INDUSTRIAL DEEP DECARBONISATION
AN INITIATIVE OF THE CLEAN ENERGY MINISTERIAL

UNIDO
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INDUSTRIAL DEVELOPMENT ORGANIZATION

Industrial Deep Decarbinisation Initiative (IDDI) - Green Public Procurement Pledge: Annual Progress Report 2025

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About IDDI

The Clean Energy Ministerial Industrial Deep Decarbonisation Initiative (IDDI), hosted by UNIDO, is a global coalition of governments and private sector organizations working to create an enabling environment for deep decarbonization of heavy industry, starting with steel, cement and concrete.

The IDDI aims to achieve this by

- Stimulating demand for low and near-zero emission materials through green public procurement commitments, and
- Harmonizing emissions accounting methodologies for low and near-zero emission materials

Read more about the IDDI here. Contact: iddi@unido.org.

Acknowledgements and disclaimer

IDDI government members are the Federal Government of Brazil, Government of Canada, Federal Government of Germany, Government of India, Government of Japan, Kingdom of Saudi Arabia, Federal Government of the United Arab Emirates, Government of the United Kingdom, and the United States Government.

This progress report was developed by the IDDI Secretariat and includes submissions from reporting governments that reflect their progress towards GPP Pledge commitments. The contents of this document are not to be construed as endorsements by or reflective of the official positions of any member governments not part of the report.

About the GPP Pledge and Annual Report

The Green Public Procurement (GPP) Pledge is a key element of IDDI. Through it, countries commit to using public procurement as a tool to accelerate the decarbonisation of heavy industry. Governments purchase large amounts of steel, cement, and concrete, especially for construction. This demand has the power to shift markets and stimulate investment in cleaner technologies.

The GPP Pledge has five levels that allow for various ways to set commitments for the procurement of low-emission steel, cement, and concrete. Governments can choose the levels that best represent their national circumstances and strategic objectives.

1. **Statement of Intent (not timebound)** – A commitment to assess readiness and explore how to set GPP goals for low carbon cement, concrete, and steel for infrastructure projects.

- **Level 1: Disclosure (as soon as possible)** – A product-level requirement requesting suppliers submit Environmental Product Declarations (EPD) for products sold to governments. This initiates critical early buyer-supplier engagement and informs future policy such as setting thresholds for low carbon products.
- **Level 2: Whole Project Life Cycle Assessment (by 2030)** – This project-level commitment incentivizes design decisions for efficient use of materials and circularity. Governments with existing project-level approaches such as following green building certifications or similar criteria may already meet this Level.
- **Level 3: Buying Low-Emission Materials (by 2030)** – A commitment to buy low emission materials, signalling demand to the cement, concrete, and steel sectors to trigger investment in the decarbonization of high emitting production processes. This product-level commitment can be met in an Ecolabel program and/or by following green building certifications or similar criteria.
- **Level 4: First Movers of Near-Zero Emission Materials (by 2030)** – A commitment to be a first customer for near-zero emission materials, supporting investment in breakthrough technologies such as green hydrogen and carbon capture and storage. This product-level approach can be integrated into innovation funding programs such as first-customer or test-bed programs.

Each year, countries that have joined the pledge report on their progress. The annual progress report is designed to be straightforward and to build on existing national reporting, and submissions from reporting governments. It captures new developments, updates to commitments, and lessons learned, building on the first annual progress report, detailed in the

2024 Green Public Procurement Pledge Announcement.[1] The aim is to maintain transparency, support peer learning, and sustain momentum.

The Green Public Procurement Pledge

Governments pledging choose their starting point and level of ambition

Statement of Intent	Level One	Level Two	Level Three	Level Four
Start now to work towards key aspects of the pledge without timebound commitments.	Starting as soon as possible upon pledging, require disclosure of the embodied carbon in cement/concrete and steel procured for public construction projects.	Starting no later than 2030, conduct whole project life cycle assessments for public construction projects, and, by 2050, achieve net zero emissions in all public construction projects.	Starting no later than 2030, require procurement of low emission cement/concrete and steel in public construction projects, applying the highest ambition possible under national circumstances.	Starting in 2030, require procurement of a share of cement and/or crude steel from near zero emission material production for signature projects.

Leading countries that have joined IDDI's GPP Pledge

Progress Report from Pledged Countries (Levels 1–4)

Countries with Level 1–4 pledges under the IDDI Green Public Procurement (GPP) Pledge are taking concrete steps to use public procurement as a catalyst for industrial decarbonisation. They recognise that steel, cement, and concrete are critical sectors to decarbonize and that shifting demand toward low- and near-zero-emission alternatives is key to transforming these sectors.

