Aldersgate Group response to the technical consultation: A policy framework to grow the market for low-carbon industrial products

September 2025

Background

The Aldersgate Group is an alliance of major businesses, academic institutions and civil society organisations which drives action for a competitive and environmentally sustainable UK economy.[1] Our corporate members represent all major sectors of the economy and include Associated British Ports, Aviva, BT, the John Lewis Partnership, Michelin, Nestlé, Siemens, SUEZ, Tesco, Material Evolution and Willmott Dixon. Aldersgate Group members believe that ambitious environmental policies make clear economic sense for the UK, and we work closely with members when developing our independent policy positions.

The consultation, including a full list of questions, can be found here.

This consultation seeks feedback on technical policy options that, when developed and implemented together, should form a cohesive framework of low-carbon product market policies. The government has decided to focus on steel, cement, and concrete products in construction as the initial sectors for the low-carbon product market policies. It seeks to address three fundamental issues:

1. How to measure, report and verify the emissions of a product (through an Embodied Emissions Reporting Framework)
2. How to define a low-carbon product (through product classifications)
3. How to encourage the use of this information to inform greener purchasing decisions

The consultation also explores long-term measures to support the low-carbon product market. Key options under consideration include introducing ecolabels to inform buyers, implementing emissions-based regulations or mandatory product standards (MPS), and expanding the policy scope to additional sectors such as chemicals, ceramics, glass, aluminium, and plastic.

Questions

Chapter 1: Cross-cutting considerations

1.1 Please indicate how relevant you think each primary assessment criterion is and explain your reasoning as well as any additional views, including whether there are other criteria not listed that should be included when considering policy options.

[1] Individual recommendations cannot be attributed to any single member and the Aldersgate Group takes full responsibility for the views expressed.

For each option - [Very relevant; Quite relevant; Moderately relevant; Slightly relevant; Not at all relevant]

- Primary criterion 1: Incentivises decarbonisation - Very relevant
- Primary criterion 2: Enables product comparison - Very relevant
- Primary criterion 3: Ensures measurement is robust and comprehensive - Very relevant
- Primary criterion 4: Operationally ready - Quite relevant
- Primary criterion 5: Minimises costs - Quite relevant

Aldersgate Group supports the use of demand-side measures to support competitive industrial decarbonisation. The Group's recent report, *Next steps for UK industrial decarbonisation policy in 2025*, identified the absence of significant demand-side measures as a policy gap for industrial decarbonisation.[2] UK industrial decarbonisation policy has targeted industrial producers through supply-side measures, such as the Emissions Trading Scheme (ETS), but lacks corresponding demand-side incentives. Market demand for low-carbon industrial products is nascent but holds significant growth potential. These products are often novel and hence priced at a premium, which limits their competitiveness with high-carbon alternatives. Meeting the UK's industrial decarbonisation goals will require both supply-side and demand-side measures to change how products are manufactured and support a visible and growing market for low-carbon products.

Aldersgate Group supports the use of assessment criteria to balance multiple factors and highlight potential unintended consequences. We consider the first three criteria (Incentivises decarbonisation; Enables product comparison; Ensures measurement is robust and comprehensive) paramount. Meeting these criteria determines whether the policies align with the aim to grow the market for low-carbon industrial products, by maintaining a laser focus on decarbonisation and building trust along the value chain. We were pleased to see resource efficiency and circularity being considered alongside decarbonisation, as this supports alignment with wider government economic and environmental strategy.

Criteria 4 and 5 are important and must be considered for implementation success. These two criteria should not be given disproportionate weight compared to the others, because this risks undermining the delivery of the policy's intended purpose. As part of policy design, the government must carefully consider the impact on different types of businesses and provide adequate support. This may be particularly the case for SMEs, who often face more limited capacity and budget constraints to participate.

There are a few factors not explicitly considered: (1) alignment with wider government strategy, such as industrial and trade strategy; (2) driving innovation; (3) policy design flexibility to enable iteration over time, including increased ambition or alignment with international measures. Aldersgate Group recommends an ambitious approach is taken to the design of the policy package.

[2] Aldersgate Group, 2025, Next steps for UK industrial decarbonisation policy in 2025

1.1 Which environmental impacts should the government consider at this stage in its policies? Please explain your reasoning.

- Option 1: Global Warming Potential only (expressed in carbon dioxide equivalent)
- Option 2: Global Warming Potential and some environmental impacts and waste categories relevant to the production of steel, cement, and concrete (please specify)
- Option 3: Global Warming Potential and all the other core environmental impacts listed above
- Option 4: Other (please specify)

We support Option 3 as it balances the ambition of capturing wider environmental impacts alongside global warming potential. As highlighted in the Aldersgate Group and Frontier Economics report, a key principle for regulation is a whole of environment approach, avoiding targeting one aspect of climate and nature without considering others (and risking unintended consequences).[3] An approach that is too focused on the carbon intensity of industrial products may lead to unintended environmental consequences and potentially future costly changes. An example to learn from is the shift toward diesel cars in the early 2000s due to their reduced level of carbon dioxide emissions relative to petrol cars. However, this move did not take into account the higher levels of air pollutants in diesel compared to petrol and resulted in negative nature and health outcomes, and subsequent public dissatisfaction (Annex B - Case study[4]).

The policy approach should maintain flexibility to integrate additional environmental impacts as relevant in the future. The approach should also consider existing policy measures to report and minimise environmental impacts and work across government to minimise duplication. For example, collaboration with Defra on the Environmental Improvement Plan should inform prioritisation of environmental impacts to consider as part of this policy package.

1.2 Considering the objectives of this policy framework, to grow the market for low-carbon products, which of the following do you think will be impacted? Please explain your reasoning with reference to specific policies.

For each option - [Strong positive impact; Moderate positive impact; Neutral impact/Depends on the situation; Moderate negative impact; Strong negative impact; I don't know]

- Option 1: Large and multinational enterprises
- Option 2: Small and medium enterprises, and/or micro businesses
- Option 3: UK end consumers
- Option 4: International trade
- Option 5: Other (please specify)

[3] Aldersgate Group and Frontier Economics, 2024. The role of regulation in restoring nature and delivering net zero.

[4] Aldersgate Group and Frontier Economics, 2024. The role of regulation in restoring nature and delivering net zero.

The impact of the policy framework on different types of businesses or areas of economic activity is dependent on the design of the policy framework, and consideration of wider domestic and international factors. However, there are some key factors to consider.

Large and multinational enterprises may have more capacity and incentives to implement both voluntary and mandatory measures. Many large businesses have public net zero commitments, a clear understanding of corporate risks from their carbon and environmental reporting, and face pressure from their value chain in the UK and internationally to support low-carbon products. The policy package could have a positive impact by providing certainty and clear frameworks for businesses to operate within, reducing reporting complexity, increasing product comparability, and providing guidance for whole value chains. Clear information and sufficient notice are necessary to enable businesses to prepare, including expertise, data collection and reporting, which can be a challenge to introduce.

