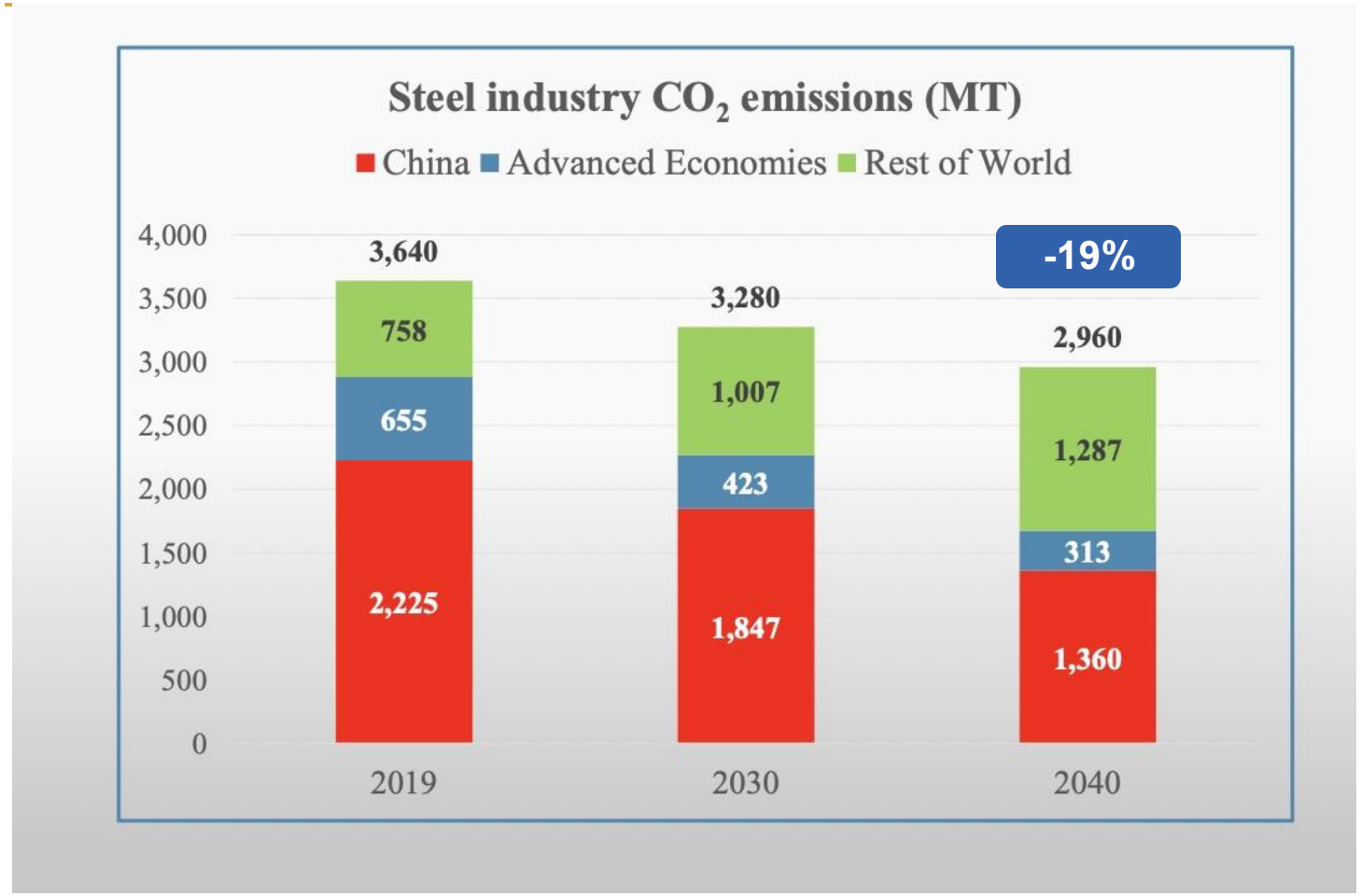
Uncovering green premiums in steel

A data-driven path to sustainable value

Green Steel World Conference, May 2025

Green steel production is ramping up but the pace is too slow



Decarbonising steel is crucial to achieve the goals of the Paris agreement to limit global warming to 1.5° C

We are **NOT** on track with steel decarbonisation.

