

# ANU Energy Update 2025

Green Iron & Steel Exports

The role of private capital

October 2025

# Our Mission

To reshape the financial system  
for a sustainable, resilient and  
inclusive Australia.



# Member based. Mission driven.

ASFI brings the expertise and influence of private capital to bear to solve pressing sustainability-related challenges.

## Strong governance

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Registered not-for profit established under robust constitution with independent management and strategic non-executive board.

## Sector wide collaboration for impact

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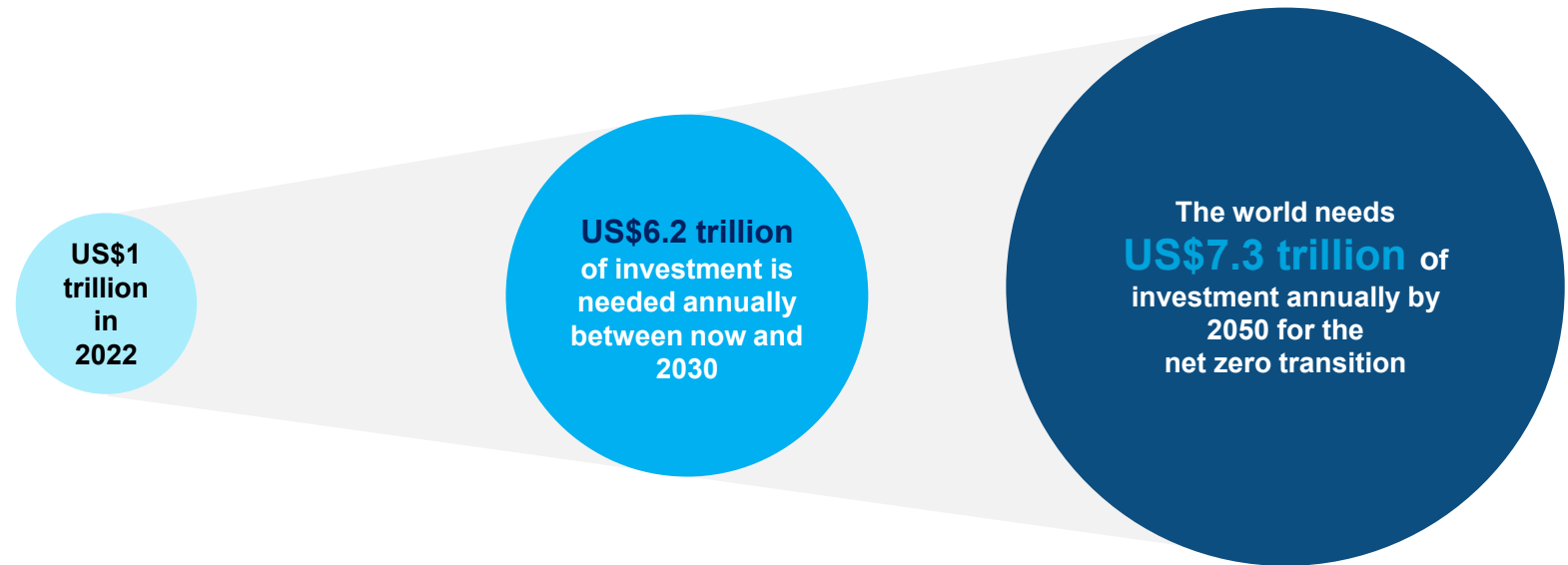
Membership comprising Australia's leading financial institutions across banking, investment, insurance and financial services.

## Trusted partner

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Strong track record of working in partnership with government, philanthropy, and the private sector to deliver impactful projects to our mission.