Innovative small and medium enterprises (SME) and micro businesses developing and producing low-carbon industrial products are well positioned to take up growth opportunities presented by the implementation of this framework. In many cases, low-carbon industrial products face competitiveness challenges due to their novelty. Securing scale-up investment can also be challenging due to uncertain demand. As identified in CISL's report, the "supply-demand catch-22" is a key barrier to further scaling low-carbon manufactured goods. Investment to scale production and reduce unit costs requires a degree of demand certainty, while growth in demand requires further cost reduction, alongside reassurance or demonstration of quality characteristics.[5] A policy framework that can drive confidence, with more robust comparability of embedded carbon in products, and encourage low-carbon procurement would positively impact market growth for both innovative low-carbon product businesses. Large and incumbent businesses that are striving to decarbonise existing production sites would also see their business case for transition strengthened by stronger demand signals.

Generally, SMEs may find participation challenging. Increased reporting and data collection requirements can generate significant administrative costs for manufacturers, and they may not have the existing skills or capacity in-house. Specific support will be vital to ensure SMEs can participate and comply where required. The government must consider where the regulatory burden falls; for example, large businesses may be better placed to absorb the administrative costs and support their supply chains to comply.

The government should also consider how to better increase and embed carbon literacy amongst UK end-consumers of low-carbon industrial products, to support market confidence and better inform procurement decision-making.

Intermediary value chain players have a significant role to play, working with industrial product producers and end consumers to enable low-carbon industrial products to be more visible in the market. The building of knowledge, skills and efficient processes is complex and takes time.

[5] CISL, 2023, The role of demand-led innovation in supporting decarbonisation in foundation industries: Challenges, opportunities and policy implications.

Policymakers must consider how the policy package will impact along the value chain and ensure awareness and capacity building are enabled.

The policy framework for low carbon products must function in a globalised market. Interoperability and a level playing field are important considerations for businesses of any size operating across different jurisdictions. For example, the EU is the UK's largest trading partner and is putting in place similar frameworks. Interoperability with EU policy will reduce the burden on businesses and trade friction. The government also should seek to identify export market opportunities that can be supported with this policy framework. For example, it may be valuable to enable UK producers to be on the front foot to meet growing international demand for low-carbon goods, such as the incoming whole-life carbon assessment for new buildings mandated by the EU Energy Performance of Buildings Directive (EPBD).

A final vital consideration is the impact of the policy framework on UK innovation, growth and competitiveness. The UK's industrial strategy has identified key growth sectors and the underpinning role of UK industry and manufacturing. Policy seeking to grow the market for industrial products must align with the UK industrial strategy and futureproof UK industrial growth with greater sustainability, working to identify shared opportunities and avoid unintended consequences. High ambition on low-carbon products can help drive investment into an innovative UK industry that is well connected to potential UK buyers who are also driven by the UK decarbonisation policy.

1.3 Are you taking embodied emissions into account when making purchasing decisions?

At present, both in the construction sector and more widely, cost and quality remain key drivers of purchasing decisions. There are examples of purchasing decisions being driven by embedded carbon. For example, the First Mover Coalition (FMC) is a group of companies working to scale innovative low-carbon technologies by creating market demand. In 2023, FMC member Ørsted agreed to procure lower embodied carbon steel wind turbine towers and blades from Vestas in joint offshore wind projects. Collective procurement or buyers' alliances are another mechanism where businesses collaborate on procuring low-carbon products. However, these examples are not yet the norm.

Similarly, buyers may default to familiar products and existing supplier relationships. It can be challenging and very time consuming for producers of products with lower embodied emissions to compete for buyers' attention, let alone out compete established products with higher embodied carbon. For example, for a building developer to purchase a low-carbon industrial product, the developer, investor, architect, construction team, planners, and others must also be convinced. These decisions are not only driven by costs but also quality and familiarity. For example, low carbon producers of cement have found that even where a product is cost competitive, novelty remains a barrier to adoption.

Chapter 2: The Embodied Emissions Reporting Framework: overview and cross cutting considerations

2.1 Do you agree or disagree that producers and buyers of in-scope products are the main intended end users of the EERF? Are there any additional end users that should be considered? Please explain your reasoning.

Agree.

We were pleased to see acknowledgement that there are likely to be wider users, including carbon accountants, consultants, public bodies and government, and academia. Given the potential wider usefulness of EERF and the information collected, the government must ensure its effective use is maximised, including data sharing. In previous instances, data collected has not been made accessible, which has resulted in duplication and inefficiency.

2.2 What do you consider are the benefits of measuring and reporting embodied emissions?

For industrial products, measuring and reporting embodied carbon opens new markets through greater transparency and comparability, reduces regulatory and financial risks, and accelerates low-carbon innovation, while enabling consumers downstream to assess their embodied carbon and meet their own decarbonisation targets.

Product comparability and trust in the carbon data are vital for enabling demand for low-carbon industrial products to grow. Greater reporting and product classification must be underpinned by a highly credible and trusted quality assurance infrastructure system, including standards, verification processes and conformity assessment used.

Ultimately, cost competitiveness will be key in scaling demand. Guaranteed downstream demand for low-carbon goods could support more rapid cost reductions through learning-by-doing and market competition effects. Modelling by Cambridge Econometrics found that demand-led innovation for cement would bring down prices faster and lead to higher output and employment with minimal trade-offs, despite prices being initially more expensive.[6]

The policy framework laid out in this consultation has the potential to help drive demand for low-carbon products, supporting both the growth of innovative UK businesses and decarbonisation. To substantially disrupt the status quo and grow demand for low-carbon products, mandatory polices and policies that focus on industrial product consumers may be needed. These include mandatory reporting on end products, low-carbon material mandates or quotas, and minimum content regulations on buyers or incentives for near-zero emissions private procurement (tax cuts or credits).

Moreover, to really drive competitive decarbonisation, demand-side policies for low-carbon industrial products must work alongside wider decarbonisation measures such as carbon

[6] CISL, 2023, The role of demand-led innovation in supporting decarbonisation in foundation industries: Challenges, opportunities and policy implications.

pricing, competitive business models for switching to low-carbon fuels, enabling investment, access to key infrastructure and early-stage innovation funding.

2.3 Do you believe that there are barriers to measuring and reporting embodied emissions?

The main barriers include technical challenges such as data gaps and quality issues, high supply chain and methodological complexity, inconsistent standards, cost and resource requirements, supply chain opacity, and lack of regulatory or market pressure. Many businesses, particularly SMEs, may lack the skills, capacity, and access to tools to undertake embodied emissions measuring, reporting, and verification (MRV). Additional economic barriers include the cost of undertaking embodied emissions measuring and reporting, the limited immediate financial return (i.e. lack of clear business case), and risk of competitive disadvantage, where producers fear exposing poor performance or inefficiencies.

