

Industrial Decarbonisation Accelerator Act

Response to public consultation – July 2025

Key Principles and Criteria for Steel labelling

The past few years have seen many labelling schemes for identifying and ranking “greener” steel production. Despite the different labels proposed, the schemes largely fall into three categories: sliding scale-based (e.g. LESS, Responsible Steel), product-based (e.g. GSCC) and the weighted pathway approach (e.g. Climate Bond initiative). Most of these schemes focus on plant-level emissions, without considering wider impacts, and are hence insufficient in defining green steel. See notably [JRC Report ‘Defining low-carbon emissions steel: A comparative analysis of international initiatives and standards’](#).

These labelling schemes are a source of debate with the proponents of each scheme claiming that the schemes either favour the ore-based or the scrap-based route of production.

Without delving into the details of relative advantages of each labelling scheme, we recommend 4 principles and key criteria that should be included in any steel-related labelling scheme used to determine the incentives and support from EU and potentially national public funds to future-proof European steelmaking reflecting state of the art. Thus, we take the view that any steel label based on green claims must set principles and criteria that go beyond considerations of carbon emissions at plant level only, benefitting wider environmental gains.

The [ESPR](#) included steel products due to their high impact and high improvement potential on several environmental indicators, including water availability and quality, carbon footprint and impact on climate change, life-cycle energy consumption, and other pollution indicators such as hazardous chemicals and air quality. A clear and consistent approach is needed, especially given the upcoming digital product passport under the ESPR, which will reflect environmental criteria like climate and circularity. The best two possible performance level classes would be eligible for state aid support schemes such as the Public Procurement (Art. 65(2) [ESPR](#)). Art. 19 of the [CPR](#) provides a harmonised approach for technical specifications in respect of use of EU markings; alternative private labels shall not impair the visibility, legibility, and meaning of CE marking. Based on our principles and criteria **we propose that the C-class cut-off point should align with the IEA Near Zero definition.**

Social aspects and conditionalities are equally supported; even though they are not explicitly foreseen under the ESPR, they are still relevant to promote a level playing field among industries at global level based on social fairness.

Principle 1: Promote fossil-free production routes. The fossil-based production routes, including CCU/CCS, fossil-based reducing agents, and the use of carbon-intensive electricity, should be excluded from the best two classes of the scale.

Principle 2: Dynamic to establish a gradual phase-out of the worst-performing classes in terms of GHG emissions. A dynamic system should promote the replacement of fossil-based to non-fossil based ironmaking. For electricity-intensive routes, it should also consider improvements such as the amount of **fossil electricity induced by production**¹, carburising elements, alloys, lime, and the substitution of fossil-based graphite.

Principle 3: Cut-off points to be derived on the basis of forward-looking emission intensities/factors (not EU ETS benchmarks) taking into account the full system boundaries. Cut-off points within the categories should be based on the best performing production routes (technical feasibility levels) and recent developments in iron- and steelmaking technologies. The first class or the first two classes should set a time bound target level outcome (climate neutrality) and allow for rescaling, as the EU Energy Labelling framework. The EU ETS benchmarks are currently derived according to production routes rather than products, and are backward-looking and therefore currently not reflecting state of the art for all production steps within the steel value chain. The emissions coverage should include the full upstream emissions such as coal mining, but also upstream and midstream methane leakage and methane as a greenhouse gas.

Principle 4: Reward energy-saving and feedstock-saving pathways. It should reward techniques able to produce a given amount of steel with less energy, less or no intermediate feedstocks (direct vs. indirect electrification), or high use of scrap. This should also account for energy conversion loss for the production of hydrogen, both through electrolyser efficiency and through transportation including imports.

¹ See Sandbag (2025), [Getting Electrification Right: The broader challenge of induced emissions](#)