
- **Corporate Alignment** by ensuring alignment between lobbying efforts and a just transition.

## Distribution of just transition scores by industry





# Just transition – Typical challenges

**Workforce Reskilling and Retraining:** Transitioning to new green production methods like hydrogen-based steelmaking and electric arc furnaces necessitates reskilling and retraining large portions of the existing workforce.

**Lack of Worker Involvement and Social Dialogue:** Trade unions have raised concerns over some steel companies refusing to involve worker representatives in transition planning from the start.

**Potential Job Losses and Impacts on Local Communities:** The transition can lead to job losses and economic impacts on steel-producing regions and communities.

**Financing the Transition:** The transition requires massive investments in new green technologies and infrastructure > significant financial burden for steel companies operating on tight margins.

**Policy Uncertainty and Lack of Coherent Standards:** Absence of coherent policies, regulations, and standards around green steel production > uncertainty for companies making long-term investment decisions.



# Just transition across sectors

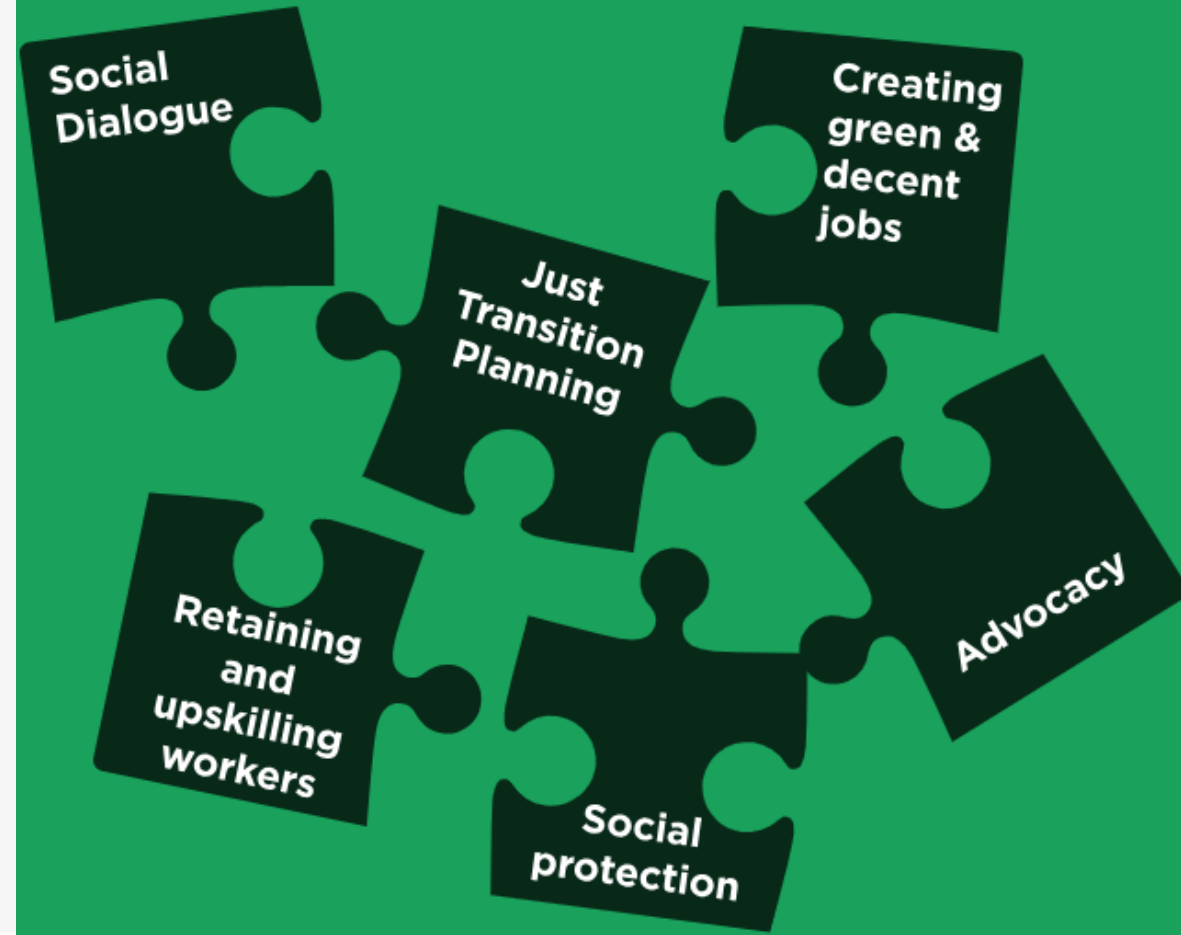
## *Electric utilities*

The **electric utilities** sector (in 2023) shows that all fundamentals of a just transition are possible.

**No individual company** has brought all pieces of a just transition together,

**Best performing company only scores 12.5 points** out of 20 available (sector average of 2.8).

All just transition fundamentals are met by at least one company



# Just transition across sectors

## *Oil & Gas*

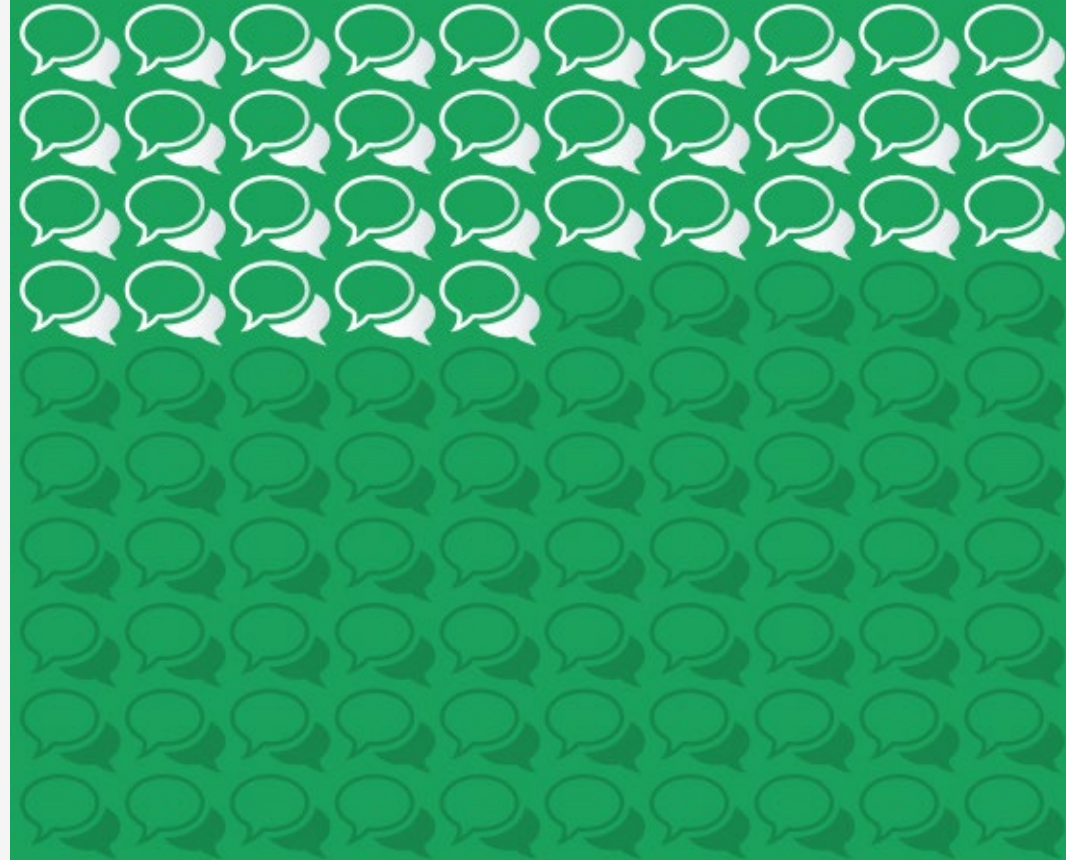


Companies in the Oil & Gas sector have strong connections with workers and unions when compared to other assessed sectors.