Organisational barriers include reluctance from suppliers to disclose the data needed, low awareness or prioritisation along supply chains, fragmentation in reporting expectations, and confidentiality concerns.

2.6 Do you agree or disagree with the government's proposal to initially introduce the EERF on a voluntary basis? Please explain your reasoning.

Agree.

Aldersgate Group supports a mandatory framework but recognises the value of a time-bound voluntary phase to introduce the EERF. This initial period would provide flexibility for producers with the capacity and incentives to participate, while allowing the framework to be tested, refined, and IT systems developed. Early buyers could access the EERF to make informed purchasing decisions, helping to stimulate demand for lower-emission products. A voluntary approach would also give businesses time to build the skills and internal capacity needed for effective data collection and reporting. Crucially, this phase should be underpinned by a clearly defined timeline for moving to a mandatory framework, giving businesses certainty to plan and adapt. This approach balances ambition to expand the market for low-carbon products with pragmatic recognition of the need for preparation. As with the UK ETS, additional industrial products could be incorporated over time, with further transitional phases where appropriate.

A voluntary approach may lead to participation by only a limited group of producers, particularly those already manufacturing low-carbon products or with greater capacity to adapt. These products may not be widely available or suitable for all applications, which would restrict uptake. Low adoption undermines the effectiveness of a framework designed to encourage consistent reporting and product comparability. This challenge is especially acute in heavy industry and manufacturing, where companies face limited external pressure because they are not consumer-facing. Similarly, in markets where purchasing decisions are driven primarily by price and quality, manufacturers and buyers alike have little incentive to prioritise voluntary emissions reporting. The costs of implementation, particularly for SMEs, add a further barrier.

As a result, a voluntary EERF may have limited impact, with emissions reductions taking significantly longer to materialise than under a mandatory approach. Limited adoption also

reduces the framework's ability to influence consumer purchasing behaviour or drive down the emissions intensity of production. Experts across the economy consistently note that voluntary measures alone are unlikely to deliver the scale of improvement required.[7] Indeed, businesses themselves recognise the need for stronger regulatory action: a recent survey found that 85% of business leaders believe changes to government regulation are essential for making serious progress toward a science-based transition.[8]

Ultimately, the EERF is seeking to increase the quality and reporting of embedded carbon, making it easier for low-carbon products to be marketed and grow demand. The impact of a voluntary scheme is very uncertain and would not necessarily solve one of the key barriers the consultation recognises around the huge complexity and variation in the information currently available on the embedded carbon of industrial products.

Aldersgate Group recognises that a mandatory approach carries challenges. The administrative burden and implementation complexity may be a significant burden to industrial producers, particularly SMEs. Alignment and interoperability with other policies, such as the UK CBAM, is also important, and unintended consequences emerging through mandatory implementation should be avoided. In contrast, a voluntary approach would allow a learn by doing approach to EERF and supporting IT system, allowing for improvement and refinement. Complex mandatory polices that develop over time are possible and have been shown to be impactful. For example, the EU and UK emissions trading schemes. Indeed, between 2005-2014, when the UK was a participant, the EU ETS contributed significantly to the direct industrial and fuel supply emissions abatement by encouraging emissions reduction.[9]

2.7 Do you agree or disagree that a potential transition to a mandatory approach to reporting embodied emissions of products in the longer-term could be beneficial? Please explain your reasoning and whether you see any risks or opportunities.

Yes, we agree as outlined in our answer to question 2.6.

2.8 Should there be a common methodology and standard for EERF guidance and should this represent best practice or minimum requirement? Please explain your reasoning.

The policy design should be outcomes focused. The government should aim for a common methodology and standard, but we recognise there may be sector or product specificities where a different approach may be better suited.

There is a growing number of varied standards being applied across multiple industries. This lack of consistency creates confusion around what constitutes low carbon for both consumers and manufacturers and poses a barrier to decarbonisation.

[7] Frontier Economics, commissioned by the Aldersgate Group (2022), How Mandatory Product Standards Can Grow the Market for Low-carbon Industrial Products.
[8] Climate Majority Project, 2025. Beyond the climate policy gap.
[9] Dechezleprêtre, A, Nachtigall, D and Venmans, F, 2023, The joint impact of the European Union emissions trading system on carbon emissions and economic performance.

A common methodology and standard for EERF guidance should be adopted to reduce the burden and cost on suppliers as well as the potential for confusion for customers. Consistent methodologies may support market growth for low-carbon products even where they are voluntary. For example, experts in the construction sector report that voluntary steps were already being taken to reduce the emissions intensity of new buildings due to pressure from customers and that the availability of an agreed methodology for assessing low-carbon products would support them in continuing to do so. Experts in food and drink decarbonisation also report that, with a consistent methodology and improved data availability, businesses are likely to continue investing in decarbonisation in the near future.

Aldersgate Group is supportive of an ambitious approach that balances practicality with levelling the playing field for suppliers of low-carbon industrial products. The intended outcome of the EERF is to remove information failures and support buyers to make informed purchasing decisions. In practice, we think this outcome is more achievable through a more prescriptive approach based on good practice. While we recognised the advantages of a more flexible approach, we believe that this would lead to the continuation of the information failures that the policy is trying to tackle. If the government decides to proceed with its intended initial voluntary approach, we support a reporting framework that strives for consistency and good practice (the perfect should not be the enemy of the good). The policy approach must balance effectiveness, simplicity, stakeholder acceptability and economic efficiency. We believe a permissive, minimum requirement approach would be complex and less effective as allowing a range of requirements and multiple approaches would reduce buyer confidence with continued complexity. The government should strive for the highest ambition approach where possible. However, we recognise that a prescriptive approach may be more straightforward in some sectors than others. For example, for sectors with highly complex processes or where the number of different types of products is particularly numerous, it may take longer to develop or choose a prescriptive approach.

An initial voluntary phase, with a clear roadmap to a mandatory EERF would give businesses the opportunity to adapt any existing embedded emissions reporting or take up the EERF, developing the necessary data collection and reporting skills and processes. Providing high-quality guidance, an accessible IT system, and advisory support, particularly for SMEs, will be vital to ensure broad and successful uptake of the initiative.

2.9 Do you agree or disagree that the initial EERF guidance should focus on life cycle assessment (LCA) based approaches to reporting? Please explain your reasoning.

Yes, strongly agree.

The Aldersgate Group agrees with the government's minded position to pursue a life-cycle assessment (LCA) based approach to emissions reporting. In our report setting out *how product standards can grow the market for low-carbon industrial products,* stakeholders reported that, where possible, the whole life-cycle of emissions should be included in the measure of

emissions intensity.[10] Taking a life-cycle approach can avoid distortions and unintended substitution between products. Use-related emissions are also significant for some products, representing the majority of emissions for carbon-intensive products like buildings.[11] A life-cycle approach would allow consumers to distinguish between these products and select the one with the lower-emissions impact, while an embodied carbon standard would not. Stakeholders also indicated that it is particularly important to consider the potential for reuse, remanufacture and repurposing of some products, as this can have a significant implication for the relative carbon intensity of products such as automotive parts over their lifetime.

