

NET-ZERO

CARBON REDUCTION PLAN

2024 - 2045

BMGROUP

A MARUBENI ITOCHU STEEL COMPANY



OUR VISION FOR SUSTAINABILITY

At BM Group, sustainability lies at the heart of our operations and vision for the future.

Guided by our CEO, Kyle Greenwood, we are committed to driving positive change within our industry to create a balance between economic progress and environmental responsibility.

Our vision reflects a proactive approach to innovation and collaboration, ensuring that every step we take contributes to a more sustainable future. From reducing our carbon footprint to embracing energy-efficient technologies, we are dedicated to embedding sustainability across all aspects of our business.

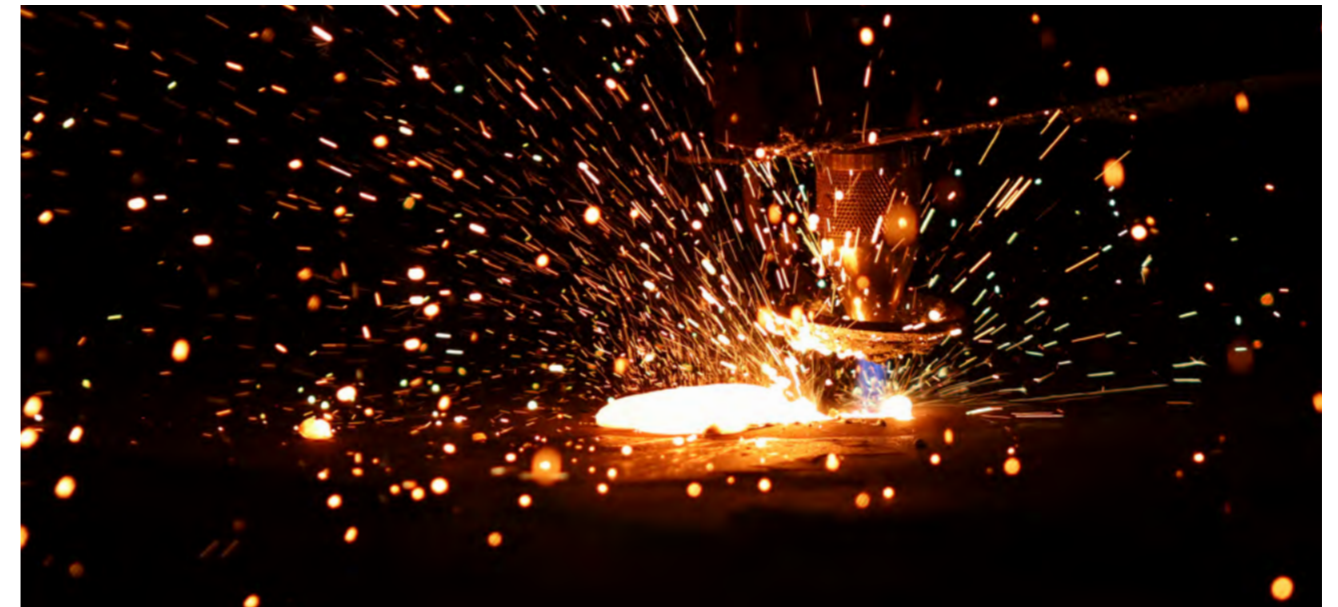
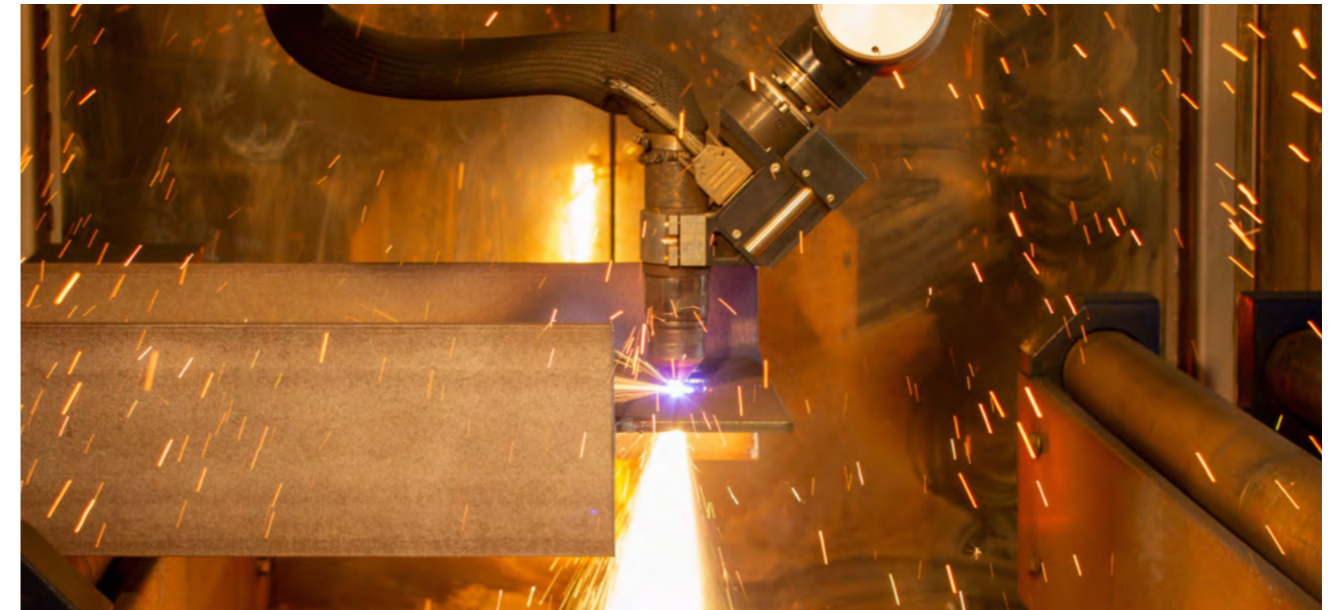
We believe that achieving a greener future is a collective effort. By working together