Among the benchmarked companies **in 2023**, 35% have public commitments to engage in social dialogue and 46% disclose the share of their workforce covered by collective bargaining agreements, **an improvement since 2021**.

**But, 93% of the companies score zero on just transition planning**, it is time for the companies to use these connections to workers and unions to plan for a just transition together.

Only 35% of companies are committed to social dialogue with workers and affected stakeholders



# Want to know more?

[Visit us at Heavy Industries Benchmark | World Benchmarking Alliance](#)

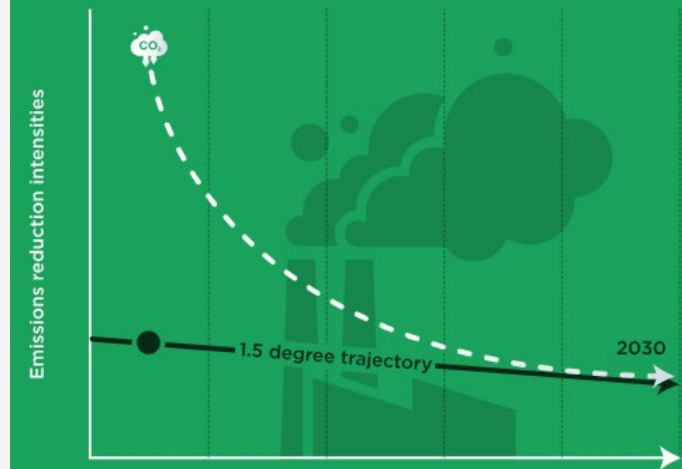


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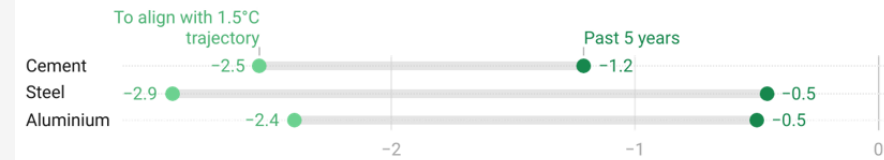
June 2024

Companies must triple their emissions reduction intensities in the next 5 years to align with a 1.5 degree trajectory



## Reductions in emission intensity need to speed up

Emission intensities reductions (%/year)



## Low-carbon technology investment and patent disclosure

		Aluminium	Cement	Steel	Total
CapEx shares	Current low-carbon	2	8	7	17
	Planned low-carbon	2	2	2	6
R&D shares	Mature low-carbon	0	12	10	22
	Non-mature low-carbon	0	5	4	9



# Appendix

# Assessing Climate Transition plans -ACT methodology

**ACT**

**1**

What is the company planning to do?

**2**

How is the company planning to get there?

**3**

What is the company doing at present?

**4**

What has the company done in the recent past?