There are some challenges related to an LCA approach. Full life-cycle declarations are relatively complex, which can create difficulty for implementing life cycle-based standards for some products. The information requirements to comply with LCAs can be significant, particularly for smaller manufacturers with fewer financial resources and lack of relevant expertise.

Due to the depth of analysis required, LCAs may not be scalable to markets with high numbers of differentiated products. Improving the availability and transparency of information over time could help to overcome this. However, in industries with a large number of products, undertaking full LCAs and EPDs for every product or batch may not be practical or scalable. In these cases, a different measure of environmental sustainability may be needed to implement these standards in the necessary timeline.

2.10 Is there anything else that the government should consider regarding maximising use of existing data?

We were pleased to see that the government is considering the EERF in the context of existing reporting requirements and the wider government aim to simplify reporting requirements. Where possible, the government should strive for simplicity, interoperability, and avoid the duplication of data collection and reporting requirements using different methodologies. Moreover, the government should seek to think broadly about the use of data and the added value gained from its collection, for example, for informing wider government policy-making.

Chapter 3: Guidance in the Embodied Emissions Reporting Framework (EERF)

3.1 Which option for the reporting metric do you think the guidance should recommend? Please explain your reasoning, and details of any alternative options.

Option 1: Declared unit, regardless of whether the final use of the product is known by the producer

Option 2: Functional unit, where possible if the function of the product is known to the producer and the use of a declared unit where that is not feasible

Option 3: The producer should record the metric they consider most appropriate

[10] Frontier Economics, commissioned by the Aldersgate Group (2022), How Mandatory Product Standards Can Grow the Market for Low-carbon Industrial Products.
[11] Koezjakov et al. (2018), The Relationship Between Operational Energy Demand and Embodied Energy in Dutch Residential Buildings. Energy and Buildings (165).

Option 4: Other (please specify)

We support the use of option 2 as it balances the importance of capturing the product's performance in its end use, including expected lifespan, with the need for flexibility in cases where the final use is unknown. For industrial products, the end use and life span an important metrics as some products have a very high CO2e per unit of the product, but the life span is very long. The use of functional units allows for more accurate and fair comparison.

3.2 Which part of the product's life cycle should the EERF guidance recommend reporting on? Please explain your reasoning.

Option 1: Aligned with EN 15804 (as per the scenarios above)

Option 2: A1-A3 as a minimum requirement and any reporting of other modules at the producer's discretion

Option 3: Other (please specify)

We support the government's minded position to align with EN 15804. It is already widely used and balances the needs for buyers and wider sustainability benefits with not over-burdening producers.

3.6 If you believe that there are issues with the EPD verification process, which of the below possible issues apply? Please explain your reasoning.

The main challenges of developing EPDs for industrial products lie in the cost, complexity, and time required. Producing an EPD demands a detailed LCA, extensive data collection across often fragmented supply chains, and accredited third-party verification, all of which can be resource-intensive, particularly for SMEs. The process is further complicated by inconsistent or incomplete supplier data and the need to regularly update declarations as standards, databases, and regulatory requirements evolve. Additionally, differences in methodology can make comparisons between products less straightforward.

We support the government's intention to examine various challenges, including robustness of the verification process, verification time following submission of EPD, cost of EPD verification, comparability of results, and availability of qualified verifiers, and explore where government intervention can reduce them. It will be particularly important to consider the challenges for SMEs who may find the process most challenging but also benefit from it significantly if it enables their low-carbon products to be more competitive in the market.

We support the government's minded position to not accept self-verification. Maintaining trust is crucial for delivering the intended outcome of the policy. For example, independent verification and quality assurance are important factors for maintaining market trust in the embedded carbon reporting. All third-party verification of embodied emissions data and EPDs must be performed by a body holding accreditation. Quality assurance is essential for maintaining trust in the market and delivering the policies' intended outcome to grow the market for low-carbon industrial products.

3.7 Do you believe that any of the following possible government interventions could help improve the robustness and quality of the current EPD verification process and capacity in the market? Please explain your reasoning.

Option 1: Produce guidance

Option 2: Support the creation of verification tools

Option 3: Work with or accredit programme operators

Option 4: Select or establish a particular programme operator

Option 5: No intervention

Option 6: Other (please specify)

Chapter 4: An Embodied Emissions Reporting Framework IT system

4.3 Do you agree or disagree that a UK repository for embodied emissions data could help your business report emissions data? Please explain your reasoning.

A UK repository for embodied emissions data will help provide consistent, publicly available data to support more informed procurement and policy decisions, facilitate better comparison of products. This will be valuable to encourage the growth of low-carbon markets, help the industry benchmark and reduce its carbon impact. The repository could also be a useful source of information for policy makers, with UK specific data enabling better targeting of future policy measures. It is vital users trust the quality and integrity of the database and wider IT system, as such robust verification and accreditation systems should be in place to maintain confidence.

4.4 Should the UK produce its own life cycle inventory with regularly updated, regionally specific data? Note that this could be built from scratch or upon existing inventories. Please provide details of any potential benefits or concerns, as well as how these may impact the completion of a life cycle analysis.

Yes, support.

We support the development of a UK life cycle inventory (LCI). Existing LCI databases often use generalised data that fails to capture the nuances and variations across UK manufacturing sites and specific regions. A bespoke UK LCI would offer higher data quality, greater transparency, and the ability to address sector-specific needs, fostering a more science-led, consistent approach to measuring environmental impacts across the UK.

Moreover, the LCI could help reduce the administrative costs for producers creating EPDs, address issues with comparability, and help businesses better understand emissions across their supply chains.

The inventory should leverage existing data sources to minimise disruption and duplication. The government must consider the input requirements needed to ensure the LCI is well-maintained and plan for adequate resourcing to deliver this. A pragmatic approach could be taken to the level of regionality, given the UK's small size. The government should also consider how new

digital tools, and AI can be utilised to make maintaining the LCI efficient. We are pleased that the government is considering developments in the EU, such as the development of an IT system to support proposed Digital Product Passports. Interoperability is important for businesses that operate across jurisdictions.

4.5 Would a product benchmarking tool that interacts with the proposed product level embodied emissions reporting database be helpful in making meaningful product comparisons and informing buying decisions? Please explain your reasoning.

Yes, agree.

A benchmarking tool would be helpful in making meaningful product comparisons and informing buying decisions. Producers could also use it to benchmark their products against competitors. While we understand that the product benchmarking tool could be run in parallel to product classifications and would likely have different users, the government should take a pragmatic view and avoid unnecessary functionality duplication.