Kyle Greenwood - BM Group CEO

with our employees, customers, and stakeholders, we aim to build lasting value for current and future generations.

Explore our initiatives and milestones as we continue this journey toward a sustainable future.





INTRODUCTION

BM Steel Group stands as a dynamic consortium, boasting a rich tapestry of heritage and excellence through its constituent companies—Barclay & Mathieson, Abram Pulman & Sons, Industrial Metal Services, and Steel Plate Section. These entities, each with its unique legacy, collectively contribute to the robust foundation upon which BM Steel Group thrives today.

Established over the years, with Barclay & Mathieson making its mark since 1877, Abram Pulman & Sons dating back to 1890, Industrial Metal Services founded in 1975, and Steel Plate Section established in 1965, BM Steel Group represents a continuum of tradition and innovation in the UK's industrial landscape.

Our footprint extends far beyond the borders of the United Kingdom, as we proudly operate globally with strategic offices in the Netherlands and the United Arab Emirates. This global presence positions BM Steel Group as a key player in the international steel market, facilitating seamless interactions and collaborations on a global scale.

At the helm of BM Steel Group is Marubeni-Itochu Steel Inc. (MISI), a stalwart force in the steel industry. Formed in 2001 through the merger of steel business divisions from ITOCHU Corporation and Marubeni Corporation, MISI has evolved into a powerhouse, consistently expanding its expertise in steel product distribution. As the proud owner of BM Steel Group, MISI brings with it a legacy of success and a commitment to delivering value across diverse sectors.

Within the intricate landscape of steel distribution, a realm demanding specialized knowledge and adaptability, the MISI relentlessly pursues added value. Our integrated approach to steel distribution production is a testament to our commitment to excellence, innovation, and the enduring quest for delivering superior value to our clients and partners.