# Annual global low-carbon investment must increase 6 – 7x to meet Paris goals

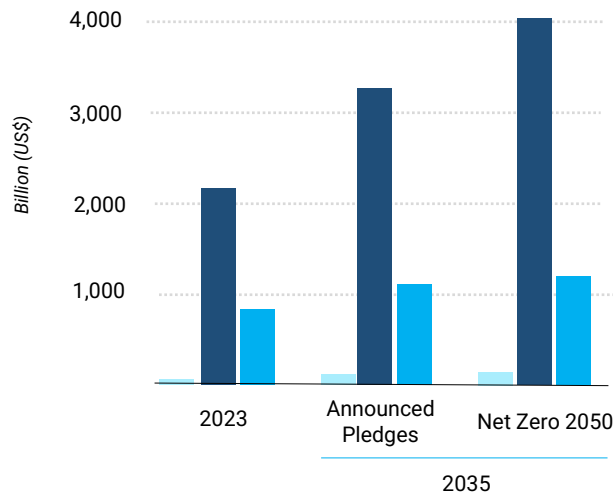


Source: CPI (2023), *How big is the Net Zero financing gap?*

# Private capital is driving decarbonisation in advanced economies

Scaling investment is critical to facilitating a Paris-aligned green economic transition.

Private vs. public finance – current state vs. required in 2035: IEA  
Announced Pledges and Net Zero 2050 scenarios (IEA, 2024)