Source: World Steel Dynamics 2024

Investments into decarbonising steel production require economic incentives

“Transparent pricing of sustainable materials is critical to incentivising investment into transition technologies in the metals & mining industry, and we look forward to the outcome of this market engagement process.”

Nick Stansbury, Head of Climate Solutions at L&G Asset Management

Strong market demand for sustainably produced steel in Europe

BMW

Build a zero-carbon vehicle

by 2040

Carbon-neutral supply chains

Volvo

Produce a climate-neutral car

by 2030

Use fossil-free steel from SSAB

Mercedes

Ambition 2039

Make a net-zero car

Working with Stegra

Companies are ready to pay but lack clarity on what to pay for.

What is a Green Premium?

A green premium is the extra price paid for sustainably produced steel.

This includes:
1. Globally accepted sustainability criteria
2. Certified, auditable CO2 footprint data

No agreement on how to define green steel

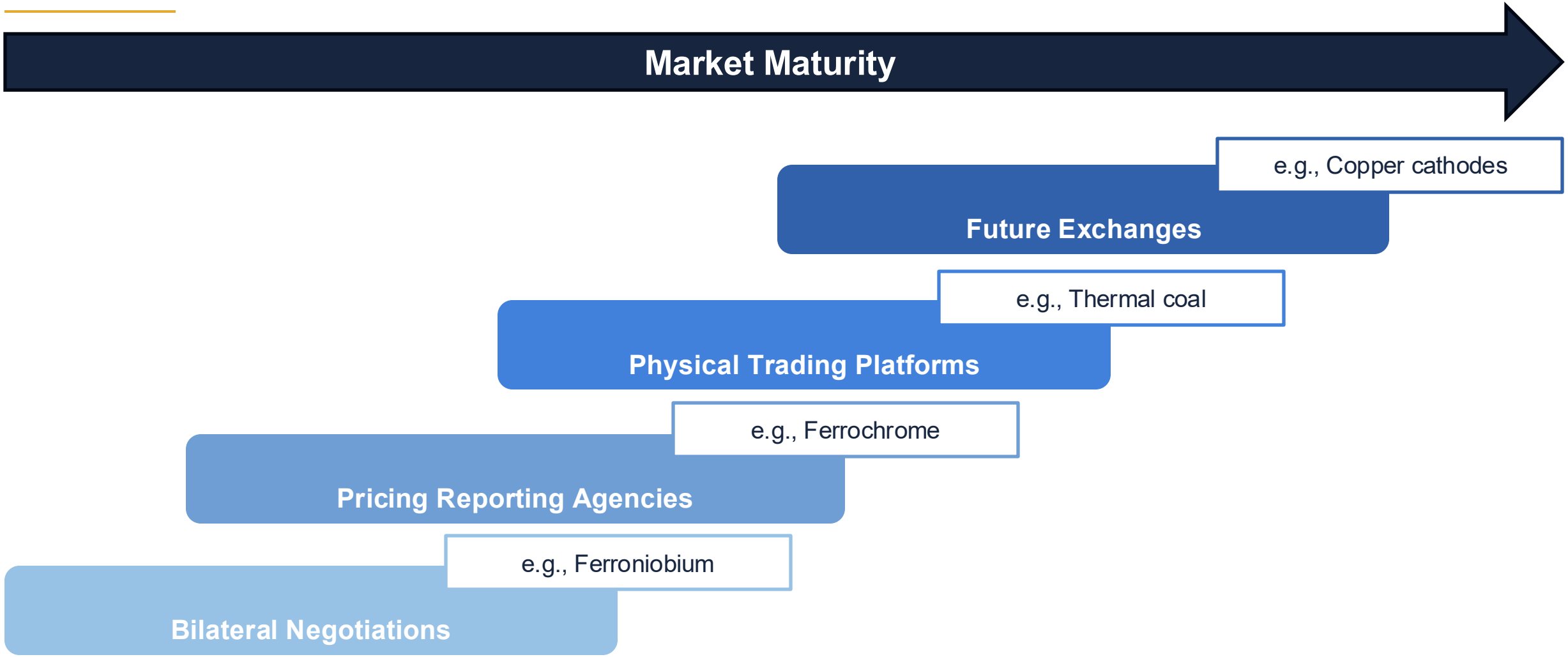
ResponsibleSteel

Site-level certification
Broad ESG performance
Sliding scale adjusted by scrap input
Audited against ESG standards

