

11 September 2024

Tata Steel signs £500 million Grant Funding Agreement with UK Government for £1.25 billion green steel project in Port Talbot

Tata Steel announces that it has signed a £500 million Grant Funding Agreement with the UK Government allowing it to proceed at pace with the project to install a state-of-the-art Electric Arc Furnace at the Port Talbot steelworks in Wales.

A defining moment for the future of steel making in the UK

- As the largest investment in the UK steel industry for decades, the £1.25 billion project will safeguard UK's steel sovereignty, secure steel making in Port Talbot and preserve 5,000 jobs.
- The new assets will reduce the UK's entire industrial carbon emissions by 8% (and Port Talbot's by 90%) while setting a benchmark in circularity, utilising UK scrap.
- Alongside its planned £750 million investment, Tata Steel has put its significant global engineering and project capabilities behind this project, which will benefit from an additional £500 million in UK Government Grant Funding.
- Basic engineering is now complete, and equipment orders will be placed shortly for the Electric Arc Furnace (EAF) and ladle metallurgy furnaces, a new coil box and crop shear for the hot strip mill, a cranes package, and for construction management and civil engineering.
- Tata Steel has already launched public consultation on specific activities and is working closely with the authorities to apply for planning approvals by November 2024, with a view to commencing large scale site work around July 2025. The EAF is expected to be operational within three years.

Sensitivity: general

- Despite the challenges inherent in the transformation, the company's workforce has demonstrated great commitment and resilience to wind down and close the Blast Furnace #5 operations and Morfa coke ovens smoothly and safely in recent months.
- Plans are progressing to close Blast Furnace #4 and the wider heavy-end operations at Port Talbot by the end of September, with supply chain arrangements in place to serve customers through the transition period until the EAF is commissioned.

Supporting affected employees

- This is one of the largest industrial transition projects in the UK and its implementation has been enabled by the responsible approach of Tata Steel's workforce, the UK Steel Committee representing the trade unions, and support of the UK Government.
- Following extensive discussions with employee representatives, Tata Steel has finalised a Memorandum of Understanding with the UK Steel Committee.
- Tata Steel is offering its most generous-ever support package to employees leaving the company, and a comprehensive voluntary redundancy aspiration process combined with cross-matching and/or re-skilling.
- For any employee in Port Talbot selected as being at-risk of compulsory redundancy, the company will provide the option for them to participate in a paid re-training scheme for a defined period to help them secure alternative future employment.

T V Narendran, Tata Steel Chief Executive Officer and Managing Director, said: "With the UK government's critical support, this complex and ambitious transformation of Port Talbot has the potential to make the plant one of Europe's premier centres for green steelmaking. I would like to thank the UK Steel Committee and various departments of the UK and Welsh governments for their support in reaching this agreement. We now look forward to the efficient and speedy execution of the EAF project. We will also continue our work with the Transition Board and the UK and Welsh governments to enable this project to be a catalyst for economic regeneration and job creation in South Wales."

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Notes to Editors:

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Please visit greensteelfuture.com for further information and imagery.

About Tata Steel UK

- 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 billion in the financial year ending March 31, 2023.

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