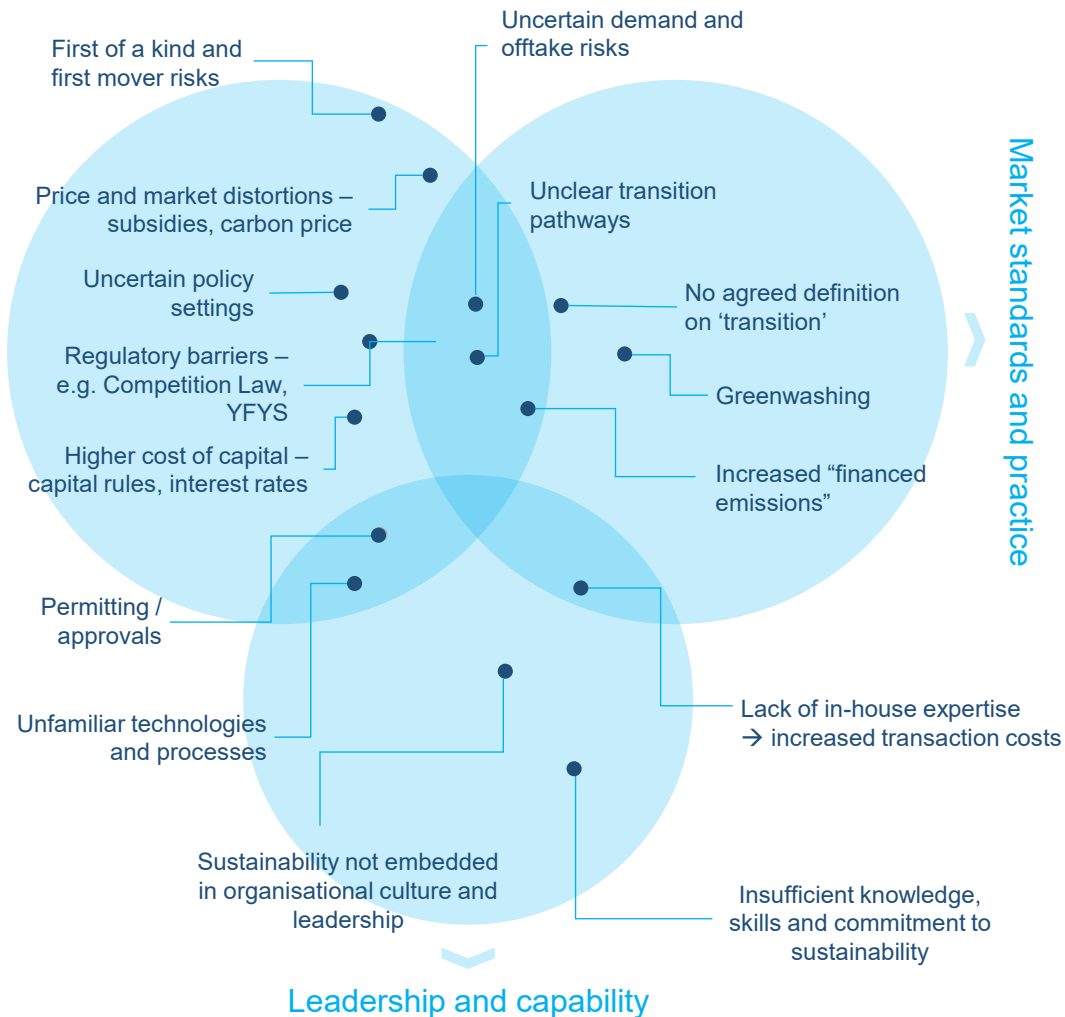


- + 82% of clean energy investment in advanced economies originates from commercial financial institutions and corporations (Climate Policy Initiative, 2024).
- + In absolute terms, private investment must increase by 50 percent for emissions reductions consistent with announced climate pledges. Alignment with the IEA's 1.5C aligned Net Zero 2050 scenario requires an 80 percent increase.
- + While governments have a critical role to play in funding and enabling environments, fiscal constraints are expected to continue to limit the overall share of public finance (IEA, 2024).

# Why isn't capital flowing?

A range of barriers are inhibiting finance and investment from going where it is most needed.

Policy, regulation and incentives



# Case study: Green Exports Project

Kaya  
Partners

The Climate  
Policy Advisors



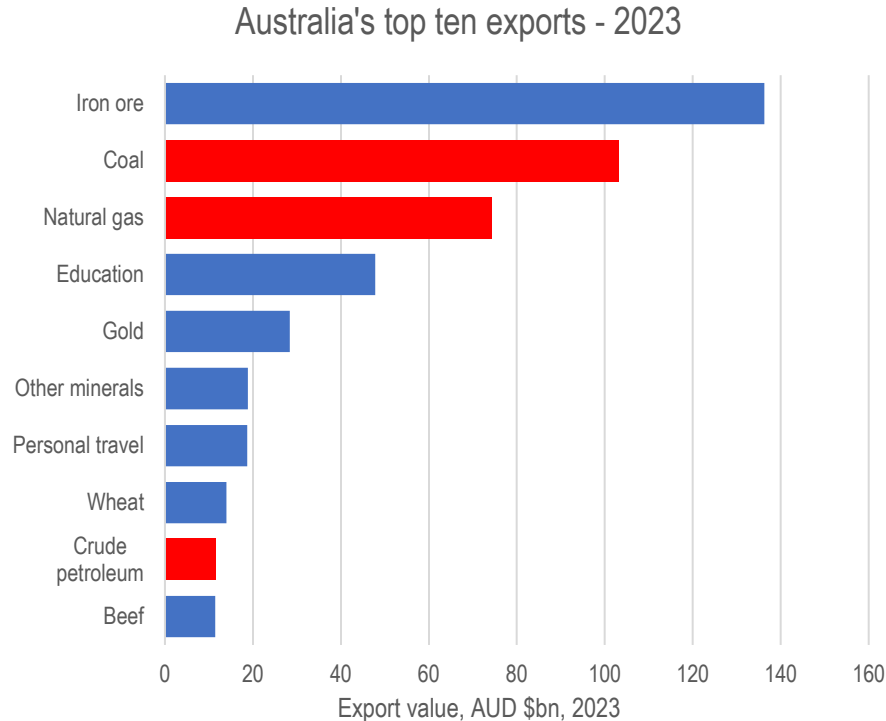
## **Maximising Australia's green growth:**

