News Release Archive

S&P Global Platts to Publish New Low-Carbon Aluminum Prices

First of planned suite of low-carbon metals and raw materials assessments

LONDON, March 5, 2021 /PRNewswire/ -- S&P Global Platts ("Platts"), the leading independent provider of information and benchmark prices for the commodities and energy markets, today announced it will begin publishing new low-carbon aluminum price assessments for the European markets, effective April 6, 2021.

The new daily assessments will include a **Low-Carbon Aluminum Price** (LCAP), and a **Zero-Carbon Aluminum Price** (ZCAP) and complement existing Platts European price offerings for high-grade primary aluminum (P1020).

Ian Dudden, Global Pricing Director for Metals and Agriculture, S&P Global Platts, said: "The launch of our green aluminum assessments follows extensive engagement with market participants throughout the aluminum value chain. These new prices align with S&P Global Platts' strategic focus on offering ESG-related commodities pricing, and are in response to requests from market participants for new pricing transparency to help them quantify cost and manage risks and opportunities associated with a growing focus on carbon-reduction strategies and increasing global regulation."

Low-Carbon Aluminum Price (LCAP):
The Platts LCAP, which will be assessed as a premium to the LME cash-settlement price, will apply to primary aluminum with a maximum emissions level of 4 metric tons (mt) of CO2 per mt of aluminum at the smelter. Other quantities and emission levels will be normalized to this basis. Platts will only include aluminum in this assessment which has had its smelter Scope 1 and 2 emissions certified by an internationally accepted, independent organization.

Zero-Carbon Aluminum Price (ZCAP):
The Platts ZCAP for primary aluminum will leverage Platts' existing CORSIA-eligible carbon-credit price assessments (Platts CEC) to calculate the voluntary cost of offsetting the carbon emissions of the LCAP assessment to zero.

While ESG is fast becoming a core strategy for metals and mining companies around the world, a vacuum of standards has prevented market participants from defining, quantifying and understanding the market value of low-carbon aluminum.

S&P Global Platts is responding directly to market participants' desire for greater transparency in the low-carbon metals space. These entities range from producers seeking acknowledgement of the advances made in reducing carbon at the smelting stage to end-users increasingly demanding that suppliers certify the material they provide has been made with renewable energy or comes from low-carbon energy sources.

The initial launch in Europe reflects that market participants are embracing carbon emissions reduction strategies across supply chains.

The new daily assessments for primary (P1020) aluminum reflect Good Western-origin, minimum 99.7% aluminum ingot meeting London Metal Exchange high-grade specifications. Both LCAP and ZCAP assessments will reflect typical shipments of 100-1,000 mt, in-warehouse Rotterdam, on a duty-paid and duty-unpaid basis, net-30 day payment terms, in US$/mt.

"While Platts is initially providing new low-carbon pricing focused on aluminum, we also plan to launch additional price and cost

references throughout the metals and raw materials value chains and we welcome feedback on our plans for expanding low-carbon pricing offerings," **added Dudden.** "What sets Platts low-carbon price assessments apart is their daily frequency, as well as the ability of Platts to leverage expertise and price assessing capabilities across commodities and voluntary carbon sectors, which help market participants navigate the emerging global energy transition."

Editor's Note:

The Platts CEC reflects the daily value of CORSIA-eligible carbon credits providing a transparent view of the rapidly growing voluntary carbon markets, which are a core part of the world's efforts to reduce Greenhouse Gas (GHG) emissions. It represents the first of a planned suite of benchmark voluntary carbon prices covering the full range of projects including removal, reduction and avoidance of greenhouse gas emissions.

CORSIA is the Carbon Offsetting and Reduction Scheme for International Aviation. CORSIA is referenced by a wide range of non-aviation industries as an acceptable approach for voluntarily curbing carbon's impact on climate change. It reflects credits from projects certified by the following groups: The Gold Standard, Climate Action Reserve (CAR), Verified Carbon Standard (VCS), Architecture for REDD+ Transactions, and American Carbon Registry. Platts reflects the methodologies for the above standards for the relevant types of carbon credit projects as specified by the International Civil Aviation Organization (ICAO).

Carbon credits are generated by specific projects that avoid, reduce or remove GHG emissions, and are verified and validated by a set of independent standards that have been created by coalitions of NGOs and market participants over the last few decades.

The voluntary carbon markets have evolved and encompass a large range of project types, geographies and standards, ranging from renewables in India, to forestry in Brazil. Voluntary carbon credits have been embraced by investors and corporations as a tool for financing the reduction of emissions, best currently implemented at the industry level by the International Civil Aviation Organization's CORSIA program, which has created the mechanism to allow airlines to credibly offset their GHG emissions.

Under the ICAO, airlines have committed to reducing their Carbon footprint through an initial voluntary period (2021-2023) and a subsequent mandatory reduction period (2024 onwards), per the registry and methodology limits set out here: https://www.icao.int/environmental-protection/CORSIA/Pages/default.aspx

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