

# 2026 中鋼氣候績效報告

China Steel Corporation  
Climate Performance Assessment Report

---

 **TCAN** TAIWAN CLIMATE ACTION NETWORK 台灣氣候行動網絡研究中心

# Key Takeaways

Taiwan Climate Action Network (TCAN) evaluated China Steel Corporation's climate transition plan based on the IFRS S2 framework, focusing on six key areas: **Target Setting, Climate Risks and Opportunities, Climate Engagement, Capital Expenditure and Decarbonization Strategy, Governance and Accountability, and Just Transition.**

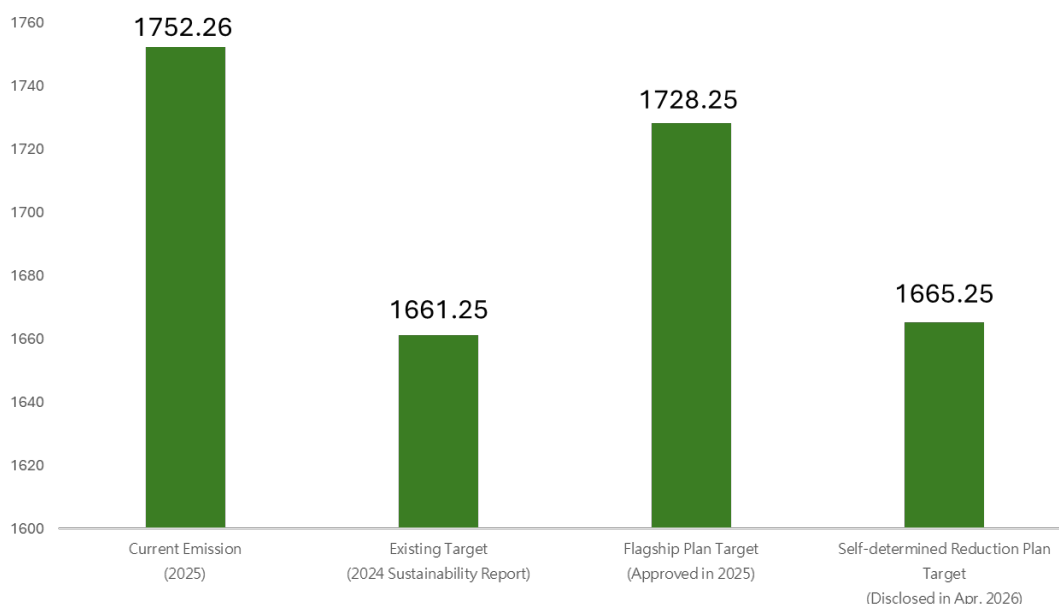
Overall, CSC has comprehensively disclosed the key elements of its climate transition plan; however, there is still room for improvement across every aspect.

## 1. Target Setting

CSC's decarbonization targets have become increasingly inconsistent across recent policy and disclosure documents. In its 2024 Sustainability Report, CSC committed to reducing emissions by 25% by 2030 from a 2018 baseline. However, under CSC's Flagship Carbon Reduction Action Plan approved in 2025, the company shifted the baseline year to 2021 and lowered the 2030 reduction target to 22.5%, postponing stronger reduction milestones to 2032 and 2035. Because 2021 was a peak emissions year for CSC, the revised framework effectively allows higher absolute emissions and delays the originally intended 2030 reduction pathway.

Although CSC's 2026 Self-Determined Reduction Plan reinstated a 25.3% reduction target for 2030, it continued using the 2021 baseline, resulting in higher absolute emissions than the company's original target. Furthermore, this sudden reinstatement of the target is heavily suspected to be a mere paper exercise designed to secure preferential carbon fee rates—potentially saving the company around NT\$4.6 billion—rather than a genuine commitment to deeper emissions reductions. These conflicting timelines raise concerns regarding the transparency and credibility of CSC's transition planning. Under IFRS S2, companies are required to clearly disclose and explain revisions to climate targets. CSC's repeated target adjustments, without evidence of major technological or structural changes, risk undermining the scientific integrity and accountability of its decarbonization strategy.

According to the Transition Pathway Initiative (TPI)'s 2025 assessment, CSC's carbon intensity remained at 2.33 tCO<sub>2e</sub> per tonne of steel in 2023, a relatively high level among Asian peers. Its decarbonization targets through 2035 remain significantly misaligned not only with a 1.5°C pathway, but also with Below 2°C and National Pledges scenarios.



CSC's 2030 Absolute Emissions Across Different Emissions Reduction Targets

(Unit: 10,000 tCO<sub>2e</sub>)

## 2. Climate Risks and Opportunities

CSC appears to underestimate the market risks associated with delayed decarbonization. While the company recognizes “raw material transition” as a major risk—highlighting the growing importance of DRI, scrap steel, and high-quality iron ore—it ranks changes in downstream steel demand as only a moderate risk. This overlooks the rapid growth of global green steel demand. CSC also appears to underestimate reputational and financing risks linked to insufficient decarbonization ambition. While the company ranks investor and financing pressure as a relatively minor climate risk, international financial institutions are increasingly tightening green finance standards. As international investors and financial institutions increasingly favor science-based low-carbon steel technologies, continued reliance on high-carbon pathways and uncertain transition technologies could weaken CSC's competitiveness, credibility, and access to sustainable finance.

