

# Environmental Product Declarations (EPDs) – For Steel in the Automotive Industry



## Introduction

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Reducing embodied carbon emissions is key to meeting automakers' ambitious climate goals. Environmental Product Declarations (EPDs) are a simple, widely-used tool to help companies like automakers evaluate their products' full supply chain emissions. Requesting or requiring EPDs from steel producers is a low-effort opportunity for automakers to accurately begin to measure and lower the embodied emissions of their vehicles. Furthermore, as the most significant buyer of integrated steel in North America, **automakers have an outside role in persuading steel companies – specifically Cleveland-Cliffs, US Steel, ArcelorMittal, and Ternium – to invest in EPD development** that could benefit the greater market.

## What Are EPDs?

An Environmental Product Declaration (EPD) is an environmental claim that provides transparent information about a product's environmental impact throughout its life cycle. EPDs are a tool to demonstrate the insights from a Life Cycle Assessment against an industry-wide Product Category Rule. There are a number of EPD types, the most rigorous of which is a "Type III EPD." Type III EPDs are verified by a third-party against Product Category Rules developed under ISO standard 14025 or European standard EN 15084. Type III EPDs enable comparisons between similar products, allowing customers such as automakers to compare different products' carbon footprints (ton CO<sub>2</sub>e/ton steel).

## Current Market Drivers

Demand for near-zero emissions steel products is set to reach 6.7 Mt by 2030, with half of this demand (3.2 Mt) coming from the auto sector alone. As more automakers commit to cleaner supply chains and low-emissions steel, EPDs, specifically Type III EPDs, play a critical role providing certifications that distinguish low-emissions steel products from alternatives with higher emissions.

The federal government is providing millions of dollars through the Inflation Reduction Act, available in the form of direct grants and technical assistance, to help infrastructure materials



producers - including steel companies - create EPDs for their products. Adoption has been slow, notably with no integrated steelmaking facilities (i.e., primary steel) having taken advantage of this funding yet. At the same time, leading integrated steelmaker Cleveland-Cliffs is charging customers, including automakers, a “green premium” for steel with no documented environmental benefit. **The combination of funding and controversial charges for unverified products makes now the right time to request or require EPDs for steel.**

## EPDs Can Allow Automakers to Market a Premium Product

Steel accounts for approximately 30% of the auto industry’s supply chain emissions and is a prime target for automakers to make progress toward their climate commitments. Requesting a Type III EPD is a relatively small action that sends a big message to suppliers since steel providers produce an EPD, not automakers.

By requiring or requesting Type III EPDs, automakers can access baseline and subsequent EPDs that demonstrate reduced carbon emissions, **allowing them to measure progress toward their climate commitments and market proven environmental advantages for makes and models that use lower-carbon steel.** This transparency will allow automakers to understand the costs of decarbonization clearly and, if desired, pass those costs on to customers.

## Tips for Requesting EPDs

- Identify the **specific product** for which you want to procure an EPD Type III. We especially recommend the use of EPDs on primary steel (steel made from scratch).
- Identify **the amount** of that product you intend to purchase to convey the size of the request.
- If you are requiring an EPD, clarify your intention or policy of only using materials with Type III EPDs.
- Issue an RFP to your supplier(s) with a **clear deadline** to provide an EPD Type III.