Pledged governments also emphasise the importance of transparent and harmonised emissions accounting standards and clear definitions for low- and near-zero-emission materials. And that collaboration across government levels and with industry and civil society is essential to accelerate progress.

In line with their commitments, Level 1–4 countries are adopting time-bound targets for procuring low-emission steel, cement, and concrete. These countries are supporting innovation and deployment of breakthrough technologies by stimulating market demand and commercialization. They are advancing the use of robust Type III Environmental Product Declarations (EPDs) and independently verified life-cycle assessments (LCAs) and contributing to the harmonisation of EPD Product Category Rules (PCRs). They are also introducing emissions-reduction thresholds and embedding net-zero objectives into public construction projects. Transparent reporting on progress remains a shared commitment, helping to track advances and guide future action.

1 https://decarbonization.unido.org/wp-content/uploads/IDDI-GPP-Pledge-Announcement_v2_0.pdf

The Government of the United Kingdom

Towards Levels 1,2, and 3

Disclosure of embodied emissions in constructionOn 23 June 2025, the UK Government published a consultation on a framework of policies to grow the market for low carbon industrial products. The consultation has now closed, and a government response will be published in due course.This consultation sought views on the development of the Embodied Emissions Reporting Framework (EERF). The EERF will aim to help producers with measuring, reporting, and verifying the embodied emissions of industrial products, thereby establishing a foundation to help remove information failures and support buyers to make informed lower carbon purchasing decisions. The consultation sought views on the key methodological and technical issues that need to be overcome to simplify and harmonise reporting, facilitate comparability, and improve accuracy. The publication of voluntary guidance on measuring the embodied emissions of steel, cement, and concrete products was proposed as the first element of the EERF. This proposed guidance would at least initially focus on the Life Cycle Assessment (LCA) method and an Environmental Product Declaration (EPD) or Product Carbon Footprint (PCF) format to measure and report emissions. The consultation also sought views on proposals to embed this guidance into public procurement, both in voluntary and mandatory capacities. The UK Government also consulted on proposed functionalities for an IT system to display and compare this information. The proposed IT system could comprise of a database, tools and a portal to access guidance and datasets. An IT system could support the reporting of product level embodied emissions data, particularly data that complies with the EERF methodology outlined within the technical consultation, and use of that data in decision making by procurers.

There is broader work happening across the UK Government. Approaches to the use of EPDs and Whole Life Carbon Assessments are being considered in the context of construction products reform and safety requirements and was part of the ‘Construction Products Reform Green Paper’ published in February 2025.

GPP policy and implementation

In the consultation, the UK Government also explored the use of product classification models as a basis for green procurement, including using these models to set contract specifications or organisation-wide purchasing commitments. This involved consulting on a range of existing models from the steel and concrete sectors, seeking views on which would be most appropriate in this context.

The consultation also explored proposals to develop best practice green procurement guidance for public and private organisations. These policies would help buyers to identify and compare

lower carbon industrial products and give producers confidence that there will be demand for their lower carbon products. The proposal for guidance was split into three stages, which could be delivered in turn, building on each other with increasing ambition. Subject to additional work, the third stage of voluntary guidance could provide a foundation for meeting the IDDI GPP Pledge Level 3 (requiring procurement of low emission cement/concrete, and steel in public construction projects from 2030), in part by helping define what constitutes 'highest ambition'.

The UK Government is also currently undertaking a review of the environmental standards applied to public procurement, known as the Government Buying Standards. At present, the standards require that all new build projects must achieve a minimum rating of BREEAM Excellent (or a comparable rating in an alternative standard) which assesses and certifies the sustainability of buildings and infrastructure projects. As part of the review, proposals are being developed to update the standards which could include additional good practice requirements on low carbon design, low carbon materials, and whole life carbon assessments.

Funded projects that support GPP of low emissions materials

The UK Government has several related initiatives that support GPP of low emission materials. One example is the Advance Market Commitment (AMC) programme, which encourages developers to make public commitments to purchase specific quantities and types of new low carbon concrete in the future, provided the material is available, meets technical specifications and is at, or below, a price ceiling. Critically, these quantities could collectively add up to a significant demand signal and give suppliers and funders the confidence needed to invest in the development and scale up of new innovations. The programme has been running since 2023, supported by funding from Innovate UK and the Department for Energy Security and Net Zero (DESNZ), and the first commitments are intended to be announced in 2025.