### 3. Climate Engagement

Despite reporting 11.03 MtCO<sub>2</sub>e in Scope 3 emissions—equivalent to more than half of its annual emissions—CSC has not clearly disclosed targeted climate engagement strategies for major upstream emitters such as coal, iron ore, and logistics suppliers, as recommended under IFRS S2. Assessments by international investors think tank also further indicates that CSC has yet to explicitly support a 1.5°C-aligned pathway and the Paris Agreement, while its affiliated industry association has historically taken a limited or resistant stance toward climate policy. These gaps suggest that CSC should strengthen targeted climate engagement across both its supply chain and policy advocacy activities.

### 4. Capital Expenditure and Decarbonization Strategy

CSC's 2025 Annual Report confirms its continued reliance on carbon-intensive infrastructure, allocating NTD 7.7 billion for the overhaul of Blast Furnace No. 4 by 2029. Concurrently, the company's actual research and development (R&D) investments in breakthrough low-carbon technologies remain severely limited. Compounding this issue is a critical lack of transparency regarding the flow of CSC's low-carbon capital expenditure (CapEx). For instance, while the Flagship Carbon Reduction Action Plan designates a substantial NTD 470 million in 2026 specifically for "using low-carbon raw materials in blast furnaces," public disclosures fail to detail the specific applications, technical content, execution progress, or expected emissions reduction benefits of this budget. This opacity in low-carbon financial allocation further obscures the company's genuine progress toward decarbonization.

TCAN's 2024 and 2025 assessments identified CSC's continued reliance on blast furnace production and limited investment in breakthrough low-carbon technologies such as direct reduced iron (DRI) as key weaknesses in its transition pathway. While CSC's decarbonization strategy still relies largely on incremental measures such as energy efficiency improvements and increased scrap use, regional competitors from Japan and Korea have already accelerated investments in electric arc furnaces (EAFs), DRI, and hydrogen-based steelmaking.

Notably, the planned retirement of Blast Furnace No. 1 alone potentially delivers around 14% emissions reduction by 2030—more than half of CSC’s current reduction target. This suggests that much of the company’s near-term decarbonization progress is driven by production cuts associated with blast furnace retirement, rather than by substantive low-carbon technological transformation.

Overall, CSC’s current strategy relies on production cuts and limited incremental measures to meet climate targets that are not aligned with science-based standards, while continuing capital investment in carbon-intensive infrastructure. This raises serious concerns over whether the company has genuinely begun the structural transformation required for a credible net-zero transition.

## 5. Governance and Accountability

IFRS S2 explicitly requires companies to disclose how they assess whether governance bodies possess the appropriate “skills and competencies” to oversee climate-related strategies. Currently, CSC’s disclosure remains limited. The company only provides a list of four climate-related activities attended by board members during the year. However, the depth and relevance of these activities appear insufficient to demonstrate robust climate expertise at the board level. CSC also does not disclose clear criteria for evaluating board competency in climate governance, nor specific measures to strengthen such capabilities. This suggests that CSC’s climate governance remains largely passive and participation-based, highlighting the need for stronger board-level oversight and accountability regarding climate-related risks and opportunities.

## 6. Just Transition

TCAN’s 2026 report “Taiwan Corporate Just Transition Assessment Report” found that CSC’s approach remains largely limited to stakeholder identification and surface-level social dialogue, without concrete measures addressing the impacts of climate transition on frontline workers. A key example is the 2025 retirement plan for Blast Furnace No. 1, where CSC did not disclose impact assessments or transition support measures for employees and contractors.

As a major state-affiliated enterprise, CSC should align with Taiwan's forthcoming Manufacturing Sector Just Transition Action Plan and strengthen substantive engagement with labor unions and workers. In line with IFRS S2 guidance, the company should assess future low-carbon skill needs and establish measurable indicators for worker retraining and job transition support to ensure that climate transition commitments are backed by meaningful labor protections.

## TCAN Recommendations

### TCAN urges CSC to strengthen the following aspects of its transition plan:

#### 1. **Enhance the transparency and accountability of target revisions**

Regarding the multiple versions of CSC's carbon reduction targets, the company should align with IFRS S2 requirements by clearly disclosing and explaining the reasons behind revisions and discrepancies in its climate targets. CSC should also provide a detailed comparison between projected absolute emissions in target years and the specific decarbonization measures adopted, in order to avoid concerns that changes in baseline years are being used to obscure insufficient emissions reduction performance.

#### 2. **Recognize the necessity of deep decarbonization investments and evaluate blast furnace retirement timelines**

In response to its identified climate-related risks and opportunities, CSC should proactively prepare for the evolving demands of the low-carbon market by investing in deep decarbonization technologies and accelerating process transformation. This includes gradually reducing reliance on the blast furnace-based steelmaking system and coal consumption, while assessing retirement pathways for blast furnaces and other high-carbon assets at an early stage. Such actions are essential to mitigate stranded asset risks and to strengthen CSC's competitiveness and credibility within international low-carbon supply chains.

#### 3. **Pragmatically advance just transition and climate engagement**

CSC should follow IFRS S2 guidance by shifting from broad stakeholder communication toward climate-target-oriented engagement mechanisms. The company should prioritize engagement with high-carbon suppliers and industry associations, requiring them to adopt decarbonization commitments aligned with net-zero goals. At the same time, in light of blast furnace retirements and process transformation, CSC should initiate substantive dialogue with labor unions and workers at an early stage, establish mechanisms for retraining, job transition, and workforce placement, and disclose concrete, measurable indicators to ensure that transition-related impacts are addressed in a fair and transparent manner.