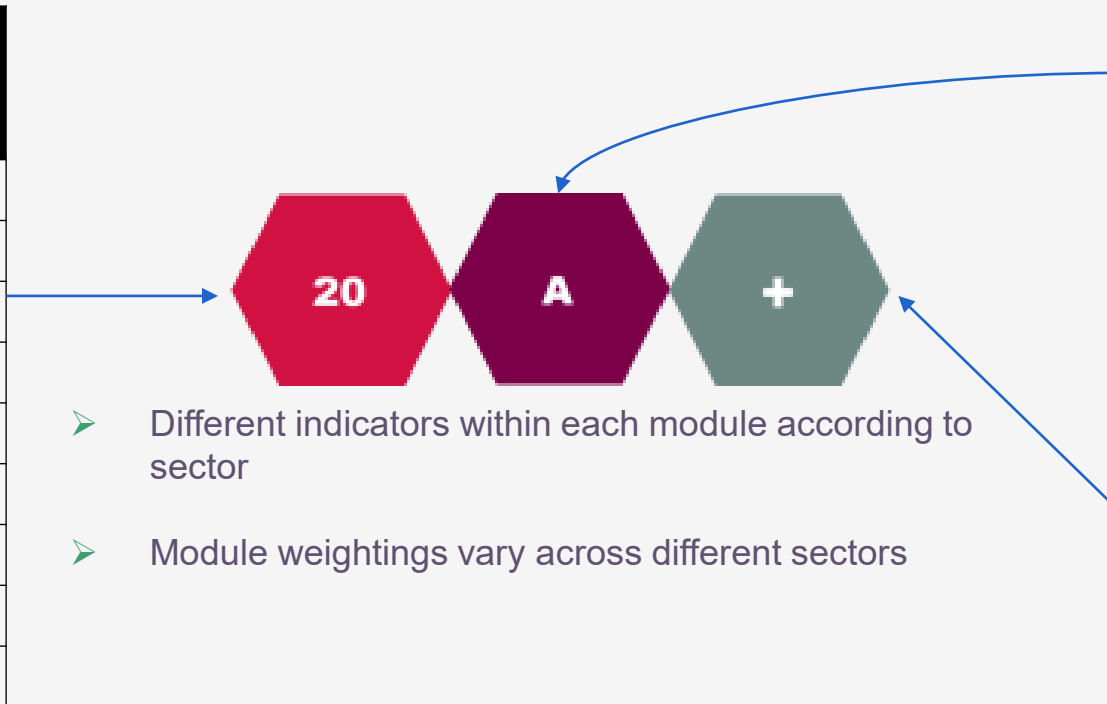
**5**

How do all of these plans and actions fit together?

**?**

The ACT rating is based on the responses to the 5 questions

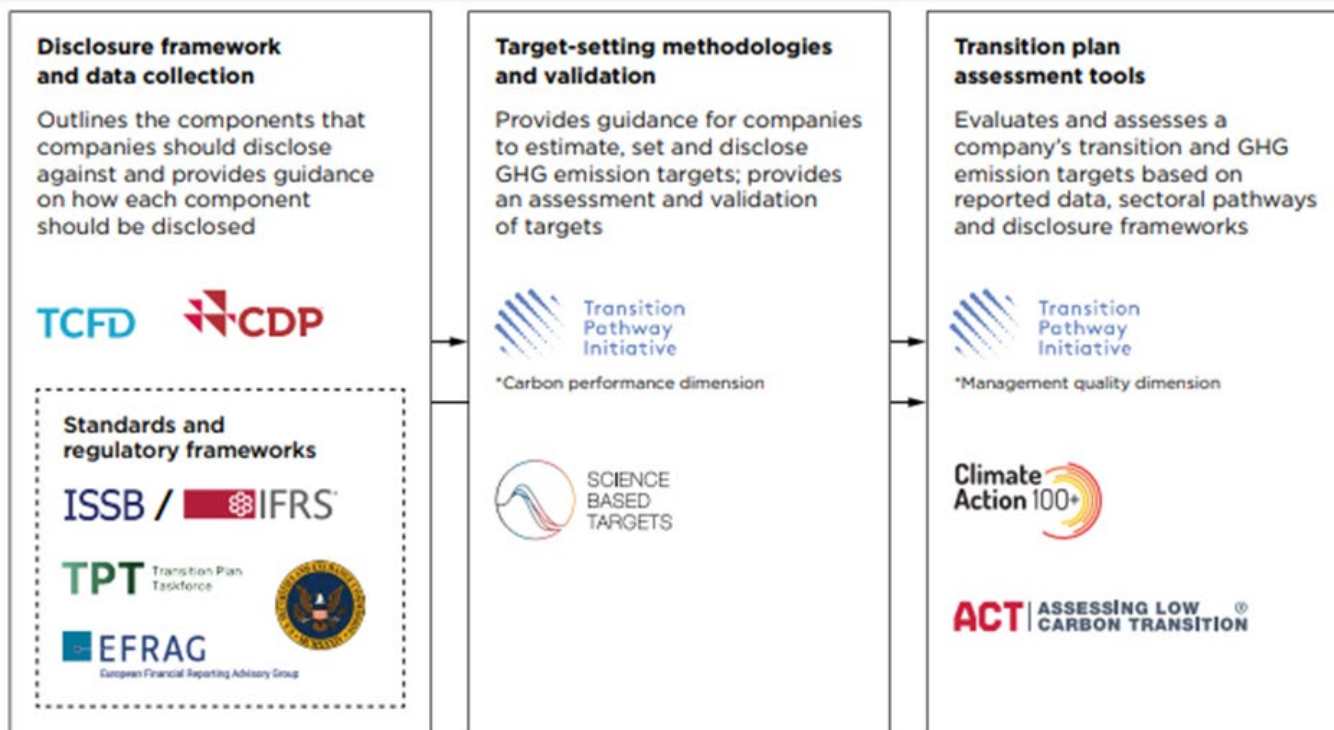
PERFORMANCE SCORE	
Alignment measured with KPIs	
Score between 20 - 1	
1	Targets
2	Material investment
3	Intangible investment
4	Performance of products
5	Management
6	Suppliers
7	Clients
8	Policy engagement
9	Business model