BM Steel Group, under the stewardship of Marubeni-Itochu Steel Inc., is poised to lead and innovate in the ever-evolving global steel industry. We look forward to forging lasting partnerships, creating value, and contributing to the continued success of our clients and stakeholders worldwide.

WHAT ARE THE CHALLENGES WE FACE?

Global warming has been talked about for years, but recently the focus has moved towards taking action as the effects humans have on the environment become more visible.

Events such as the global energy crisis, wildfires and floods around the globe have highlighted how important it is that the world acts now.

The sustainability of our business is directly linked to this crisis, our supply chain and customers are affected.

Here at the BM Group, we are committed to doing our part to help and we have started work on our carbon reduction strategy already.



WHAT IS CARBON NEUTRAL & NET ZERO?

Net zero is a term that has become quite popular recently but what does it mean? For a company, net zero means;

Reducing greenhouse gas emissions so activities result in no net impact on the climate from greenhouse gas emissions produced. Any remaining hard-to-decarbonise emissions can be compensated using certified greenhouse gas removal.

However, this is very difficult to achieve as

the carbon capture technology needed is not advanced enough. There is a middle ground though, whilst the ultimate goal should be net zero, companies can work towards being 'carbon neutral'.

This means that any emissions that are produced can be balanced or 'offset' by carbon credits, which support the funding of projects that reduce the amount of CO₂ released into the atmosphere, such as renewable energy generation or reforestation.

WHY IS NET ZERO IMPORTANT?

There has been a 1.1^{°C} rise in the earth's temperature since 1850. In the Paris agreement the UK along with other parties pledged to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.

To support this pledge the UK government has committed to becoming net zero by 2050. If realised, these actions will reduce the impact on the environment and avoid more climate disasters.



BASELINE EMISSIONS

At the BM Group, we live by the mantra ‘you can’t improve what you don’t measure’, so we ensure that we have adequate resources to accurately measure our emissions annually.

We are fully compliant with the Streamlined Energy Carbon Reduction (SECR) regulations and the Energy Savings Opportunity Scheme (ESOS).

However, we go further than regulatory compliance, we have extended our carbon reporting to include scope 3. This means reporting on our supply chain, waste management, business travel and commuting.

The base year emissions inventory for FY 2022-2023 established a detailed benchmark for future reductions, revealing that Scope 3 emissions, particularly from purchased goods and

services (92.51%), dominate BM Steel’s carbon footprint.

A GHG materiality assessment identified key emission sources, focusing on high-impact areas such as purchased goods, transportation, and operational energy use.

The GHG emissions inventory has been calculated in accordance with relevant GHG Protocol standards.

The methodology for these calculations involved taking primary and secondary activity data (e.g., energy consumption (kWh), tonnes of steel purchased, tonnes of recycled waste, miles travelled by diesel car for commuting) and then using UK Government conversion factors to produce a carbon value. Emissions are measured using tonnes of carbon dioxide equivalent (tCO₂e).



DID YOU KNOW?

Switching from traditional incandescent or florescent bulbs to LED lights can reduce the energy consumption of your overall lighting

BY UP TO
75%

100% USE OF HVO

ALL ELECTRIC COMPANY CARS

ONGOING EMPLOYEE TRAINING

SCOPE ONE

RENEWABLE ENERGY SUPPLY

LIGHTING OPTIMISATION

IMS SOLAR PANELS

FURTHER ENERGY MANAGEMENT

SCOPE TWO

SUPPLY CHAIN REFINEMENTS

100% OF STEEL TO BE 'LOW EMISSIONS'

ZERO WASTE TO LANDFILL

FURTHER SUPPLIER ENGAGEMENT

SCOPE THREE

DECARBONISATION STRATEGY

The decarbonisation pathway for the BM Group includes near-term and long-term targets. We are aiming to see a 58.8% reduction in Scope 1 and 2 emissions by 2034 as highlighted by the red line in the graph below. As a long term strategy, we aim to have a 90% reduction by 2045, alongside a 97% reduction in Scope 3 emissions per tonne of steel sold by 2045.