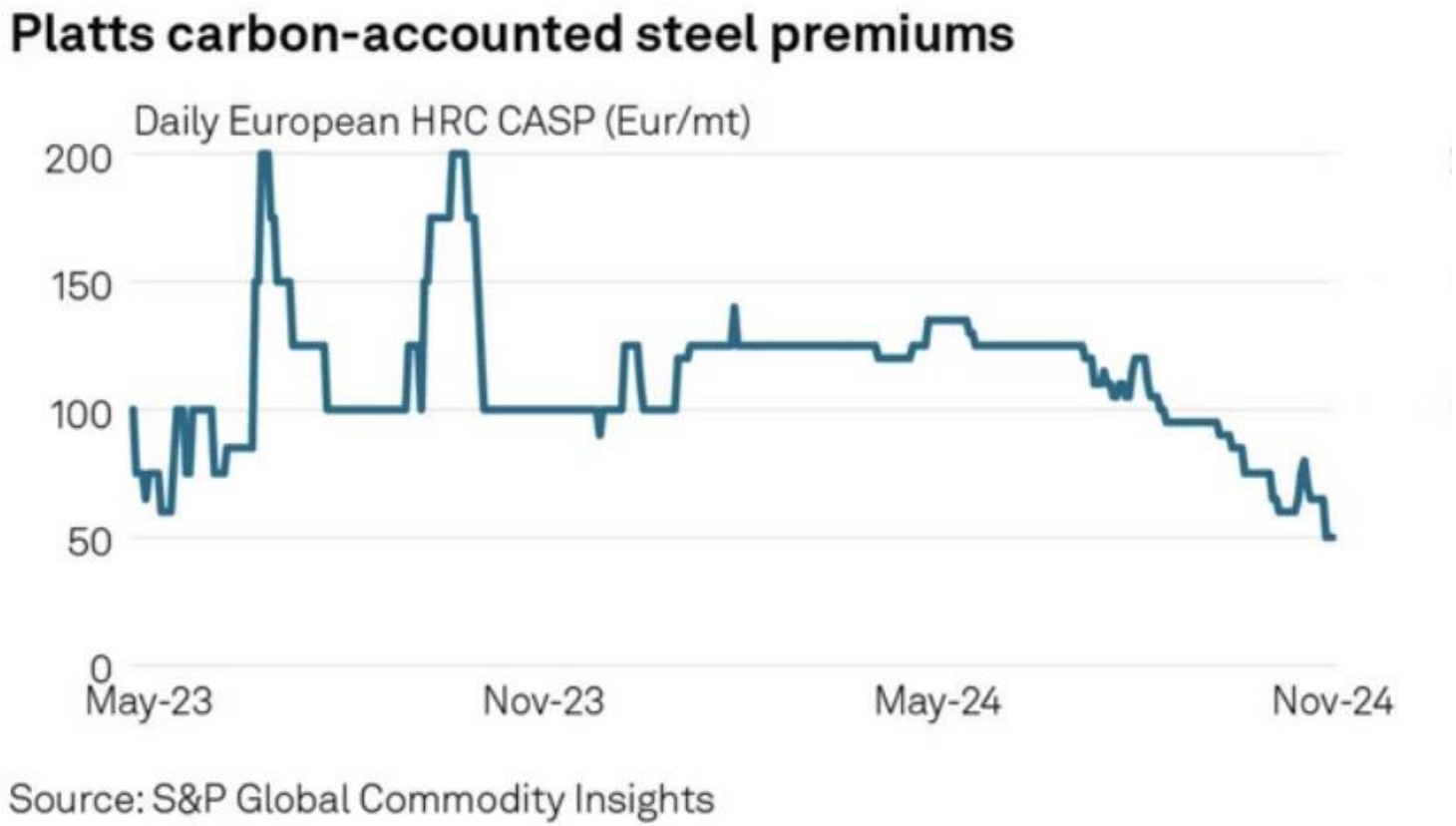
Global Steel Climate Council (GSCC)