4.7 What tools, such as an EPD generator or a product carbon tool, if any, should government explore producing to reduce the administrative burden of producing EPDs? Please provide details of the features and benefits.

We support the government's approach to examine further tools and functionality the IT system can provide to reduce the administrative burden and simplify delivery, particularly for SMEs. Such capabilities will help increase the delivery of the policy's intended outcome, scaling the uptake of the voluntary EERF for producers and buyers.

The IT system will need to be accompanied by sufficient advisory support and an engagement process to support uptake.

The timeline for the delivery of the IT system should be clearly laid out, and any changes required for transition to a mandatory EERF should be considered from the outset and the timeline factored in.

Chapter 5: Product classifications for embodied emissions

5.3 Is there anything that the government should consider regarding its intention to use existing, sector-specific product classifications, rather than develop its own (including any single, cross-sector model)?

We agree with the government's intention to use existing, sector-specific product classifications, rather than develop its own. Avoiding duplication and minimising confusion is important, alongside supporting efficient policy implementation.

5.4 Which option for the approach to product classifications would be most appropriate as a basis of green procurement policies? Please explain your reasoning.

Option 1: A prescriptive approach (recommending the use of one product classification per sector)

Option 2: A permissive approach without providing any tools to support interoperability (recommending the use of multiple product classifications per sector)

Option 3: A permissive approach but also providing any tools to support interoperability (recommending the use of multiple product classifications per sector)

Option 4: Unsure

The aim of product classifications for embedded emissions is to create a structure to differentiate between lower and higher emission products, helping buyers compare and understand the climate impact of their product purchases on a like-for-like basis and understand what good looks like. The Aldersgate Group supports a more prescriptive approach to product classification to maximise consistency and deliver on the polices intended outcome to support comparability and inform green procurement.

A permissive approach, while maintaining flexibility, would be complex for buyers and may have a very limited impact, particularly in the context of a voluntary policy package. For example, with a permissive approach, manufacturers are likely to choose a product classification approach that shows their product in the best light, resulting in buyers needing to navigate multiple approaches to compare products. A permissive approach would likely amount to only a small improvement on the current situation. In practice, we are also unsure that tools to support interoperability would be that effective, as buyers would still need to navigate multiple methodologies and equivalence conversions. Significant effort will already be needed to ensure interoperability internationally, for example with EU policies, and simplifying the system in the UK context seems preferable.

We recognise that a more prescriptive approach may be more straightforward to implement in some sectors than others and would support the government making the decision on a sector-by-sector basis.

If a permissive approach is selected, regular evaluation should take place, and the government should consider transitioning to a more prescriptive approach if a permissive approach is not effective.

5.7 Do you agree or disagree that the government should use a steel product classification that uses a scrap sliding scale? Please explain your reasoning.

We recognise the benefit of a product classification that uses scrap sliding to drive deep decarbonisation. However, a sliding scale classification system may run the risk of disadvantaging producers utilising scrap and reducing important signals that can drive increased circularity. One option might be to initially use a classification without a sliding scale and evaluate in the future if a sliding scale is needed to further drive deep decarbonisation.

The government should consider the UK-specific context, specifically the type of steel-making processes that are likely to be used, as well as which low-carbon production processes the government identifies in its industrial decarbonisation strategy and steel strategy. The government should also consider how this might change over time. Avoiding the unintended

consequence of reducing the incentive to electrify steel making and the use of UK-generated scrap is important, alongside ensuring fair comparison.

Chapter 6: Green procurement for low-carbon products

6.4 Do you agree or disagree with our overview of the barriers and possible limitations of the current green procurement landscape? Please explain your reasoning, including any others that the government should consider.

Yes, agree.

The key aim of green procurement policy is to change procurement culture, to encourage buyers to prioritise embodied carbon, alongside factors like cost and performance. Lack of guidance, incentives and clarity are hampering the scaling up of green procurement in both the private and public sector. While some public sector initiatives promote decarbonisation through public procurement, there is currently no centralised government standard to define, quantify, or communicate the intent to purchase low-carbon products specifically. In the private sector, some businesses are taking an ambitious approach to green procurement, but these initiatives are still limited in scale compared to overall procurement and challenging, as discussed in answer to previous questions.

We agree with the barriers and limitations identified in the consultation, including a lack of centralised green procurement guidance, inconsistent definitions of low-carbon, inconsistent frameworks for setting commitments, and misunderstanding around market availability and cost implications are all significant.

The government should also consider further factors. Product novelty can act as a barrier, with industrial product buyers, designers, investors, and customers preferring familiar products or perceiving novel products to be riskier in terms of quality or taking a cautious view regarding liability. Additionally, limited market availability and cost are actual barriers as well as perceived limitations. Cost is generally cited as the most significant barrier to green procurement.

A further challenge is the consideration of embedded alongside other environmental characteristics, such as resource efficiency. Lack of clarity around how to best consider and balance the environmental characteristics of industrial products in the round is creating confusion for buyers.

6.5 Do you agree or disagree with our proposal to develop green procurement guidance for buying low-carbon products? Please explain your reasoning, and if you disagree, please provide any suggestions for alternatives.

Yes, strongly agree.

We support the government's intention to develop green procurement guidance for low-carbon products, to inform public and private procurement. Low-carbon procurement has the potential to strengthen the business case for innovation and commercialisation as well as investment in decarbonisation solutions. Guaranteed or greater certainty of downstream demand for low-carbon goods could support more rapid cost reductions through learning-by-doing and market

competition effects. We recognise a significant opportunity to influence public procurement through this guidance. Government and public sector bodies can use their considerable purchasing power to accelerate the shift to low-carbon materials.

Guidance must be developed with input from practitioners from public and private sector procurement teams, as well as from producers who will provide product information and have experience engaging procurement teams, to ensure that the information provided is well tailored to the intended audiences and can support upskilling effectively.

However, the government must recognise that guidance alone will not be sufficient to increase green procurement. The government must ensure wider incentives and enabling regulation is in place to drive market growth.

The government must consider how the package of demand-side and competitiveness policies, including a CBAM, green procurement and product standards can work together to influence and incentivise different parts of the supply chain and overall economy.

6.6 Do you agree or disagree with the proposal to introduce best practice, voluntary green procurement standards into the Government Buying Standards? Please explain your reasoning, including whether there are any other procurement guidance documents that should be considered.

Yes, strongly agree.

We support the introduction of best practice, voluntary green procurement standards into the Government Buying Standards as an interim measure, if it is considered necessary to have a transitional voluntary period. Voluntary guidance may have a limited impact as barriers will still exist, including perceived risk, limited senior-level interest, competing priorities, particularly cost and project delivery timelines, skills, and capacity.