DID YOU KNOW?

APPROXIMATELY
70%

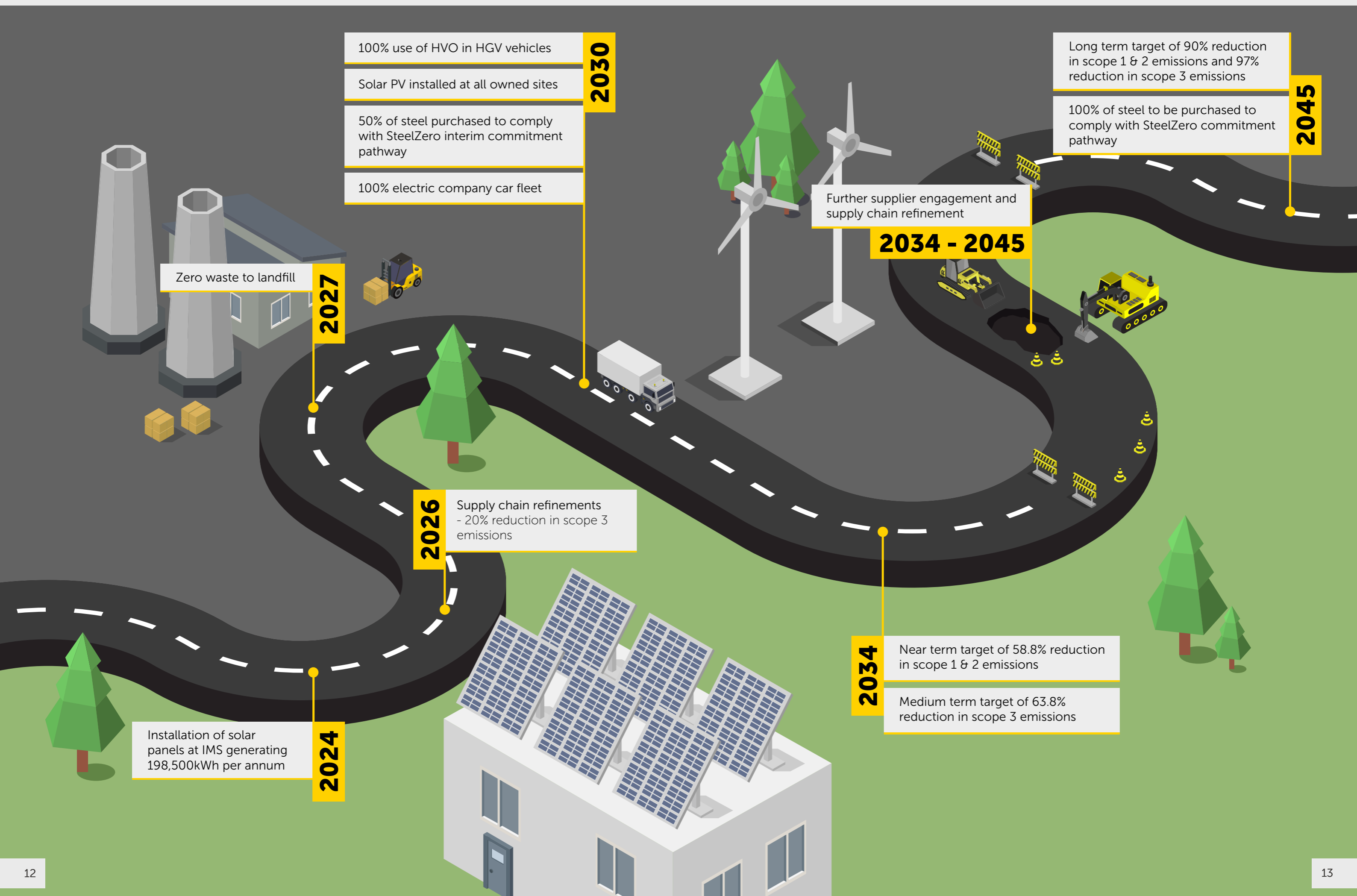
of carbon emissions are reduced using Electric Arc Furnaces (EAFs) compared to traditional Blast Furnace - Basic Oxygen Furnace (BF-BOF).