Another example is a project led by High-Speed Rail 2 (HS2), which has excavated large amounts of 'London Clay' which would normally be a waste product from the construction process. HS2 Ltd, working with industry and innovation partners, has successfully developed a process to repurpose this material into Calcined London Clay (CLC) to be used as an alternative to Portland cement in concrete mixes. Using CLC as a cement alternative in concrete has significant decarbonisation potential due to its lower carbon footprint compared to Portland cement. In addition, to help reduce the overall embodied emissions of the concrete used, high proportions of secondary materials, namely ground granulated blast furnace slag (GGBS), have been embedded into the design and specification of all concrete mixes.

Progress toward industrial decarbonisation policy implementation

The UK Government is committed to supporting UK industry to decarbonise, protecting thousands of jobs in regions across the UK and enabling the country to take advantage

of new opportunities that can promote growth and wealth creation. A renewed Industrial Decarbonisation Strategy will set the strategic direction for our approach to working with industry towards a competitive and low carbon industrial base in the UK, ensuring growth opportunities are captured in tandem with emissions reductions.

In June 2025, the publication of the Clean Energy Industries Sector Plan in the Industrial Strategy clearly signalled that the UK Government is committed to providing public investment and regulatory support to de-risk and scale up clean energy supply chains to meet accelerating demand for clean energy and its technology. It prioritises support for clean energy industries where the UK has the greatest growth potential. The Sector Plan provides the targeted interventions that will increase competitiveness of UK supply chains, by driving investment certainty; catalysing public investment; breaking down barriers to investment; and ensuring the UK has the clean energy workforce it will need. Example policies include the introduction of the Great British Energy supply chain fund, and commitments to explore the expansion of the Clean Industries Bonus; and pull-through demand for R&D and clean energy technology with policies such as a transformative £86 million R&D fund for our sectors and £4 billion British Business Bank scale-up fund.

The UK government is also expanding the UK Emissions Trading Scheme (UK ETS) to put a cap on the emissions from more sectors and bring carbon pricings investment signal to more of the economy. In July we set out details on scope expansion to the maritime sector and waste incineration to allow new participants to prepare. The UK ETS Authority has confirmed that greenhouse gas removals will be brought into the scheme from 2029. This is an important step towards building a thriving market for carbon removals in the UK.

The Federal Government of Germany

Towards Levels 1,2, and 3

Disclosure of embodied emissions in construction

Since the introduction of the Assessment System for Sustainable Building (Bewertungssystem Nachhaltiges Bauen, BNB) in 2013 a whole project life cycle assessment (WLCA) for federal buildings is mandatory. This includes the disclosure of emissions from the materials used, such as cement, steel, and concrete.

Additionally, starting 2025 the Cement Carbon Class (CCC) system and the Low Emission Steel Standard (LESS) for climate-friendly cement and steel respectively are available in the market to inform and support embodied carbon decisions in public and private procurement.

GPP policy and implementation

When planning, selecting, and implementing investments and purchasing, the Federal Government of Germany assesses how these investments can contribute to achieving the national climate action goals, particularly the goal of climate neutrality by 2045 (Federal Climate Change Act §13). These measures are set out in different German programs and laws, in particular in the program of measures promoting sustainable administrative action (2021) with a special focus on sustainability in the construction, renovation and operation of federal buildings. The “Roadmap for a climate and greenhouse gas neutral federal administration” offers a broad overview of the different measures that have been adopted.

The German government intends to further develop the silver standard of the BNB to support the goal of a climate-neutral federal administration, aiming to be complete in 2026. This update is intended to Include thresholds for total life cycle carbon (WLC) emissions which may contribute to an increased demand for low-emission cement/concrete and steel.

The Federal Government supports the creation of lead markets for climate-friendly basic materials in order to strengthen the ramp-up of innovative and low-emission production processes and technologies in heavy industry. To this end, with the Draft Procurement Acceleration Act issued in 2025, the Federal Government has laid the foundation to regulate the requirements for climate friendliness in the procurement of steel and cement. A separate implementing decree that provides further specification is intended to be introduced after the Act comes into force, aiming for 2026.

In addition, the Federal Government is promoting the use of labels for climate-friendly steel and cement, the LESS and CCC, to enable both public and private sector lead market initiatives in a transparent and unbureaucratic manner.

Funded projects that support GPP of low emissions materials

The public Carbon Contracts for Difference (CCfD) funding program supports investments by energy-intensive industries in sustainable, low-carbon production processes in areas such as chemicals, pulp and paper, primary steel, other metals, cement and lime, ceramics, glass and gypsum. A first pilot auction was launched in 2024 without participation of steel or cement producers. A second auction will take place in 2026. It will be open to steel and cement producers and in particular allow the funding of Carbon Capture and Storage (CCS) projects.