Product-level certification
Carbon intensity, alignment with 1.5°C climate targets
Fixed thresholds with science-based emissions targets
Requires third-party verified emissions reporting

Market mechanisms to enable green premium discovery



Fastmarkets and S&P Global have started reporting on green premiums



HRC Carbon-Accounted Steel Premium

< 1,000 kg CO2e/t steel

PCF-certified by an independent auditor

Scope 1 through 3

Excl. carbon credits

Mass balancing is considered

Source: S&P Global Commodity Insights

This is evidence of willingness to pay for **green steel**.

What's happening in other metals?

In 2024, LME and Metalshub launched a green premium initiative for **nickel**.

In 2025, this initiative was extended to **copper**, **aluminium**, and **zinc**.

Industrial metals + Add to myFT

London Metal Exchange plans to introduce green metals premium

Move follows pressure from mining firms to distinguish their supplies from 'dirty' minerals with large environmental impact

4 key takeaways for the steel industry

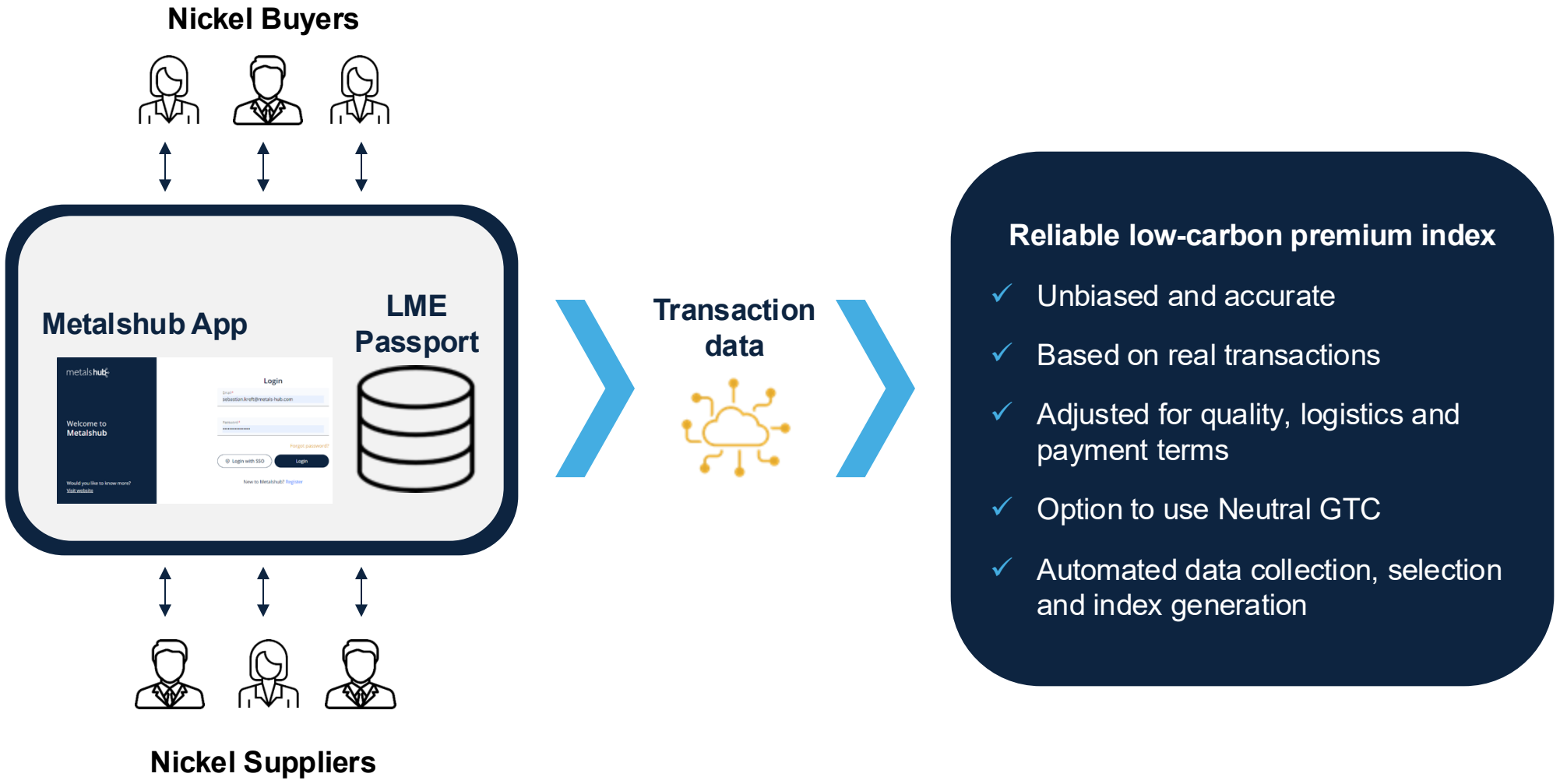
1) A **liquid spot market** is key.
2) Companies are willing to keep a part of their book uncontracted for spot sales or spot purchases.
3) Buy-in from key stakeholders (steel producers and consumers) is required.
4) Technology can mitigate the risk of greenwashing.

