



GREEN PUBLIC PROCUREMENT GUIDE

Disclosure Requirements: Giving suppliers advance notice and beginning to collect EPDs



About

The Industrial Deep Decarbonization Initiative (IDDI) is a coalition of governments and private sector, academia and civil society creating an enabling environment for industrial decarbonization through:

- aggregating green public procurement commitments to create early markets for low and near-zero emission construction materials, and
- supporting the harmonization of standards, and creation of definitions for low and near zero emission steel, cement and concrete.

In 2022 IDDI launched the <u>Green Public Procurement Pledge</u>, which sets out four levels of commitment to the procurement of low and near-zero emission steel, cement and concrete in public construction projects. A <u>Statement of Intent</u> was added to the Pledge, providing an on-ramp for governments wanting to signal their intention to explore procurement of low emission materials.

This Guide describes how Pledge Level 1 can be used to support market readiness and policy development for the procurement of low and near zero emission concrete and steel in public construction projects.

Level 1 - Starting no later than 2025¹, require disclosure of the embodied carbon in cement/concrete and steel procured for public construction projects.

In GPP Pledge Level 1, to 'require disclosure' means requesting that suppliers submit an EPD to disclose the embodied carbon and other environmental impacts of materials or products sold. There are two main purposes of starting with a Level 1 disclosure requirement:

- to give advance notice to suppliers to create/update and publish EPDs in advance of a policy start date; and
- to begin collecting data from EPDs to inform further policy development, like setting emission reduction thresholds.

Leading programs have provided advance notice and allowed up to three years for suppliers to comply (e.g., announcement in 2025, disclosure of EPDs in 2027, set GWP thresholds in 2030). However, the availability of EPDs is growing exponentially and the development time may thus be improving. Lead times and other details of a disclosure requirement should be based on industry consultations in the jurisdiction. See the IDDI <u>Guide on Preliminary Consultations</u> for examples and further information.

- In 2020 Government of Canada signaled its intent to "require disclosure of the embodied carbon in structural construction materials by 2022" in its Greening Government
 Strategy. Government of Canada started implementing disclosure requirements for concrete that year by issuing a public Request for Information process. In 2022, it issued requirements for disclosure and reductions for ready mix concrete with the release of the procurement Standard on Embodied Carbon in Construction. As a result, concrete and cement associations, and suppliers across Canada have developed Environmental Product Declarations (EPDs) and are able to disclose the amount of embodied carbon in their products. In March of 2024, Government of Canada issued a second public Request for Information to give advance notice on additional requirements to disclose and limit embodied carbon of steel construction products.
- Since 2019 all new Government of Germany federal construction projects and complete refurbishments of buildings over €2 million must meet the Silver Standard of the Assessment System for Sustainable Building (Bewertungssystem Nachhaltiges Bauen, BNB). A mandatory part of the BNB is a life cycle assessment, which includes the disclosure of emissions from the materials, such as cement, steel, and concrete. Data is collected in the form of EN 15804 compliant Environmental Product Declarations (EPDs) or Life Cycle Inventory datasets in the publicly available, free of charge platform "Ökobaudat", the mandatory standardized database for the BNB standard's Assessment System for Sustainable Buildings.
- In 2022 the Government of UK began requiring standardised Whole Life Cycle carbon assessments and reporting for major Government of UK construction procuring departments. The UK government now plans to consult on delivering an embodied emissions reporting framework. This framework aims to establish a standardized method for monitoring and reporting the embodied emissions of products. By doing so, the government will be able to bgather and share reliable, consistent data, which will support effective green procurement decisions and enhance the targeting of government policies.
- 1 The start point refers to when a government committing to the GPP Pledge would announce its intention to begin requiring disclosure. The Pledge was written in 2022 and "2025" can be replaced with "as soon as possible", noting that providing EPDs may take several years, and time is of the essence for suppliers wishing to sell low or near zero emission products to meet impending GPP, regulatory and international trade policies.

Green Public Procurement Guide

In the 2022 Inflation Reduction Act the Government of US provided advance notice and \$250 million to develop Environmental Product Declarations. Also in 2022, the US Department of Transport announced a new pilot program to target key products and services to increase use of EPDs, and the General Services Agency issued its first "Buy Clean" standards for concrete and asphalt, requiring suppliers to provide EPDs. In 2024 the US EPA announced grants to begin investing the IRA funding (see call out box below). The EPA was also allocated \$100 million to develop a label program for substantially lower embodied carbon construction materials. The funding provided to the US DOT and GSA are based on the EPA's determination of substantially lower embodied carbon, utilizing data from EPDs and other relevant sources.