The Federal Fund for Industry and Climate Action supports climate-friendly investment plus research, development and innovation projects in manufacturing, including the steel and cement sectors. The Fund consists of two Modules: 1) Decarbonisation of industry, including applied research and development and 2) Application and implementation of Carbon Capture and Utilization (CCU) and CCS, including applied research and development. The results of the first call are currently under evaluation.

Progress toward industrial decarbonisation policy implementation

Germany has put in place an efficient instrument mix for the decarbonization of heavy industry and in particular steel, cement, and concrete. The continuously rising price of carbon dioxide emissions, as well as a set of funding programs supporting investments in low emission production, address both investment and operating costs, making low carbon construction materials more competitive over time. Additional steps are also undertaken to create lead markets and scale up the demand for low carbon steel, cement, and concrete, and provide the necessary information and market conditions for decarbonized construction materials to thrive. Therefore, in the long-term low carbon construction materials will be available as an economical option to the public sector.

The Government of Canada

Towards Levels 1,2, and 3

Disclosure of embodied emissions in construction

In 2017 the Government of Canada launched the Greening Government Strategy with the objective of transitioning to net-zero carbon and climate-resilient operations. To support key commitments of the Greening Government Strategy, the Standard on Embodied Carbon in Construction2 (SECC)[2] was issued in 2022 under the Policy on Green Procurement. The SECC requires the disclosure of the embodied carbon footprint of structural materials, starting with ready-mix concrete (starting 2022) and construction steel (starting September 2025), which must be measured in global warming potential (GWP) with Environmental Product Declarations (EPDs), or where EPDs are not available, a life cycle assessment (LCA) report that complies with international standards. Starting September 2025, the SECC also requires disclosure of estimated carbon footprint associated with preliminary and final building designs.

GPP policy and implementation

Published in 2024 as part of the Canada Green Buildings Strategy,[1] the federal Buy Clean policy approach committed the government to: reduce the embodied carbon of federal infrastructure procurement; reduce the embodied carbon of federal investments in public infrastructure; and support market transformation through disclosure, guidelines, and demonstration projects.

In 2025, the Standard on Embodied Carbon in Construction (SECC), which applies to federal procurement, was updated to include disclosure and reduction requirements for whole-building design and structural and reinforcement steel. In 2025, the National Research Council Canada published the National Tiered Greenhouse Gas Emissions Limits for Steel Construction Products,[2] which establishes limits on the procurement of commonly used categories of structural and reinforcement steel products, as well as relevant semi-finished precursors, based on the GHG emissions associated with their production.

The Government of Canada is also taking steps to reduce the embodied carbon of federal investments in federally funded public infrastructure programs, with a focus on ready-mixed concrete. The $6 billion Canada Housing Infrastructure Fund, funded through Budget 2024, supports housing-enabling infrastructure (water, wastewater, and solid waste systems) and includes a requirement for major projects to reduce embodied carbon emissions from ready-mixed concrete used in the project by 10 percent from the regional industry average baseline and report reductions. The Canada Public Transit Fund will deliver an average of $3 billion

2 https://www.tbs-sct.canada.ca/pol/doc-eng.aspx?id=32814

annually, starting in 2026–27 to support public transit and active transportation infrastructure. It includes a requirement for major projects to reduce and disclose carbon emissions from ready-mix concrete, similar to the Canada Housing Infrastructure Fund. In addition, recipients under the Metro Region Agreements Stream are asked to consider policies to reduce emissions from materials in design and procurement.

Funded projects that support GPP of low emissions materials

In 2023, as part of the national Platform to Decarbonize the Construction Sector at Scale, the National Research Council of Canada (NRC) launched the seven-year Low Carbon Built Environment Challenge[3] program. Working with industry, academia, governments and other stakeholders, the NRC set up this program to support the development and use of low carbon materials and systems. The program will also support the development of carbon accounting and decision support methodologies that will minimize the life-cycle carbon emissions of buildings and infrastructure. The results of the program will make it possible to design, procure, build, retrofit and operate built structures that contribute to achieving the Government of Canada's goals of 40% lower carbon emissions by 2030 and net-zero emissions by 2050 in the built environment.

In July 2025, the program launched a call for proposals to support the development of low carbon cement and concrete products used in buildings and other infrastructure. The intention is to make up to $2 million available to support this call, with anticipated funding of a maximum of $500,000 in the form of non-repayable grants or contributions per project over 3 years. The deadline for expressions of interest closed on September 4, 2025, invitations for full project proposals will be sent out in October with a submission deadline at end of November, notification of results in mid-January and an earliest expected start for funding of projects is spring 2026.