Short & Medium Term

We're accelerating our decarbonization efforts by increasing renewable energy use, enhancing energy efficiency, and optimizing our transportation fleet. This includes transitioning to solar and wind power, adopting LED lighting, and reducing diesel consumption with efficient trucks.

Long Term

We're committed to long-term carbon reduction. Our vision includes adopting SteelZero principles to reduce emissions from steel production, broadening our range of GreenSteel, and pursuing SBTi accreditation to set science-based targets for our decarbonization journey.



2024
Installation of solar panels at IMS generating 198,500kWh per annum

2026
Supply chain refinements - 20% reduction in scope 3 emissions

2027
Zero waste to landfill

2030
100% use of HVO in HGV vehicles
Solar PV installed at all owned sites
50% of steel purchased to comply with SteelZero interim commitment pathway
100% electric company car fleet

2034
Near term target of 58.8% reduction in scope 1 & 2 emissions
Medium term target of 63.8% reduction in scope 3 emissions

2034 - 2045
Further supplier engagement and supply chain refinement

2045
Long term target of 90% reduction in scope 1 & 2 emissions and 97% reduction in scope 3 emissions
100% of steel to be purchased to comply with SteelZero commitment pathway

WHAT IS CARBONNEUTRAL® STEEL?

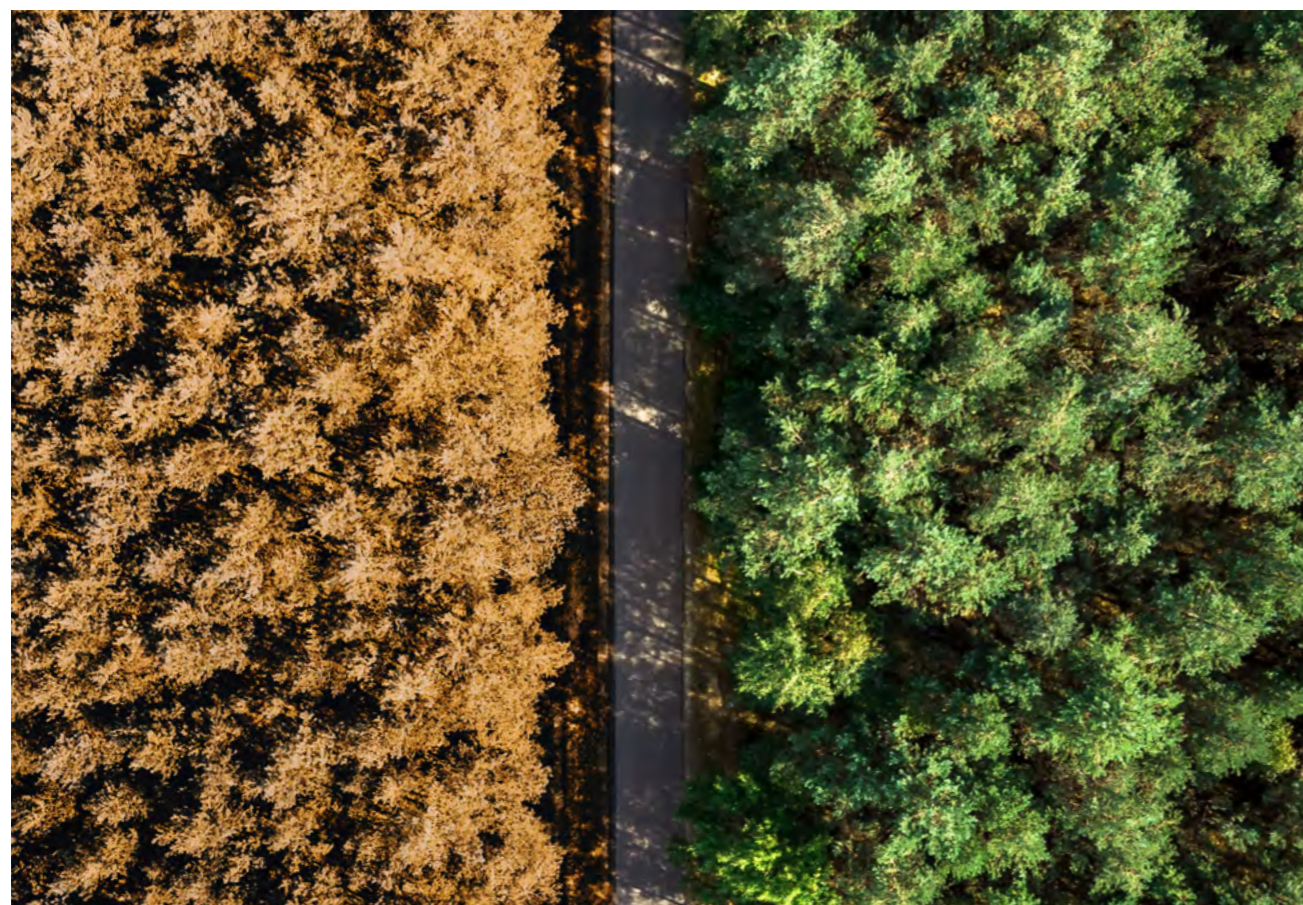
The BM Group seeks to add value to the customer wherever possible and we have gone further than just reducing emissions directly related to our operations.