Leveraging trade and aid policy to drive Australia's green exports agenda

May 2025

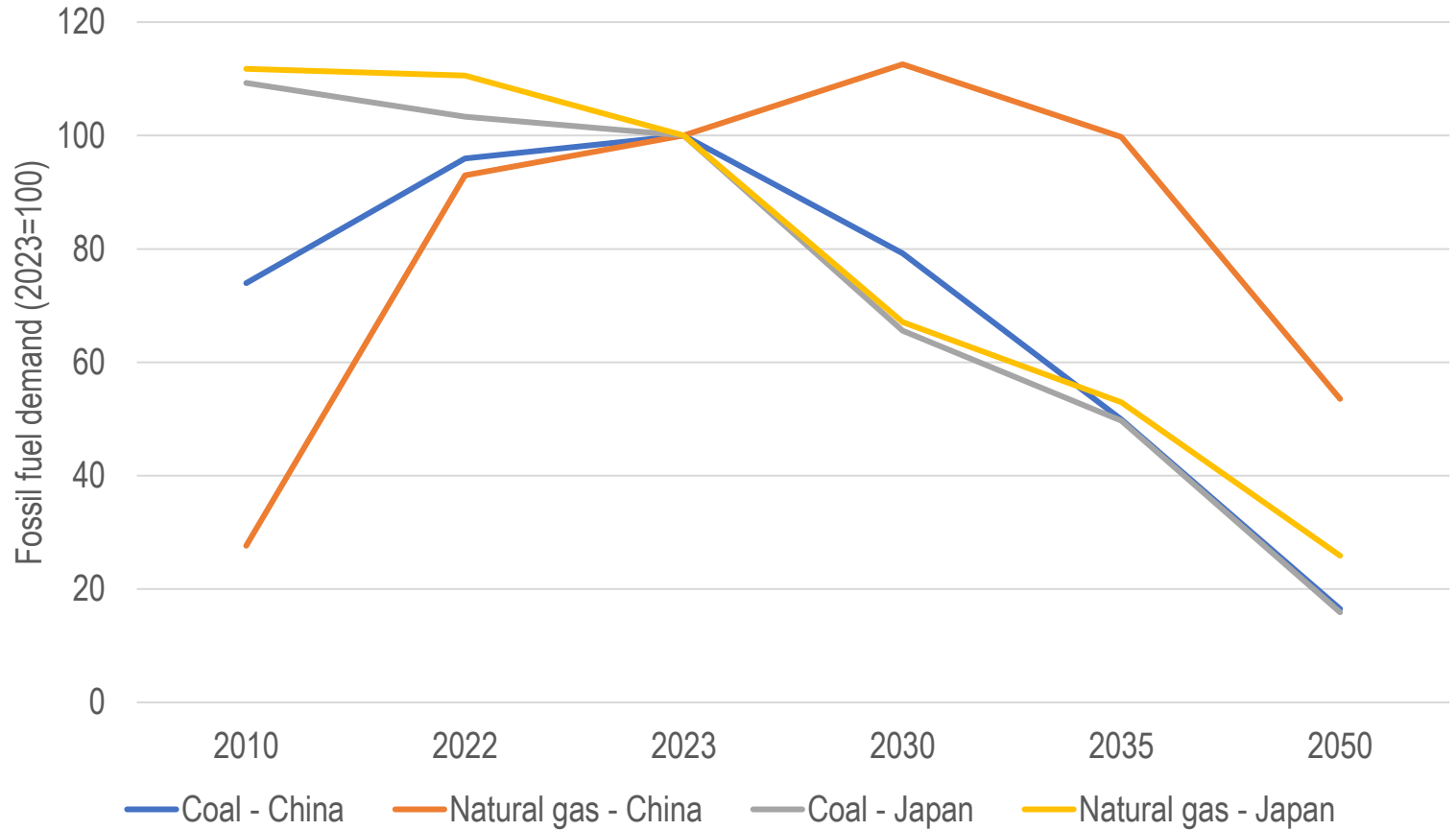
Prepared for the Australian Sustainable Finance Institute

## Australia's export economy is vulnerable



- Coal, oil and natural gas make up 28 per cent of Australia's export revenue
- Combined export revenue of \$189 billion in 2023
- Export revenue is at risk as countries move towards net zero

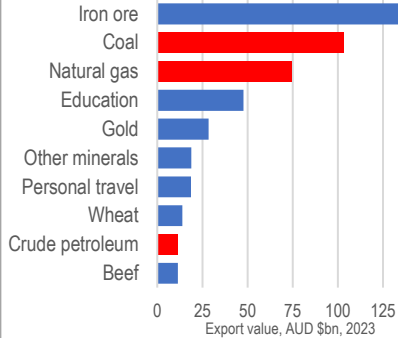
## Fossil fuel demand - Announced Pledges Scenario



# An Australian Sustainable Exports Strategy

## Rationale

Australia will lose around \$200bn pa in export income as trading partners transition away from fossil fuels. Green exports can replace and exceed this lost income.



