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**PRESS RELEASE**

**South Korea's biggest steelmaker legally challenged for "carbon neutral” branding**

**South Korea’s biggest steelmaker and corporate emitter may have to face consequences over greenwashing amid criticism for continued coal use**

**December 18, 2023** – Climate organization Solutions for Our Climate is taking legal action against POSCO’s greenwashing through the South Korean Fair Trade Commission and the Ministry of Environment. POSCO is South Korea’s largest corporate emitter and one of the world’s largest steelmakers.

The lawsuit comes amid growing calls for global steelmakers to transition to net zero. Currently, around [70 percent](https://www.iea.org/data-and-statistics/charts/global-crude-steel-production-by-process-route-and-scenario-2019-2050) of steel produced worldwide is made with coal-fired blast furnaces, and by the end of this decade, over [70 percent](https://www.agora-industry.org/data-tools/global-steel-transformation-tracker) of existing coal-fired blast furnaces will face the decision of whether to reline or transition.

The legal claim centers around POSCO’s “carbon neutral” master brand Greenate, which campaigners accuse of exaggerating the sustainability of its products and detracting attention from the company’s continued use of coal-fired blast furnaces without concrete phase-out plans.

After POSCO’s brand launch, LG Electronics became the first buyer of Greenate-certified steel, signing a contract for steel used in laundry dryer components. Samsung Electronics is also reportedly considering the use of Greenate-certified steel for its premium oven products.

While POSCO has been promoting its “carbon neutral” brand to investors and steel customers, it is also investing over $400 million (519 billion won) to extend the life of two blast furnaces at its Pohang and Gwangyang steel plants, which are the world’s largest integrated steel mills.

These two blast furnaces emit over 17 million tons of CO2e per year and contributed to health issues that cost approximately $2.95 billion in 2021. Relining blast furnaces extends the use of coal in steel production and adds 15 to 20 years to the facilities’ operational lifespan.

In 2022, Japan’s [Nippon Steel](https://www.nipponsteel.com/product/nscarbolex/neutral/) similarly launched a carbon-neutral brand. However, in the same month, the company announced that it would build two blast furnaces in India, which would emit up to about [12 million tons](https://ieefa.org/resources/arcelormittal-green-steel-europe-blast-furnaces-india) of additional CO2e emissions.

“Although we recognize that POSCO is taking gradual steps to decarbonize its steel production, it is misleading to launch and promote a carbon-neutral brand while actively prolonging its coal use and using questionable methods to label its products as low carbon,” said **Heather Lee, the Lead of Steel Team at Solutions for Our Climate.**

For example, POSCO’s low-carbon products under the “Greenate Value Chain” focus on customer-saved and avoided emissions. The rationale is that despite the use of blast furnaces, the steel products are more durable, thereby reducing the potential amount of products used by its customers.

“Including avoided emissions in climate goals is a great move, but it does not offset the need for companies to reduce their own emissions. Without clear standards, it also leaves room for companies to overestimate the amount of avoided emissions and greenwash their products while continuing business-as-usual.”

Another issue is that POSCO’s “Greenate-certified steel” uses the mass balance methodology to certify some of its products as low carbon. This approach allows the company to unevenly allocate amounts of emissions reduction to specific steel products.

For example, POSCO recently certified 590,000 tons of CO2 that it reduced between January and August last year. According to SFOC’s calculations, this suggests POSCO can sell up to 300,000 tons of low-carbon steel, despite reducing less than one percent of its emissions.

"Without clear standards, the mass balance approach could allow POSCO to overstate the climate impact of its marginal measures, which pale in comparison to taking concrete steps to phase out coal in its steelmaking,” added Lee.

The last point raised in the complaint is that “Renewable Energy Steel,” one of POSCO’s low-carbon steel products, is also potentially misleading. If POSCO uses electric arc furnaces, the use of renewable energy would significantly decarbonize its steelmaking. However, due to its continued use of blast furnaces, the company is only able to reduce four percent of its emissions through renewable energy procurement, according to calculations by Solutions for Our Climate.

“The key to carbon neutrality for steelmakers is to phase out their use of coal. This requires steelmakers to stop extending the life of blast furnaces and to make meaningful investments in renewable-based technologies, such as hydrogen reduction ironmaking (HRI). Without such efforts, any claims to “carbon neutrality” or “low carbon” run the risk of greenwashing.”

**ENDS.**

*Solutions for Our Climate (SFOC) is an independent non-profit organization that works to accelerate global greenhouse gas emissions reduction and energy transition. SFOC leverages research, litigation, community organizing, and strategic communications to deliver practical climate solutions and build movements for change.*

**For media inquiries, please reach out to:**

Euijin Kim, International Communications Officer, euijin.kim@forourclimate.org