We recommend that the government move swiftly toward making the guidance mandatory. Green public procurement is an important demand signal and lever at the government's disposal to help drive market growth for low-carbon industrial products. We recognise the need for careful policy sequencing as procurement guidance will benefit from an established EERF and product classifications. It will also take time for central government and executive agencies to engage in new guidance and implement it. A transitional voluntary approach will provide time for the guidance to be improved, if needed, before moving to a mandatory best practice guidance.

The government should seek to learn from existing initiatives across public bodies, integrating learnings and supporting ambitious approaches. For example, the NHS and National Highways have put in place measures for suppliers to publish carbon reduction or management plans and include guidance on low-carbon procurement of certain industrial products.[12,13]

[12] NHS England, Carbon reduction plan and net zero commitment requirements for the procurement of NHS goods, services and works (Accessed online, last updated 12 March 2025).
[13] National Highways, Carbon.

6.7 Would you agree or disagree with the prospect of the best practice guidance being made mandatory for government departments through the Government Buying Standards in future? Please explain your reasoning.

Yes, strongly agree.

As outlined in our response to question 6.6, we strongly support the use of the best practice guidance being made mandatory for public bodies.

We also support the introduction of procurement mandates for low-carbon industrial products for public bodies where a strategic case can be made, moving from commitment/target setting to mandated levels of low-carbon products procurement. For example, procurement mandates for certain low-carbon industrial products have been introduced in Ireland. Mandates could be used strategically to drive growth in economically significant industrial sectors for the UK, helping deliver not only on the government's industrial decarbonisation strategy but also wider national and regional growth plans. The government should set out a clear timeline to introduce procurement mandates, with requirements becoming more ambitious over time, in line with market availability.

6.8 Do you agree or disagree with the above proposal to develop stage 1: core guidance as set out above? Please explain your reasoning.

Yes, agree.

The approach set out seems broadly sensible, particularly if it is used as an opportunity to encourage engagement with the proposed EERF and product classifications for producers and buyers. We recommend an accelerated timeline to publish this guidance as it relies on existing evidence and could be published rapidly to provide a valuable resource to buyers and start influencing the culture of procurement of industrial products across the public and private sectors.

We recommend the government provides a clear timeline for the introduction of the three stages of guidance and how they correspond with the planned timelines for the introduction of other policies discussed in this consultation.

The government should also consider how engagement with the guidance will be achieved across the public and private sectors.

6.9 Do you agree or disagree with the above proposal to develop stage 2: expanded guidance as set out above? Please explain your reasoning.

Yes, agree.

We agree with an approach which brings together the procurement guidance with the EERF and product classification policies, using the guidance as a key mechanism to encourage adoption across producers and buyers.

6.10 Do you agree or disagree with our proposal to develop stage 3 'high ambition guidance' as described above? Please explain your reasoning.

Yes, agree.

The stage 3 'high ambition guidance' sounds broadly useful to inform and simplify low-carbon procurement. The government should consider whether this guidance can be published at the same time as stage 2 and developed further as information on products changes.

We also recommend that the government considers how stage 3 guidance could lay the ground for mandatory procurement requirements for the public and private sectors.

As with the other stages, the government will need to consider how to raise awareness and encourage adoption. Collaboration with private sector initiatives and leading public bodies may be a good opportunity to support guidance uptake.

6.11 Do you agree or disagree with the proposed types of evidence outlined, or are there other sources of evidence that should be considered? Please provide details and explain your reasoning.

We agree with the evidence sources identified, including net zero roadmaps and trajectories, technological decarbonisation potential, cost implications, and market availability. We welcome the government taking a continuous approach with regular updates to adapt the guidance as the market develops.

We also recommend that the government considers some additional evidence to ensure the benefits of low-carbon procurement are captured, including potential market opportunities that align with the UK industrial strategy, regional growth plans, and job creation. We would also support efforts to strengthen domestic supply chain security, as is being explored, for example, through the Clean Industry Bonus and market demand guarantee for electricity network supply chains, which might favour shorter supply chains in tendering for capital projects. We also support the proposal for a DBT Supply Chains Centre, trailed in the industrial strategy, to monitor and respond to supply chain risk, which could also inform demand-side measures.

6.12 What would be the cost implications of procuring low-carbon products? Please provide details, including how this might change over time.

In many cases, low-carbon products are currently priced at a premium, with the expectation that costs will reduce with economies of scale. However, we recommend the government takes a broad view of the cost-benefit analysis and ensures the potential economic benefits are fully captured.

Analysis from Cambridge Econometrics and CISL found that guaranteed or greater certainty of downstream demand for low-carbon goods could support more rapid cost reductions through learning-by-doing and market competition effects. The modelling found that demand-led innovation for cement, concrete, glass, and ceramics would bring down prices faster and lead to higher output and employment with minimal trade-offs, despite prices being initially more expensive. In other words, in a world where demand for low-carbon goods is guaranteed, the economy will find solutions to supply those goods. As those solutions are found, their cost will

decrease not only because suppliers will see economies-of-scale effects, but also because competition will drive prices down as more firms enter the 'green goods' market.[14]

6.13 Do you agree or disagree with including circular economy principles alongside advice in the GBS on procuring low-carbon products? Please explain your reasoning.

Yes, strongly agree.

We support the inclusion of circular economy principles alongside advice in the GBS on procuring low-carbon products. Aligning industrial decarbonisation policy with the circular economy strategy is vital to deliver shared outcomes and avoid unintended consequences. Greater resource efficiency will support industrial decarbonisation, alongside strengthening resource and supply chain security. Moreover, the lack of alignment of circular economy principles and low-carbon procurement will leave buyers confused as they strive to meet multiple targets.

6.14 Are there other public procurement guidance documents where circular economy principles should be included? Please explain your reasoning.

The 2023 Procurement Act emphasises social value and sustainability, creating an opportunity to incorporate circular economy principles such as material reuse and waste reduction, despite not mentioning circularity explicitly. In 2025, the UK Government updated the National Procurement Policy Statement to align with the Act, requiring suppliers to reduce greenhouse gas emissions and minimise waste in their operations. An accompanying Procurement Policy Note mandates that bidders for major Government contracts commit to net zero by 2050, publish a Carbon Reduction Plan, and outline environmental management measures. To support the proposed circular economy strategy, policymakers could further embed circularity in UK procurement policy.

Chapter 7: Longer term policy options

7.1 Is there anything else that the government should consider in terms of its objectives, audiences, and possible use cases for any future work on product ecolabelling? If so, please provide details.

We agree with the objectives, audiences, and use cases outlined in the consultation and were pleased to see the recognition that ecolabelling initiatives for industrial products would also need to complement existing ecolabelling policies for other product types. An overarching objective must be to provide vital information in as simple a way as possible through an ecolabel.

The Aldersgate Group recommends that the government strongly considers the potential impact of policy measures and prioritises those that have the highest impact. There remains uncertainty about the additionality specific government action on ecolabel measures can bring

[14] CISL, 2023, The role of demand-led innovation in supporting decarbonisation in foundation industries: Challenges, opportunities and policy implications.

on top of the EERF and product classification measures. We recommend that the government strongly considers the potential impact of the EU implementation of Digital Product Passports (DPPs) on UK producers and buyers and the benefits of UK policy alignment or interoperability.