Progress toward industrial decarbonisation policy implementation

The Government of Canada invests to secure long-term supply of lower and near zero emission materials through programs such as the Net Zero Accelerator[4], the Energy Innovation Program[5], and the Clean Economy investment tax credits (ITCs)[6]. The first four Clean Economy Investment Tax Credits were passed into law in 2024: the Clean Technology ITC, the Carbon Capture, Utilization and Storage (CCUS) ITC, the Clean Technology Manufacturing ITC, and the Clean Hydrogen ITC. In March 2025, Innovation, Science and Industry Canada (ISED), announced they are working with Heidelberg Materials to finalize negotiation on a contribution

3 https://nrc.canada.ca/en/research-development/research-collaboration/programs/low-carbon-built-environment-challenge-program
4 https://ised-isde.canada.ca/site/ised/en/programs-and-initiatives/strategic-response-fund/strategic-innovation-fund/net-zero-accelerator-initiative
5 https://natural-resources.canada.ca/funding-partnerships/energy-innovation-program
6 https://www.canada.ca/en/natural-resources-canada/news/2024/06/government-of-canada-launches-the-first-clean-economy-investment-tax-credits.html

agreement regarding its Edmonton carbon capture, utilization and storage (CCUS) plant[7]. This announcement builds on a 2023 memorandum of understanding to work toward providing up to a total of $275 million for Heidelberg's demonstration plant, the first of its kind in the cement industry in North America. The government has already entered into a $49 million contribution agreement to support the first phase of this project. Once finalized through an agreement for phase 2, this funding of up to $226 million will help support and build North America's first commercial full-scale CCUS system in the cement sector and a combined heat and power system (CHP) at its Edmonton cement facility. The CCUS system will enable the company to produce carbon-neutral cement through the capture and compression of carbon dioxide (CO2) for subsequent transportation and permanent storage, reducing GHG emissions by up to one million tonnes annually, the equivalent of removing more than 300,000 passenger vehicles from the road each year. This project would bring significant benefits to the province of Alberta by maintaining over 1,900 full-time jobs and would provide great economic opportunities to local suppliers in Canada.

7 https://www.canada.ca/en/innovation-science-economic-development/news/2025/03/canada-partners-with-heidelberg-materials-to-drive-cement-industry-decarbonization.html

The Federal Government of the United Arab Emirates

Towards Levels 1 and 2

Disclosure of embodied emissions in construction

Following a grace period, the Ministry of Industry and Advanced Technology (MOIAT) is now enforcing its 2023 regulation for reinforcing steel. Beyond quality and traceability, the regulation mandates that manufacturers provide an Environmental Product Declaration (EPD) aligned with ISO 14025, EN 15804, or ISO 21930. EPD data from reinforcing steel manufacturers and suppliers is currently being gathered. The working team will analyze this data to identify manufacturers with higher emission levels and explore targeted measures to reduce their environmental impact. These actions directly support the UAE's commitment under the IDDI Green Public Procurement Pledge, ensuring that sustainability criteria are embedded across all federal construction projects.

Additionally, MOIAT is working on developing a dedicated regulation for the cement industry. A technical team comprising experts, companies, and relevant government entities has been formed to work on this project.

The Ministry of Energy and Infrastructure (MOEI) developed internal processes and regulations to manage the green procurement process for federal construction projects in terms of sustainability guidelines rules and regulations, including compliance with disclosure requirements. During the design phase, it is essential for the consulting team to include a sustainability engineer to ensure compliance with all requirements. Similarly, in the construction phase, the contractor is required to appoint a sustainability consultant to oversee adherence to the specified criteria. Throughout all stages, the Research and Development (R&D) department is responsible for reviewing and approving all requirements prior to procurement and final endorsement. CO2 tools were developed to help track the CO2 reduction to make sure that all requirements are met.

MOEI works closely with MOIAT to ensure alignment between industrial emission disclosure requirements and the green procurement framework across federal projects.

GPP policy and implementation

At the corporate level, within the MOEI, a robust Sustainability Procurement Policy has been established. This policy ensures that all items procured for MOEI's operations, ranging from technology and office supplies to food and cleaning products, adhere to stringent sustainability criteria. By implementing this policy, MOEI strives to minimize the environmental footprint and promote responsible consumption across the organization.

On the project level, where responsibilities include the construction of federal buildings and roads, further steps have been taken to integrate sustainability into practices. A comprehensive Sustainability Guidelines has been developed that address key areas such as energy efficiency, water conservation, employee well-being, the use of sustainable materials, and mitigating environmental impacts, including those related to climate change.