We have completed full life cycle analysis (LCA) of selected products to fully calculate the cradle to grave emissions. Therefore, we are proud to be the first UK steel stockholder to be able to offer these products certified CarbonNeutral® in accordance with the carbon neutral protocol.

This enables the BM Group to supply each customer purchasing our steel with an accredited certificate fully verified as proof for any end client.

We have worked with our partners to provide an option to offset emissions generated from extraction and processing of raw materials, product manufacturing and distribution, use, and end-of-life disposal.

In addition, armed with our complete scope 1,2 & 3 carbon emissions data the BM Group has set clear targets to reduce emissions by 58.8% for scopes 1&2 and 63.8% for scope 3 by 2034.



PROJECT & IMPACT OF CARBONNEUTRAL®

Our offsets are VCS/CDM/Gold Standard certified and supports a global renewable energy portfolio.

In addition to reducing emissions, delivering urgent Climate Action (SDG 13), renewable energy projects like this one support Affordable and Clean Energy (SDG 7) to increase the development of sustainable and resilient energy infrastructure, helping reduce blackouts and shortages during peak hours of demand, as well as increasing the share of renewables in the global energy mix.

Clean power projects also contribute to Decent Work and Economic Growth (SDG 8), with the local economy and residents' livelihoods improved through the creation of jobs – full-time operational roles and temporary jobs during construction.



OUR PARTNERS

To achieve CarbonNeutral® certification, BM Group is working with Climate Impact Partners and Optimised, specialists in carbon market solutions for climate action, and had an independent assessment of the greenhouse gas emissions produced from steel supply and manufacturing.

Supporting this further, we have a partnership with Stahlwerk Thüringen (SWT), a leading figure in the sustainable side of steel manufacturing.

SWT will supply the BM Group with its innovative CO2-reduced product line which not only underlines BM Steel Group's dedication to using environmentally friendly products and services but also aligns with their continuous efforts to reduce energy consumption



