

## Low Emission Steel for "Green" Lead Markets: New Label System Creates Transparency

Hanover, 22 April 2024 | Today the German Steel Association (Wirtschaftsvereinigung Stahl) and the German Federal Ministry for Economic Affairs and Climate Action (BMWK) laid the foundation for the development of green lead markets for low-emission steel by introducing the so-called Low Emission Steel Standard (LESS). LESS was developed by the German Steel Association and its member companies and is flanked by the BMWK. This label for low-emission steel is based on the results of the broad stakeholder process "Lead markets for climate-friendly basic materials" carried out by the BMWK.

Bernhard Osburg, President of the German Steel Association, emphasizes the importance of clear rules, definitions, and verifiable standards for the success of the transformation of the steel industry: "The steel industry wants to develop a market for climate-friendly steel in order to replace public funding for our transformation as quickly as possible. For this purpose, our efforts in decarbonising our production sites have to be made visible, comparable and measurable. The definition of green steel has long been subject of intense debate worldwide. I am delighted that, by joint forces, we have succeeded in developing a widely agreed solution based on international standards which we are now putting into practice. This will provide steel clients with all the information they need to achieve their CO<sub>2</sub> reduction targets with the help of low-emission steel."

Federal Minister for Economic Affairs and Climate Action Robert Habeck says: "The new LESS label is an important and welcomed initiative by the German steel industry for sustainable standards and better comparability in transformation efforts. Sustainable labels are key in creating transparency and incentives for climate-friendly materials and products on the market. The new standard is the result of a broad BMWK stakeholder process together with industry, science, and politics on definitions for climate-friendly basic materials, including steel – and it is widely supported by the industry."

### LESS as a driver for transformation

LESS is the first standard in one of the world's largest steel-producing countries that is supported by both routes of steel production: the conventional blast furnace route in the transition to low-emission hydrogen-based production processes as well as the already relatively low-emission electric arc furnace route. The companies of both routes are endeavouring to take further steps towards decarbonisation. LESS enables clients to compare the decarbonisation efforts of both routes. The aim of LESS is to accelerate this transformation to climate neutrality using market-based rules. LESS highlights both the status of the transformation and the transformative efforts undertaken on the path to "near-zero" steel across all process routes. Those who lead the way with investments in climate-neutral steel can thus be rewarded.

### **Standardised label and classification**

The centrepiece is a label system, which uses a graduated classification scale to classify steel produced with low emissions. At the same time, companies that are certified in accordance with LESS must disclose their scrap rate and the Product Carbon Footprint (PCF) or Global Warming Potential (GWP) total contained in the finished steel product in accordance with the Environmental Product Declaration (EPD). This provides steel users with all the information they need to document their climate targets using low-emission steel. The LESS rulebook forms the basis for independent certification.

### **BMWK stakeholder process**

The introduction of LESS was preceded by a one-year stakeholder process entitled "Lead markets for climate-friendly basic materials", which was organised by the BMWK and concluded in November 2023. More than 60 representatives from political institutions, manufacturing companies, steel traders, the processing and customer sector as well as members of NGOs, institutes and think tanks were involved. With the launch of LESS, the steel industry in Germany is implementing the results of this stakeholder process for the steel industry.

### **International cooperation**

LESS is intended to encourage international cooperation. On the one hand, the system is based on the internationally recognised proposal of the International Energy Agency (IEA), which was recognised by the G7 countries in May 2022 as a solid starting point. Secondly, LESS will be managed by a Brussels-based AISBL of the same name (similar to an e.V. in Germany) as the system owner from autumn 2024. LESS is open to all steel producers as a voluntary label scheme.

Further information can be at [https://www.stahl-online.de/less\\_en](https://www.stahl-online.de/less_en).

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*The German Steel Association (Wirtschaftsvereinigung Stahl) is the political voice of the steel producing companies in Germany. These companies have set themselves the goal of producing steel in a CO<sub>2</sub>-neutral way by 2045 – thus saving one third of total industrial greenhouse gas emissions in Germany. The association, headquartered in Berlin, promotes a political framework that will make it possible for Germany to become a climate neutral steel location and remain strong in the future. With around 40 million tons per year, Germany has the largest steel production in Europe.*

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