Within these guidelines procurement strategy plays a crucial role. The procurement of sustainable materials is prioritised, seeking suppliers who uphold environmental and social standards.

Additionally, a strong emphasis is placed on sourcing materials regionally, supporting local economies and reducing transportation emissions.

- Corporate Level (MOEI)

Sustainability Procurement Policy: Environmental clauses include requirements for products to meet certain eco-label certifications, be made from recycled materials, or be energy-efficient. Clauses related to GHG reductions involve sourcing products with lower carbon footprints or promoting the use of renewable energy sources in manufacturing processes.

- Project Level (Federal Buildings and Road Construction)

Sustainability Guidelines: Environmental clauses within these guidelines entail specifications for sustainable construction materials, such as certified wood, low-emission paints, or recycled aggregates. There is a requirement to use regional materials and most projects are achieving 70% regional materials used. To sum up, when all requirements are implemented a reduction of at least 5% of GHG will be achieved.

Additionally, for both levels, specific clauses related to embodied GHG reductions include measures such as minimizing construction waste and promoting recycling and reuse of materials, thereby reducing emissions associated with waste disposal where at least 50 % by weight of the construction waste must be diverted from the landfill.

Overall, through the Sustainability Procurement Policy and project-level Sustainability Guidelines, UAE is dedicated to advancing sustainable practices both within its organization and in the projects undertaken, ultimately contributing to a more environmentally conscious and resilient future.

Funded projects that support GPP of low emissions materials

Several flagship projects in the UAE's industrial sector are supporting the advancement of the objectives of GPP for low-emission construction materials.

In the steel sector, EMSTEEL and Arabian Gulf Steel Industries (AGSI), both supported by the Industrial Transition Accelerator (ITA), have achieved notable milestones. EMSTEEL, in

partnership with Masdar, successfully produced the region's first green hydrogen-based steel in Abu Dhabi through the EMSTEEL–Masdar Green Steel Pilot Project, aiming at achieving up to 95% emissions reduction in the iron-reduction phase when scaled-up. The Pilot Project was certified by Avance Labs and audited by Bureau Veritas based on the ISO/TC 19870:2023 methodology, using green energy certificates for scope 2 emissions reporting, establishing a path towards a scalable and locally produced source of near zero carbon steel in the future.

To demonstrate real-world application, EMSTEEL and ALDAR are collaborating on the Net Zero Mosque Project, unveiled during Make it in the Emirates 2025. The project marks the first use of hydrogen-based rebar in construction and integrates low-carbon materials, passive design, and renewable energy to target LEED Zero Carbon certification, serving as a national model for sustainable infrastructure.

In parallel, Arabian Gulf Steel Industries (ASGI) announced its Net Zero Steel and Carbon Neutrality commitment, positioning the company among the first globally to pursue verified carbon-neutral steel production through clean energy, process efficiency, and carbon management. In 2024, AGSI announced that it has become the first net zero steel manufacturing plant in the Middle East and North Africa (MENA) region and first in the world to achieve carbon neutrality. AGSI's steel was also supplied to Dubai's first Net Zero Mosque Project, marking a practical application of verified low-carbon materials in local construction.

In addition, Aldar, as one of the UAE's largest real estate developers, plays a critical role on the demand side of industrial decarbonization. Aldar has mandated the use of low-carbon concrete and steel across all its developments in the UAE, driving market transformation through large-scale adoption. In 2025, these measures resulted in a 29% reduction in embodied carbon in concrete and steel, avoiding approximately 60,000 tonnes of CO_2 emissions.

Together, these initiatives demonstrate how the UAE is linking industrial innovation, clean-energy partnerships, and international collaboration to embed low- and near-zero-emission materials into its industrial ecosystem and public procurement frameworks.

Progress toward industrial decarbonization policy implementation

Building on the initiatives referenced in last year's report, such as the UAE Industrial Decarbonization Roadmap, the Industrial Transition Accelerator (ITA), and the Cement & Concrete (C&C) Breakthrough, the UAE has established a robust foundation to chart the pathway towards the decarbonization of its industrial sector.

Further advancing the objectives outlined in the Roadmap, the Ministry of Industry and Advanced Technology (MOIAT) and ALDAR signed a MoU to enhance collaboration on industrial sustainability and supply-chain decarbonization. Under this partnership, ALDAR launched the region's first Sustainability Incentive Programme, designed to encourage and reward suppliers

that adopt low-emission materials, renewable energy, and circular manufacturing practices. The programme is aligned with the National In-Country Value (ICV) Program, the Green ICV initiative, and Green Public Procurement (GPP) objectives. It represents a practical model for integrating sustainability criteria into supply chains and construction procurement, thereby driving market demand for low-carbon products and advancing the UAE's broader industrial decarbonization goals.

