



Investment Committee of the InvestEU Fund

Meeting no. 6
7 – 8 July 2022

Conclusions

H2 Green Steel

INVEU-ICR-0034-2022 – Research, Innovation and Digitation (RIDW)

Short description of the financing or investment operation and its objectives

Name of the Promoter	H2GS AB
Country(ies) of implementation	Sweden
Implementing partner	EIB

The Project concerns an implementation of a 2.5 million tons per year integrated primary steel manufacturing plant based on hydrogen direct reduction (DR) technology. The greenfield plant encompasses the following components;

- a large scale hydrogen generation plant based on electrolysis
- an hydrogen based direct reduction plant for ironmaking combined with
- electric arc furnace (EAF) steelmaking and all associated downstream processing facilities.

The outcoming primary steel will have a carbon footprint that is very low or close to zero, meaning the plant will manufacture green and sustainable high quality flat steel products targeting mainly the automotive, construction, white goods, industrial equipment and energy sectors.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 8 July 2022 for the above mentioned operation.

The European steel industry is a strategic sector at the heart of the EU economy, albeit steel production is energy and carbon intensive and represents about 25% of EU industrial and 4-5% of EU total CO₂ emissions. The transition to carbon neutrality by 2050 thus requires the industry's transformative change, through the deployment of breakthrough clean technologies with a substantially lower environmental footprint and novel industrial processes to improve market readiness and environmental footprint as well as reduce costs.

As such, the proposed project will support the decarbonisation efforts of the steel industry via the implementation, for the first time, of innovative and breakthrough technologies for the production of low carbon primary flat steel products. This project is considered a flagship project related to the decarbonisation of the primary steel industry, which is considered a hard to abate sector. It will lead to a substantial reduction of relative GHG emissions if compared to traditional primary steelmaking.

EIB is requested to be the anchor lender to this Project and to play a catalytic role in the transaction. Both shareholders and co-lenders are looking at EIB's risk taking capacity and by offering a significant loan amount, providing financial value added to the Project the EIB



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contribution is considered key. The Investment Committee considered this very large investment to be important and worth supporting for the green transition.