Ecolabels can play a useful role informing buyers and helping producers to clearly market their products. Data on a product's embedded carbon and other environmental impacts can be challenging to interpret and compare, can go unnoticed, or might not be properly considered. Labels can provide a solution. There is evidence, particularly from the food and drink sector, that labels can influence consumer purchases; however, the impact is relatively limited.[15] This impact is also highly dependent on the design of the labels and the clarity of the information conveyed.[16]

An important factor is that labels are trusted, and the proliferation of ecolabels and non-standard approaches can add complexity for buyers. The Aldersgate Group's study, *How Mandatory Product Standards Can Grow the Market for Low-carbon Industrial Products*, contains analysis of the challenges and benefits or different voluntary standards and labelling schemes from around the world, including lettered grading, the EU Ecodesign Directive, the Buy Clean California Act, the Netherland's Cap on Embodied Building Emissions, the Carbon Trust Carbon Footprint Label, and several other voluntary labelling policies.[17]

Legislative divergence between the UK and EU is a key consideration, as the EU is the UK's biggest trading partner, when considering introducing product standards and labels. The Aldersgate Group and IEEP UK's recent report 'Review of the UK and EU circular economy legislation landscapes and implications for business' highlighted several key areas of divergence, including ecodesign and sustainable products. Regarding ecodesign, there has been a 'divergence by default' whereby the UK has not kept pace with new legislation and often tighter standards emanating from the EU. UK businesses will need to comply with these new regulations if they wish to continue to export to the EU market or run multiple production lines catering for different markets – something that is costly and unlikely to happen in most cases. This means some UK businesses will unilaterally adopt standards set by the EU in order to continue selling into both the UK and EU markets. However, it could cause competition concerns with those businesses that are selling to a domestic UK market only and whose standards are lower. There is also a risk that some non-European producers selling products that do not meet EU standards 'dump' them on the UK market.[18] The government must carefully consider interoperability with regulation and policy development in the EU as this policy

[15] Potter, Bastounis, Hartmann-Boyce, Stewart, Frie, Tudor, Bianchi, Cartwright, Cook, Rayner, & Jebb (2021), The Effects of Environmental Sustainability Labels on Selection, Purchase, and Consumption of Food and Drink Products: A Systematic Review. Environment and Behavior, 53

[16] Frontier Economics and DNV (2021), Improving the Market Benefits for Lower-carbon Industrial Production in Scotland. Prepared for ClimateXChange

[17] Frontier Economics, commissioned by the Aldersgate Group (2022), How Mandatory Product Standards Can Grow the Market for Low-carbon Industrial Products.

[18] Aldersgate Group and IEEP UK, 2025, Review of the UK and EU circular economy legislation landscapes and implications for business.

package for growing the market for low-carbon industrial products is developed, learning lessons from other policy areas.

7.2 Do you agree or disagree that either approaches A or B, to (A) utilise existing ecolabels, or (B) develop new forms of ecolabel could be beneficial? Please explain your reasoning and specify if there are any options within these approaches that the government should consider.

Option 1: Approach A only

Option 2: Approach B only

Option 3: Both approaches A and B

Option 4: Neither approach

We tentatively support option 3, in that we encourage the government to continue to consider both approaches A and B. We see the benefit if the government identifies a need to develop an approach to ecolabels that utilises existing labels; this may be beneficial and reduce the need to start from scratch. The use of existing labels would be contingent on the policy approach chosen for product classification. We also strongly support an approach that considers alignment and interoperability with the EU's DPPs. We agree that supporting the use of DPPs improves traceability and helps facilitate cross-border trade of intermediate products, ensuring alignment with relevant EU plans.

We are tentatively supportive of government-led creation of new forms of ecolabels (option B), due to the resources required and uncertain impact. However, this should be considered if decisions on the EERF and product classification generate the need for a new ecolabel system to deliver on the overall policy package's aim to grow the market for low-carbon industrial products.

7.3 Do you believe that the EU's development of Digital Product Passports (DPPs) for steel and cement will create opportunities or challenges for UK businesses and the government's objectives for ecolabelling? Please explain your reasoning and provide details of any specific opportunities or challenges that the government should consider.

The EU's rollout of DPPs will significantly impact UK exporters and manufacturers, especially those targeting the EU market. There's both a challenge (data infrastructure, compliance readiness) and an opportunity (sustainable branding, futureproofing) for UK businesses. These opportunities and challenges will be significantly impacted by the extent to which the government aligns its policy approach to material passports and wider policy measures, such as EERF, and strives for interoperability. Divergence, whether deliberate or by default, runs the risk of creating uncertainty for UK businesses, stymieing investment, and adding administrative burden and cost. Trade friction would also be a significant economic concern given the close trading relationship between the UK and EU and alignment in climate goals, which make the EU a key market for UK low-carbon products.

The government's objectives for ecolabeling and EERF could benefit significantly from the EU DPP approach if interoperability is prioritised as UK businesses exporting to the EU will need to comply. The government should also take the opportunity to learn lessons and good practice from the EU's experience developing policy in this area.

We recommend the UK government and devolved administrations identify the potential risks and opportunities related to the EU DPP approach and seek to mitigate these risks in a way that aligns with both the industrial decarbonisation strategy and circular economy strategy, alongside other environmental goals. Voluntary alignment may be beneficial in some cases, or other forms of support and interoperability should be considered.

Product passports were identified as a key risk area for policy divergence and the need for action in our recent report, *Review of the UK and EU circular economy legislation landscapes and the implications for business*.[19] We recommend the government also considers what support, particularly for SMEs, may be needed to comply with the EU DDP legislation and ensure businesses are well prepared to meet requirements across both jurisdictions.

7.4 Should the government consider any additional information or developments since the previous consultation as the government continues to explore whether there is a role for mandatory product standards (MPS) from the late 2020s?

The Aldersgate Group recognises the government's concerns regarding introducing mandatory product standards for industrial products produced in or imported into the UK, particularly alongside the UK ETS and upcoming CBAM. We recognise the need to avoid unintended consequences, additional administrative burdens and complexity for businesses.

The ETS creates a push, the CBAM supports a level playing field, but there is still a gap in terms of demand-side policy. Aldersgate Group recommends that the government considers the use of MPS or equivalent policy, with a focus on their potential role in influencing intermediary and end products. It helps create a 'floor' on the climate impact of a given product sold on the UK market. This could drive decarbonisation further down the value chain and support market growth for low-carbon industrial products, alongside driving decarbonisation in these downstream sectors.