In addition, the MOIAT, in collaboration with multiple stakeholders, launched the Advanced Industry Hackathon, engaging youth and academia to develop AI-driven industrial decarbonization solutions for the cement industry. The initiative underscores the UAE's commitment to fostering innovation and accelerating technology-driven climate action.

Collectively, these efforts mark the UAE's transition from strategy to implementation, linking policy, incentives, and innovation to drive industrial transformation and scale the adoption of low- and near-zero-emission materials nationwide.

Progress Report from Countries with a Statement of Intent

Countries that have pledged through a Statement of Intent are building the foundations for implementation of green public procurement. In line with Pledge Level 1–4 countries, they recognize that public procurement represents a significant share of global demand for steel and concrete, which together account for roughly 16 percent of global greenhouse gas emissions. Strong demand for low- and near-zero-emission materials, particularly in construction, is essential to overcoming decarbonisation challenges. Transparent and harmonised accounting standards and definitions, supported by collaboration across governments and sectors, are critical to success.

These countries are committed to developing time-bound plans for procuring low- and near-zero-emission materials and requiring disclosure of embodied emissions in procurement processes. They aim to align with the objectives of the IDDI GPP Pledge and report transparently on implementation progress. Efforts to share best practices and collaborate on harmonised standards are central to their approach and will help accelerate the global transition to cleaner industrial materials.

The Government of Japan

Disclosure of embodied emissions in construction

A standardized method for calculating GHG emissions during construction, including the embodied emissions of building materials, is currently being developed. A system to visualize and evaluate the amount of emission reductions is also under consideration.

GPP policy and implementation

The Act on Promoting Green Purchasing was established in 2002. The Act requires that government agencies and public institutions implement green public procurement. Different stakeholders play important roles under the Act. The Ministry of the Environment (MoE) develops the basic policy of the Act including Designated Procurement items and Evaluation Criteria. Each government agency and public institution develops and implements its own procurement policy, assesses the implementation, and discloses the achievement by reporting it to the Minister of Environment. Suppliers provide environmentally friendly products and services as well as information about them, and certification bodies and NPOs/NGOs provide information about certification criteria and environmentally friendly products and services for both consumers and suppliers.

To reduce CO_2 emissions, the Ministry of Land Infrastructure Transport and Tourism is actively promoting the use of low-carbon construction materials in certain public civil engineering projects, including trial applications of low-carbon concrete with a cement blending ratio of 45% or less.

MOE has identified items using iron or steel as a raw material, except for Public-Works Projects and Services, as Designated Procurement Items under Green Public Procurement law, and granting of actual greenhouse gas reduction figures and calculation and disclosure of Carbon Foot Print have been designated as Evaluation Criteria.

Funded projects that support GPP of low emissions materials

At the 2025 World Expo in Japan, a sustainable concrete dome known as the “Sustaina-Dome” was constructed, achieving a 70% reduction in CO_2 emissions. Within the Future City Pavilion, trial installations were also carried out using environmentally friendly concrete for exterior landscaping elements such as benches, pathway blocks, and other outdoor structures. These efforts successfully fixed a total of 3,320 kg of CO_2. Furthermore, the exhibition space showcasing environmentally conscious concrete within the Future City Pavilion attracted over 200,000 visitors as of August this year. This initiative served as an excellent opportunity to raise public awareness about sustainable concrete technologies and their potential contributions to a decarbonized society.

Progress toward industrial decarbonisation policy implementation

Co-organized by the MoE and Ministry of Economy, Trade and Industry, the Government of Japan, recognizing the challenges of achieving immediate decarbonization, is advancing discussions to develop an indicator to evaluate the reduced emissions of products particularly associated with hard to abate sectors.

Furthermore, the “Basic Policy on Promoting Green Procurement” states that certain products that have been assigned these indicators will be promoted as products that meet higher environmental performance standards.

The Government of Austria

GPP policy and implementation

The Austrian Action Plan for Sustainable Public Procurement (the "naBe action plan") was created in 2010 as a binding procurement policy for federal Ministries and purchasing bodies. The action plan offers criteria for public procurement to harmonize criteria with sustainable procurement plans and to secure a pioneering role in EU green public procurement. Additionally, a competence center for sustainable public procurement has been implemented (the "naBe platform"). The platform serves as point of contact for the action plan, supports procurement officials in the implementation of sustainable criteria within procurement practices, and coordinates working groups that regularly update the materials' criteria. The naBe platform published criteria for civil and structural engineering with requirements for selected construction materials. Overall, the Federal Government of Austria has advanced discussions around green public procurement and the development of requirements for public projects.

