

Gestamp and Tata Steel UK nearly double recycled steel content with new circularity partnership

- High-quality scrap collected from Gestamp's production process is sent to Tata Steel for use in future steelmaking, contributing to its overall recycled steel content
- Collaboration increases recycled steel content in Gestamp products from 17% to 30% with no impact on quality, strength, or formability
- The amount of high-quality scrap supplied to Tata Steel and the associated CO₂ savings will be certificated by a new independently audited Gestamp Recycled Content Bank

Madrid, Oct 10, 2023. Tata Steel, the largest steelmaker in the UK and Tier 1 automotive supplier Gestamp, have signed an agreement aimed at nearly doubling the percentage of recycled steel in the components they supply to the automotive sector, as the two companies work to increase the circularity of steel in the automotive supply chain. The initiative will enable Gestamp to pass on to vehicle manufacturers the benefits of increasing their recycled content, such as a reduced carbon footprint.

OEMs need low-emission steel to meet their decarbonization targets with guaranteed quality and safety. This new circularity concept contributes to achieving sustainability goals by using high-quality scrap as a secondary raw material for the production of low-emissions steel.

Gestamp presented its roadmap to pioneer and promote the business circular economy model, focusing on the use of recycled steel at its Capital Markets Day in June 2023. Gestamp has made a step forward to push low-emission steel by integrating scrap management into Gestamp's business strategy (through its subsidiary Gescrap), that allows for complete life-cycle traceability by integrating the collection, sorting, and reuse of high-quality steel scrap into its production chain, in an environment where this secondary raw material is scarce. The roadmap's ultimate goal is to contribute, in the long term, to the Net Zero Car.

Tata Steel's automotive steel grades already include 17% recycled content – made up of scrap steel that re-enters the steel production process. The recycled content provided by Gestamp will be additional to the existing recycled content. This new partnership sees the percentage of recycled content associated with the steel provided to Gestamp jump to 30% with no impact on quality, strength, or formability. This is, in turn, passed on to automotive manufacturers, reducing the overall carbon footprint of their supply chain and production process.

Steel is 100% circular, it can be re-melted to produce material of the same quality an infinite amount of times. The traceability and quality of pre-consumer scrap provided by Gestamp will enable the recycled content of new steel to be increased, and the quality of the steel to be preserved.

When a component, for example, a bumper bar, is processed from steel, it is common for the manufacturing process to generate some scrap material. Typically, this scrap is sold to a third-party scrap buyer and mixed with steel grades of different qualities.

In this new partnership, Gestamp will channel its high-quality scrap (through efficient collection and transport management) to Tata Steel's steelworks in Port Talbot so that it can be used again in future steelmaking. By using the mass balance principle¹, the returned steel will then be accounted for as part of the component's recycled content. The traceability and quality of pre-consumer scrap provided by Gestamp will enable the recycled content of new steel to be increased and the quality of the steel to be preserved.

To ensure accountability, Tata Steel will provide evidence to demonstrate the volume of high-quality scrap supplied and the associated CO₂ savings by setting up a Gestamp Recycled Content Bank, which will be independently audited.

"This agreement strengthens our circular economy model and benefits our customers on their way to neutrality and NetZero-Car thanks to the use of high-quality scrap as a secondary raw material while guaranteeing the quality and safety of our products", says Ernesto Barceló, Gestamp Chief ESG Officer. "The excellent management of Gestamp in the collection, sorting, and transport of this high-quality scrap, will provide Tata Steel with lower emissions steel".

Peter Quinn, Director of Sustainability & Environment at Tata Steel UK, said: "Reducing the automotive supply chain's carbon footprint is a priority for us and many of our customers, including Gestamp. We believe that improving circularity in the supply chain is an effective and immediate way to reduce overall CO₂ emissions in the automotive sector, as well as the most efficient way to recycle steel. The approach we have taken with Gestamp demonstrates the innovative and collaborative thinking possible, not only in our two organizations but in the UK automotive supply chain as a whole".

Gestamp understands circularity as one of the basic pillars of sustainability and acknowledges the company's position of responsibility within the automotive sector to contribute to the reduction of emissions throughout the supply chain as part of its ESG strategy.

About Gestamp

Gestamp is a multinational specialized in the design, development and manufacture of highly engineered metal components for the main vehicle manufacturers. It develops products with an innovative design to produce lighter and safer vehicles, which offer lower energy consumption and a lower environmental impact. Its products cover the areas of BiW, chassis and mechanisms.

The Company is present in 24 countries with 115 production plants (5 of those under construction), 13 R&D centers and a workforce of nearly 43,000 employees worldwide. Its turnover in 2022 was €10,726 million. Gestamp is listed on the Spanish stock exchange under the ticker GEST.

¹Note for Editors Mass balancing is an accepted and certified protocol that tracks the proportion of recycled material used and allows increases in recycled content to be allocated to specific products or orders. A mass balance approach allows for a faster transition to lower carbon products.

About Tata Steel

The Tata Steel Group has been named one of the most ethical companies in the world, and is among the top producing global steel companies with an annual crude steel capacity of 34 million tonnes. Tata Steel in the UK has the ambition to produce net-zero steel by 2045 at the latest, and to have reduced 30% of its CO₂ emissions by 2030. Tata Steel is the largest steelmaker in the UK with primary steelmaking at Port Talbot in South Wales supporting manufacturing and distribution operations at sites across Wales, England and Northern Ireland as well as Norway, Sweden, France and Germany. It also benefits from a network of international sales offices around the world.

Tata Steel employs more than 8,000 people and has an annual crude steel capacity of 5 million tonnes, supplying high-quality steel products to demanding markets, including construction and infrastructure, automotive, packaging and engineering. Tata Steel Group is one of the world's most geographically-diversified steel producers, with operations and a commercial presence across the world.

The Group recorded a consolidated turnover of US \$30.3 Bn in the financial year ending March 31, 2023.

Tata Steel and the UK Government recently announced a joint agreement on a proposal to invest in state-of-the-art electric arc furnace steelmaking at the Port Talbot site with a capital cost of £1.25 billion inclusive of a grant from the UK Government of up to £500 million, subject to relevant regulatory approvals, information and consultation processes, and the finalisation of detailed terms and conditions. Receiving steel scrap from customers like Gestamp is, therefore, an important step because it means recycled, reduced carbon steel is available to automotive manufacturers in the short term until EAF steel is in production.

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