Enabling the pricing of low-carbon, sustainable products to incentivise investment

LME approach: Cradle-to-gate CO2 emissions and a third-party sustainability accreditation

Metal	Proposed Criteria
Sustainable Nickel	• Carbon content: 20 metric tonnes CO_2-equivalent/mt nickel or below (per the Nickel Institute methodology) – as currently offered on the LME/MH existing low-carbon nickel market • **Future third-party sustainability accreditation: Nickel Mark**
Sustainable Copper	• Carbon content: 5 metric tonnes CO_2-equivalent/mt copper or below (per International Copper Association's methodology – Carbon Footprint of Copper Production: Best Practice Guidance for Greenhouse Gas Measurements) • **Third-party sustainability accreditation: Copper Mark**
Sustainable Aluminium	• Carbon content: 13 tonnes CO_2-equivalent/mt aluminium or below (per International Aluminium Institute methodology) • **Third-party sustainability accreditation: Aluminium Stewardship Initiative ("ASI")**
Sustainable Zinc	• Carbon content: At or below the average current carbon environmental footprint for special high-grade ("SHG") zinc (3.5 tonnes CO_2-equivalent/tonne zinc), estimated and regularly updated by the International Zinc Association ("IZA") using the Zinc Carbon Footprint Guidance • **Third-party sustainability accreditation: Zinc Mark**

Digital infrastructure will be key to enable trust, traceability and scalability.



Reliable low-carbon premium index

- ✓ Unbiased and accurate
- ✓ Based on real transactions
- ✓ Adjusted for quality, logistics and payment terms
- ✓ Option to use Neutral GTC
- ✓ Automated data collection, selection and index generation

Could this work in steel?

Benefits of a transparent and trusted market for sustainably produced steel

- ✓ Aligns **economic incentives** and encourages investment
- ✓ Creates a virtuous cycle of **green steel adoption**
- ✓ Key stakeholders, such as green steel producers and buyers, need to support the idea of creating a more transparent market for "**green premiums**."
- ✓ The impact on **the speed of decarbonisation** and investment could be huge.

Conclusion

Industry collaboration is required to define CO2 thresholds and sustainability standards.

Digital platforms like Metalshub support price discovery for trustworthy sustainability premiums, which enables investment.

Together, we can turn Green Steel from ambition into action.

Our mission is to **bring positive change to the metals & mining industry.**

“We've experienced firsthand how inefficient raw material procurement in the steel industry can be. We founded Metalshub to help steel mills boost efficiency, enhance transparency & compliance, and drive decarbonisation throughout the value chain.”

Dr. Frank Jackel and Dr. Sebastian Kreft
Metalshub Co-Founders

metalshub

We would be happy to support you on your sustainability journey!

Metalshub at a Glance

>€5bn	Transaction Volume on Metalshub
>250	Actively Traded Raw Material Categories
<8	Weeks Required to Implement & Go-Live
>10x	Avg. Return on Invest after Implementation
LME An HKEX Company	Official Partner of the LME

Trusted by >2,400 Key Industry Participants