The Federal Government of Austria has published its annual progress report for the IDDI to showcase its efforts to transparently report on the implementation of its plans and commitments. Moreover, after publishing Austria's Roadmap to Greening Government Operations, the Federal Ministry for Climate Action and the Federal Ministry of Finance announced they will jointly develop a strategy and action plan for a net zero public administration, in line with the government's existing green budgeting method.

Funded projects that support GPP of low emissions materials

Cement Sector/ Project Green Bricks – electric kiln: The brick manufacturer Wienerberger Austria installed world's first industrial electric kiln for firing backing bricks at the Uttendorf production site. The use of electric kilns improves the carbon footprint of backing brick production by almost 90 per cent. This corresponds to a reduction of up to 7,340 tonnes of carbon dioxide emissions per year. The factory's own photovoltaic system has an output of 1,000 kWp, and 100% of this energy is used for production. Future energy consumption is expected to be less than 200 kWh/tonne of bricks. Further information: https://www.wienerberger.at/nachhaltigkeit/greenbricks.html

Iron/Steel Sector: Hy4Smel Demonstration Plant: The technology group Voestalpine AG has reached a milestone on the road to climate-neutral steel production. In September 2025 the ground-breaking ceremony for the Hy4Smelt demonstration plant took place at the Linz site. It is the world's first industrial demonstration plant capable of combining two innovative processes – hydrogen-based direct reduction for ultra-fine iron ores and an electric smelting process. Only green hydrogen will be used. The demonstration plant at the Linz site will be able to produce up to three tonnes of pig iron per hour and is scheduled to go into operation by

the end of 2027. The new technology can reduce primary energy consumption by 20% and CO_2 emissions by up to 100%. The total carbon footprint of crude steel production can be reduced by 80% using this process.[8]

Further projects of Voestalpine: https://www.voestalpine.com/greentecsteel/en/

Progress toward industrial decarbonisation policy implementation

RTI Initiative Transformation of Industry Grant Programme (2023-2030): The RTI Initiative Transformation of Industry focuses on decarbonisation of Austrian producing industry as well as new value chains for net-zero technologies. It funds research & pilot and demonstration projects. For demonstration projects CAPEX funding is possible. Technology pathways cover: Increase process and resource efficiency, electrification of industrial processes (e.g. heat pumps), demand-side management & control systems, alternative raw materials and fuels and bio-based resources, green hydrogen, integration of renewable energies, material efficiency, recycling, industrial symbiosis, life cycle management and carbon capture, utilisation & storage (CCUS). The Initiative is accompanied by an innovation network "New Energy for Industry NEFI", that carries out communication, coordination, monitoring & impact-assessment and dissemination activities. The funding modules are R&D projects (experimental development), pilot and demonstration projects (stand alone), combined R&D and pilot and demonstration project, research infrastructure and qualification measures. The grant call 2025 is endowed with 60 million Euros and has opened on October 8th, 2025.

Transformation of Industry Investments and Operating Grants: For the transformation of industry according to the Environmental Promotion Act, new funding guidelines were developed and notified to the European Commission under the Climate, Energy and Environmental Aid Guidelines (CEEAG). The funding volume that may be granted under this measure amounts to EUR 2 732.3 million in total until 31 December 2030.

Under the measure, aid will be granted in form of direct grants that are:

(a) either investment grants covering investment costs, or;

(b) transformation grants covering both investment and operating costs

A first call under this measure was started in February 2025 with a budget of EUR 300 million.

8 https://www.voestalpine.com/group/de/media/presseaussendungen/2025-07-29-voestalpine-hy4smelt-baustart-fuer-oesterreichs-groesstes-klimaschutz-forschungsprojekt-am-voestalpine-standort-linz/

Conclusion and Next Steps

The 2025 Annual Progress Report shows continued momentum and growing ambition within IDDI's GPP Pledge reporting countries. Countries are adopting stronger policies, aligning standards, and leveraging public procurement to support industrial decarbonisation.

The coming year will focus on expanding participation, deepening collaboration, and advancing harmonised methodologies. Member countries will work together to scale up demand signals, support innovation, and embed green public procurement into national strategies for achieving net-zero.

Through transparency, cooperation, and shared commitment, IDDI members are creating the market for industrial sectors that are decarbonizing their products in line with global climate goals.

INDUSTRIAL DEEP DECARBONISATION
AN INITIATIVE OF THE CLEAN ENERGY MINISTERIAL

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