Disclosure requirements should be broadcast to all interested suppliers through procurement communication channels (see Green Public Procurement Guidance - how to set commitments to buy low and near-zero emission concrete, steel and construction projects in public procurement practices "Market Readiness" section).

Pairing the advance notice of disclosure requirements with support programs for suppliers to help them create EPDs accelerates action while creating economic development opportunities for manufacturers, and the software companies and consultants that create and verify EPDs.

In July 2024 the US Government announced nearly \$160 million in grants to support clean U.S. manufacturing of steel and other construction materials, and committed that the EPA and its grantees will provide no-cost technical assistance to help manufacturers develop EPDs in the near future.

Ranging from \$250,000 to \$10 million, the grants will help businesses develop EPDs. Grant selections include a diverse range of projects to help measure and ultimately reduce greenhouse gases. For example:

- A company in Georgia will receive funding to report the emissions savings gained by switching from higher-carbon components in cement and concrete to recycled and innovative materials.
- A major university will use grant funds to research and document carbon emissions savings from reusing structural steel.
- Several projects will support workforce development to grow the number of sustainable construction professionals available to support these important efforts.

Disclosure requirements can also be used to improve the accuracy of existing reporting. Many governments have already established their own life cycle emission databases, collecting statistical emissions data from public carbon footprint inventories, private sector databases and EPDs, which they use to conduct life cycle assessments of construction projects and other procurements over time. While statistical data is considered adequate for many of the thousands of products and processes that go into a construction project, it is widely agreed by experts and industry that more robust data is needed to represent high volume, high emitting materials such as concrete and steel, which can comprise most of a project's embodied emissions.

It is recommended that Type III EPDs (or otherwise independently verified Life Cycle Assessments (LCAs)) are required for concrete and steel construction products in all existing or new reporting requirements related to whole project life cycle assessments or material specific GPP policies. Instructions in a disclosure requirement should

align with existing or planned reference standards and reporting processes (see GPP Guidance – Reporting section).

Harmonization and improvement of EPDs (at November 2024)

Most existing policies for low emission construction materials reference requirements for Type III EPDs following ISO 21930:2017 and EN 15804:2012+A2:2019. While it is generally agreed EPDs following these standards are sufficiently accurate for current policies, experts and industry agree that revisions are needed to improve the comparability of environmental data in EPDs as they become required for procurement decisions and other trade related policies. This work is underway for concrete and steel in international forums, including in the IDDI's <u>Driving Consistency in the Greenhouse Gas Accounting System</u> white paper, and the <u>Guidance for PCR Harmonization</u>, and a joint ISO-CEN process to revise the standards has been publicly recommended.

As revisions are published, governments that require EPDs for procurement purposes may take a view on whether suppliers will be required to update EPDs in accordance with the revisions, or whether existing EPDs will remain valid until they expire five years after publication. Disclosure requirements should include instructions for suppliers to always submit the most up to date EPD.

It is recommended that governments follow international efforts to improve GHG accounting for products, work with their national standards body and advocate for improvements and harmonization of EN and ISO standards for EPDs.

However, issuing disclosure requirements should not wait for these improvements, and should start by accepting available EPDs and providing a timeline for improvement based on updated standards. This will facilitate capacity building and development of a submission process for suppliers and a collection process for governments in advance, which can be updated over time.

If product comparability using EPDs is an immediate concern, governments should define specific accounting criteria such as described in the IDDI's <u>Guidance for PCR</u> <u>Harmonization</u>. Governments should review the comparability of EPDs before they use them as a basis for procurement decisions (e.g. in a bid-incentive scenario, for projects or specific materials).

Summary

Time is of the essence for suppliers to begin collecting data and creating EPDs in advance of GPP and regulatory policies, and it is strongly recommended that disclosure requirements (i.e. a process to begin consulting with suppliers and initiating EPD creation and collection) starts as soon as possible.

The goal of Level 1 – disclosure requirements is to give suppliers advance notice and to begin collecting data from EPDs. Disclosure requirements can be organized as a program or can be announced as new procurement requirements and then added to tender documents. Requirements should be based on extensive industry consultations and should align with any reporting processes.

For more information about the IDDI GPP Pledge please contact us at iddi@unido.org.