## Outcomes

- Investment in Australian green industry
- Long-term economic growth & jobs
- Australia a trading partner of choice
- Enhanced regional influence
- Accelerated global decarbonisation
- Sustainable growth in region >> peace >> opportunities for Australia

## Objective

To develop export markets for Australia's green commodities, creating offtake certainty to underpin investment in domestic green industry.

## Solution

A **Sustainable Export Strategy** to align **trade** and **climate finance** policies towards creating demand for sustainable commodity exports.

## Australia's Sustainable Exports Strategy

### Trade

#### Transition *existing* trade partnerships in Asia

- Bilateral strategic growth partnerships & transition plans
- Green trade agreements
- Harmonisation of standards
- Advance market commitments



### Climate finance

#### Foster *new* demand centres in Southeast Asia

- Strong climate finance target
- CF strategy aligned to FMIA
- New bilateral green bank to mobilise private capital
- Tailored technical assistance



### Planning, Analysis, Coordination

#### Long term investment needs good planning

- Opportunity identification
- Advantage analysis
- Backed by data
- Coordination between Treasury, DCCEEW, DFAT

# What is a sustainable finance taxonomy?

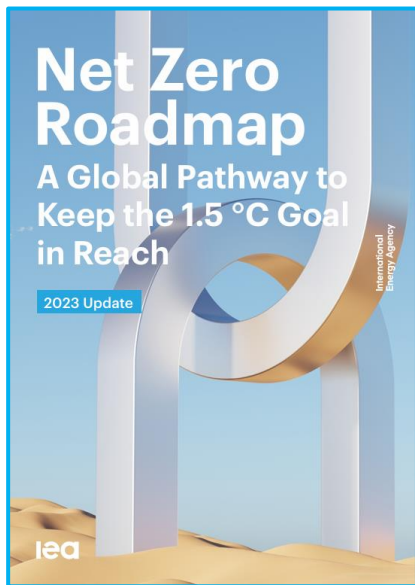


- + A **classification system** that identifies economic activities (e.g. assets, projects, facilities, technologies) **that deliver on key climate and/or sustainability objectives** with reference to identified performance metrics, including thresholds, targets, and measures.

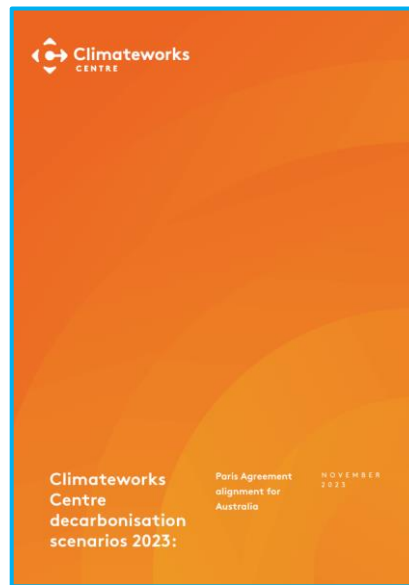
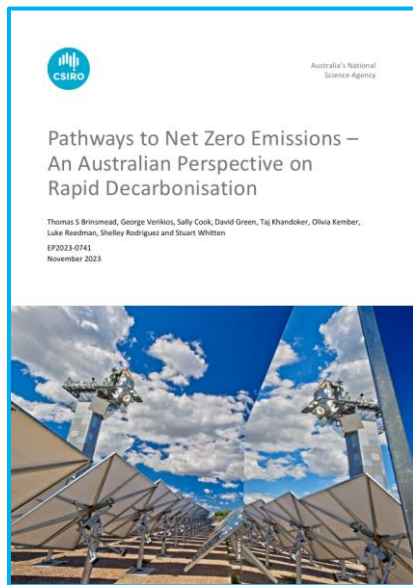