NARRATIVE SCORE	
Summary of whole assessment	
A - E	
1	Business model & strategy
2	Consistency & credibility
3	Reputation
4	Risk

TREND SCORE	
Forecast of future changes	
+, =, -	
1	Change in future emissions
2	Change in business model & strategy
+ any other information compiled as part of score research	

# Comparison with other frameworks



Source : figure 2 Transition plan initiatives classification. introductory note on expectations for real-economy transitions plans (GFANZ June 2022).

THEME	COMPONENT	SUB-COMPONENT	DISCLOSURE AND DATA COLLECTION			TARGET-SETTING & VALIDATION		ASSESSMENT TOOLS	
			TCFD	ISSB	CDP	SBTI	TPI-CP	ACT	CA 100+
Foundations	Objectives and priorities	Objectives and over-arching strategy							
		Governing principles <sup>16,17</sup>						WBA	
Implementation Strategy	Activities and decision-making	Business planning and operations							
		Financial planning							
		Sensitivity analysis							
Engagement Strategy	Value chain	Transition-related policies							
		Nature-based impact						WBA	
Metrics and Targets	Metrics and targets	Products and services							
		GHG emissions metrics							
		Sectoral pathways							
Governance	Roles, responsibilities, and remuneration	Carbon credits <sup>18</sup>						/\	
		Business and operational metrics							
		Financial metrics							
		Nature-based metrics						WBA	
		Governance metrics						✓	
Skills and culture	Skills and trainings	Board oversight and reporting							
		Roles and responsibilities							
Change management and culture	Change management and culture	Incentives and remuneration							
		Skills and trainings							

Source : Table 1 Mapping of components of real-economy transition plans against existing initiatives, GFANZ, EXPECTATIONS FOR REAL-ECONOMY TRANSITION PLANS, Sept 2022

# Social Assessment

- WBA's **social transformation framework** measures what companies are doing to ensure they leave no one behind. It looks at 3 areas of responsible business conduct:
  - Respecting human rights
  - Providing and promoting decent work
  - Acting ethically
- WBA's **Just Transition Methodology** enable to measure companies on their contribution to a just decarbonisation and energy transition. It looks at 6 indicators.
  - Social dialogue and stakeholder engagement
  - Planning for a just transition
  - Green and decent job creation
  - Retaining and re- and/or up-skilling
  - Social protection and social impact management
  - Advocacy for policies and regulation supporting a just transition