For example, the 2024 EU Energy Performance of Buildings Directive EPBD) introduced a requirement to calculate the life cycle global warming potential of all buildings with a useable floor area over 1,000m2 by 2028, and all new buildings by 2030. The updated EPBD mandates that Member States establish methodologies for Global Warming Potential (GWP) measurement and set benchmarks by the end of 2027 for implementation in 2028. These benchmarks, developed from data collection, will serve as crucial baseline values to guide the construction industry toward near-zero emissions by setting progressively stricter targets or limits for whole life carbon (WCL).[20]

[19] Aldersgate Group and IEEP UK, 2025, Review of the UK and EU circular economy legislation landscapes and the implications for business

[20] BPIE, 2024, How to establish Whole Life Carbon Benchmarks.

MPS policies should be seen as part of a package of demand-side and competitiveness policies, including a CBAM, EERF, product classification, and green procurement (guidance, incentives, and mandates). Such a package would support joined-up policy to influence and incentivise different parts of the value chain and overall economy. Good quality embedded emission data and reporting, as well as an understanding of market readiness, will be essential to support embedded carbon targets or limits on intermediary and end products. The policy approach should be gradual, increasing in ambition and stringency over time. The government could also take a strategic approach, focusing on specific end or intermediary products that have a significant impact on decarbonisation and have the required market readiness.

The government may want to particularly consider MPS for products that are not and unlikely ever to be covered by the UK ETS. ETS is a complex carbon market-based mechanism that may not be appropriate for some sectors due to implementation challenges. MPS could provide a clear limit on embodied carbon and provide a similar mandatory push that the ETS net-zero-aligned cap can provide. It is worth stating, as mentioned above, that we recognise that MPS can work alongside ETS, influencing products further down the value chain for ETS-compliant industrial products.

Careful policy sequencing is also essential, and we recognise that some policy measures, if introduced, may reduce the need for others. For example, MPS placed on intermediary and end products may reduce the need for public and private sector procurement mandates. The government will need to explore the relative effectiveness of different policy measures and decide accordingly. Our key recommendation is that the government strongly consider strong demand-side policy measures that act on intermediary and end products, as this will drive market demand for low-carbon products and support the business case for innovation and industrial decarbonisation.

7.5 Which of the proposed strategic approaches to expansion do you prefer? Please explain your reasoning.

Option 1: Other Construction-Related Sectors

Option 2: The next largest emitting sectors

Option 3: Sectors which would enable expansion to downstream products (please specify any suitable downstream products)

We recommend that the government considers carefully the initial sectors being targeted and reviews the potential implications or unintended consequences of taking a relatively narrow initial focus on steel, cement, and concrete in the construction sector. One potential impact is material substitution.

For future scope expansion, we recommend that the government provides as much notice as possible to enable businesses to prepare for compliance with the EERF and other potential measures.

We also recommend the government take a whole value chain approach to demand-side policies for growing the market for industry products. A greater policy focus on intermediary and

end products may be important for delivering the intended outcome of the policy and ensuring influence on buyers is aligned with decarbonisation pressure on producers of industrial products.

We tentatively favour the proposed strategic approach of option 1. Construction is a significant user of industrial products (asphalt, ceramics, glass, and plastics). Additionally, public bodies are responsible for a significant amount of construction and therefore the government has potentially significant influence on the sector. For example, public projects fund approximately 27% of the construction sector, and in 2021 analysis indicated that the UK government procured approximately 24% of the nation's cement and concrete use.[21]

Construction is a potentially high-impact area to focus on, and with potential learnings from other jurisdictions where demand-side policies on construction are being introduced. However, we recognise the construction sector has very complex supply chains and processes on site, as well as multiple environmental regulations and pressures, which may mean further expansion into the sector requires consideration. Therefore, we acknowledge that there may be other, more impactful and effective strategic approaches to expansion, such as the other options identified in the consultation.

7.7 Should the government explore any of the long-term policies suggested in this section? Please explain your reasoning.

Option 1: Collaborative procurements and buyers' alliances

Option 2: Near-zero emission material mandates or quotas, and minimum content regulations

Option 3: Embodied carbon limits on end products

Option 4: Other (please specify)

Option 5: None of the above

Option 1 (collaborative procurements and buyers' alliances) should be incorporated into the green procurement guidance already being proposed as part of this consultation. There may be some value in providing guidance, standardised contracts, and encouraging public sector buyer participation in collaborative procurement.

We support the exploration of option 2 (Near-zero emission material mandates or quotas, and minimum content regulations), specifically the option to use mandates to target buyers in key demand sectors, such as the automotive or construction sectors, requiring them to purchase growing shares of low-carbon products. As mentioned in our response to the green procurement section (questions 6.4-6.7), public procurement has the potential to support the growth of the market for low-carbon products. It may also be a measure that could be implemented quickly, and support market growth in the medium term, while measures that need a longer design time are developed, such as embodied carbon limits on end products. For

[21] Sibal A and Hasanbeigi A, 2024, The Scale and impact of green public procurement of steel and cement in Canada, Germany, the UK and the US.

example, Ireland has mandated the use of low-carbon cement for all state-funded construction projects such as roads, schools, and hospitals, starting September 1, 2024. The policy includes the prohibition of high-emission Cem-1 cement in government-funded projects and the requirement for at least 30% clinker replacement with low-carbon alternatives in concrete.[22]

We also recognise there may be an opportunity to introduce procurement mandates to private sector buyers in key demand sectors and recommend the government explore this option, alongside alternative policy options such as embodied emissions limits on end products. Private sector mandates, while potentially impactful in growing the market for low-carbon products, may present disadvantages, with a lack of flexibility impacting choice and reducing acceptability for businesses.

We strongly support the exploration of option 3 (embodied carbon limits on end products). As referenced in the consultation, this approach is being implemented in other jurisdictions such as Canada and in the EU. This policy would target buyers of industrial products, driving decarbonisation through demand-side signals while retaining flexibility for buyers to choose how they meet the requirements. It may be particularly effective for end products with very complex supply chains and where intermediary products are highly exposed to international trade.

We also recommend that the government considers the duration of the demand-side policies being proposed, including evaluation and longer-term policy evolution. Burden on businesses, ongoing requirements, and effectiveness should be considered when exploring policy duration.

We recommend that the government provides a clear overview of the overall demand-side and competitiveness policy package, explaining how each policy acts on the value chain and the intended result. Clear timelines for implementation and differentiated policy naming will be essential. We were pleased to see the change to the use of 'product classification' instead of voluntary product standards, bringing significant clarity to the policy.

We also recommend a broad cross-government view for this policy package to ensure alignment with wider policy. For example, the Industrial Strategy identifies key growth sectors and the important underpinning role of UK industrial products in driving growth. It will be vital for the policy package aimed at growing the market for low-carbon products to also consider the opportunity to support sector and regional growth, jobs, and UK innovation.

[22] Department of Enterprise, Tourism and Employment, 2024, Procurement guidance for public bodies: reducing embodied carbon in construction.