- + Sustainable finance taxonomies are primarily aimed at supporting capital allocators, lenders and investors **to identify and substantiate the performance of climate-related opportunities / investments.**

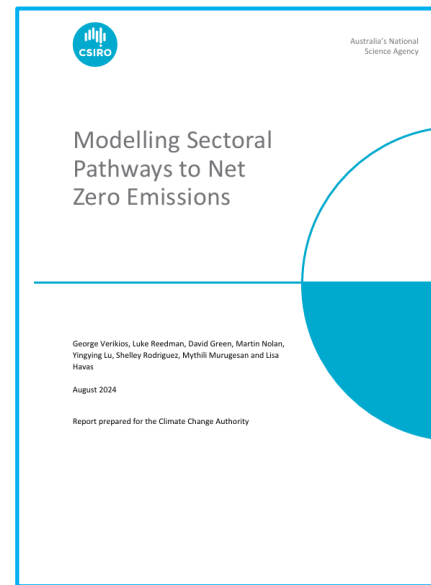
# Credibility: Reference scenarios in the Australian taxonomy



Global



Australia

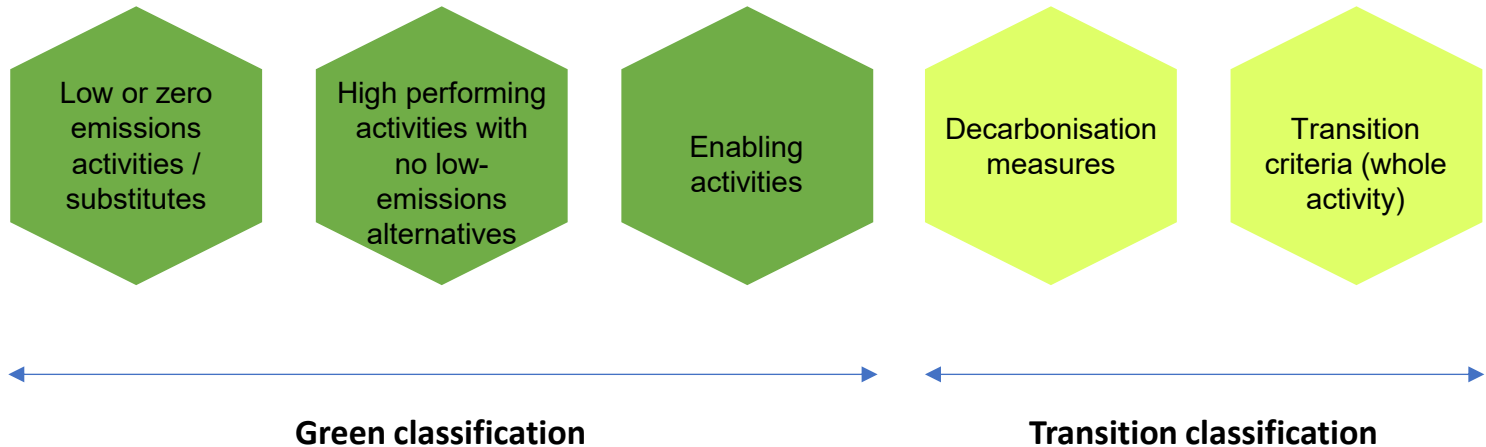


- + Selected instead of NGFS and IPCC because of broad recognition in global capital markets and use in other taxonomies (e.g. Singapore).

- + All reference Australian scenarios were selected on the basis that they use the AusTIMES model, which downscales the IEA's TIMES model.
- + Similarly to the IEA's model, AusTIMES provides least cost energy, emissions and technology pathways.
- + This has informed activity selection and technical screening criteria.

## Technical screening criteria classifications

Green and transition classifications differentiate activities that are aligned with a 1.5°C pathway, and activities and measures that can facilitate movement toward alignment, respectively.



<b>Activity</b>	B4. Iron Ore Mining
<b>Associated ANZSIC codes</b>	0801 Iron Ore Mining
<b>Objective</b>	Climate change mitigation

**Technical screening criteria**

**Green**

The activity must comply with either A and B or A and C. All activities must comply with D from 1 January 2030.

