

SSAB'S POSITION ON THE HYDROGEN AND DECARBONISED GAS PACKAGE

Key policy asks:

- Low-carbon hydrogen should only entail hydrogen that is developed with at least an 80-90% CO₂ reduction compared to transitional fossil-based types of hydrogen
- EU policy, including the forthcoming Sustainable Finance Delegated Acts determining the conditions under which nuclear energy and gas qualify as contributing substantially to climate change mitigation, should focus on the CO₂ reduction potential rather than the energy source
- Ensure that only the truly 'low-carbon hydrogen' benefits from the minimum tax rate specified in the ETD proposal (which refers to the forthcoming Sustainable Finance Delegated Act)

SSAB is committed to the European Green Deal vision and Climate Law objective to reduce the EU's greenhouse gas emissions by at least 55% in 2030 and make Europe climate-neutral by 2050. Our overall goal is to be fossil-free by 2045 at the latest and, as an intermediate goal, reduce our greenhouse gas emissions by 35 percent by 2032 (baseline 2018).

The SSAB transition plan is based on our conviction that we need to stop emitting CO₂, both from a climate and a business perspective. SSAB initiated [HYBRIT](#) together with LKAB and Vattenfall in 2016 with the goal to create a fossil-free iron ore and steel value chain. Iron is created by removing oxygen from iron ore, which is often a very CO₂-intensive process with coal. However, HYBRIT has proven on a pilot scale that direct reduction of iron ore with 100% fossil-free hydrogen is already possible today. With the sponge iron produced at the HYBRIT pilot scale as an input, SSAB has made the world's [first trial delivery](#) of fossil-free steel to the Volvo Group in August 2021.

SSAB welcomes the Commission's revision on the EU rules on gas and hydrogen. We understand that the revision will lead to a clear definition of 'low-carbon hydrogen', which is why we have made some suggestions about what we believe this definition should abide to. For SSAB, 'low-carbon steel' is fossil-free steel, which is steel produced from the mine to the final product (steel) without emitting any fossil CO₂ emissions, using fossil-free electricity (either renewable sources or nuclear energy), hydrogen and biomethane.

We believe that a clear definition of low-carbon hydrogen can incentivise industry to decarbonise its production process. However, we are concerned that low-carbon hydrogen will not only include fossil-free technologies, but also sources of energy that do not have the potential to be fully decarbonised, such as hydrogen based on fossil fuels with carbon capture, storage or use (so-called "blue hydrogen").

In our view, low-carbon hydrogen should only be called low-carbon if it demonstrates at least an 80-90% CO₂ reduction compared to conventional, fossil-based hydrogen. By including other types of hydrogen

with a less-ambitious reduction rate in the same definition, we risk slowing down the decarbonisation process of European industry. Besides the incentivising effect on the industry, a clear definition of low-carbon hydrogen also enables the hydrogen market to grow and to further decarbonise. This also allows the most decarbonised hydrogen to become a key component of the energy sector.

SSAB is a Nordic and US-based steel company. SSAB offers value added products and services developed in close cooperation with its customers to create a stronger, lighter and more sustainable world. SSAB has employees in over 50 countries. SSAB has production facilities in Sweden, Finland and the US. SSAB is listed on the NASDAQ OMX Nordic Exchange in Stockholm and has a secondary listing on the NASDAQ OMX in Helsinki. www.ssab.com.