A. The activity complies with one of the following:

- The ore grade is generally and currently compatible with DRI or other low emissions iron/steel, and evidence can be provided to demonstrate this\* or;
- The ore grade is not generally compatible with DRI or other low emissions iron/steel but the specific site/operation/project is currently compatible with DRI or other low emissions iron/steel and evidence can be provided to demonstrate this\*.

B. Mine site CO<sub>2</sub>e emissions intensity (scope 1 + scope 2) does not exceed the value below:

	tCO <sub>2</sub> e/t iron ore equivalent
2025	0.013
2030	0.005
2035	0.003
2040	0.002
2050	0

C. The mine site can demonstrate a percentage reduction in emissions intensity of scope 1 and 2 emissions per tonne of product as follows based on a 2019 baseline (*note: this option is not eligible for use-of-proceeds debt*):

Annual (any time period <5 years)	4.2%
2019 - 2030	56%
2019 - 2035	83%
2019 - 2040	87%
2019 - 2050	94%

D. From 1 January, 2030: Activities which meet either of the criteria above must also demonstrate (via offtake agreements or other means) that the ore is going to DRI or a more performant process to make low emissions iron and/or steel.

<b>Decarbonisation measures</b>	<ul style="list-style-type: none"> <li>• R&amp;D into enabling ores to be compatible with into DRI and other low-carbon steel processes.</li> <li>• Zero tailpipe emissions vehicle fleet.</li> <li>• Energy storage technology including related and required optimisation and use software.</li> <li>• Low carbon fuel technology – e.g. Hydrogen or Ammonia (as defined in activities C4 and C8 in the Manufacturing and Industry sector).</li> <li>• Trolley assist.</li> <li>• Switching electricity sources (from grid non-renewables and on-site diesel generation to grid and on-site renewables).</li> <li>• Purchase and use of low carbon liquid fuels (as defined in activity C9 in the Manufacturing and Industry sector).</li> <li>• Implementation of technologies and upgrades to enable demand management.</li> </ul>
<b>Specific ineligible cases</b>	<p>Sites or facilities with captive coal plants</p>
<b>Notes</b>	<ul style="list-style-type: none"> <li>• Evidence may include the % of Iron Oxide Chemical Quality Limits that meet DR-grade requirements - e.g. &lt;2.5% gangue in the finished iron ore product</li> <li>• Emissions intensity starting point and trajectory based on CSIRO's (2023) CRD iron ore emissions intensity pathway.</li> </ul>

## C6. Manufacture of Iron and Steel

<b>Sector</b>	Manufacturing and Industry
<b>Activity</b>	C6. Manufacture of Iron and Steel
<b>Associated ANZSIC codes</b>	2110 Iron Smelting and Steel Manufacturing
<b>Objective</b>	Climate change mitigation
<b>Technical screening criteria</b>	
<b>Decarbonisation measures</b>	<ul style="list-style-type: none"><li>• Replacement of blast furnace with DRI or electric arc furnace (EAF) production.</li><li>• Optimization of EAF, installation and operation of other mitigation measures associated with EAF facilities.</li><li>• R&amp;D/prototype testing for low carbon steel production processes including but not limited to electric smelting furnaces.</li><li>• R&amp;D into processes that enable the input of hematite ores into low carbon steel production processes.</li><li>• Replacement of &gt;50% pulverised coal in the blast furnace with biocarbons, waste or sustainable biomass. To be eligible, biomass must either obtain low ILUC risk certification by the RSB, ISCC or equivalent certification body; or provide evidence and documentation to demonstrate alignment with the low ILUC risk biomass criteria and compliance indicators under the RSB module. Native forest biomass is ineligible. Note: this criterion will be reviewed for applicability following 2030.</li></ul>
<b>Notes</b>	Green criteria are intended to be included in future versions of the taxonomy, following the development of common system boundaries and emissions methodologies for iron and steelmaking underway through international collaboration convened by the World Steel Association.