



# Sustainable Suppliers

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Environment and Sustainability CCS

**Session will start at 11:05**

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# Carbon Reduction Plan Creation

Presentation and Q&A

Ask questions in the chat section

Please keep mics on mute

This is not being recorded

## Lets first define Sustainability

'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'

The Brundtland Report 1987

# Carbon Reduction

PPN 06/21

Taking account of carbon reduction plans in the procurement of major government contracts

Supplier information is key



Cabinet Office

## Procurement Policy Note – Taking Account of Carbon Reduction Plans in the procurement of major government contracts

Action Note PPN 06/21

05/06/2021

### Issue

1. The UK Government amended the Climate Change Act 2008<sup>1</sup> in 2019 by introducing a target of at least a 100% reduction in the net UK carbon account (i.e. reduction of greenhouse gas emissions<sup>2</sup>, compared to 1990 levels) by 2050. This is otherwise known as the 'Net Zero' target. This Procurement Policy Note (PPN) sets out how to take account of suppliers' Net Zero Carbon Reduction Plans in the procurement of major Government contracts.

### Dissemination and Scope

2. This PPN applies to all Central Government Departments, their Executive Agencies and Non Departmental Public Bodies. These organisations are referred to in this PPN as 'In-Scope Organisations'. Please circulate this PPN within your organisation, drawing it to the attention of those with a commercial and procurement role.

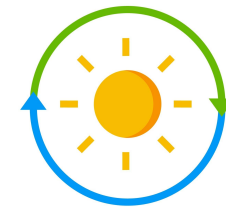
3. In-Scope Organisations should take action to apply this PPN when procuring goods and/or services and/or works with an anticipated contract value above £5 million per annum<sup>3</sup> (excluding VAT) which are subject to the Public Contracts Regulations 2015 save where it would not be related and proportionate to the contract.

4. This PPN applies to framework agreements and dynamic purchasing systems only where it is anticipated that the individual value of any contract to be awarded under the





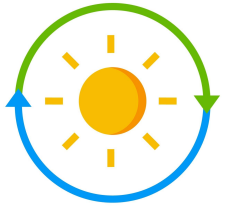
## Most had this reaction



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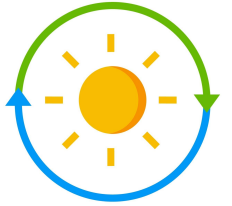


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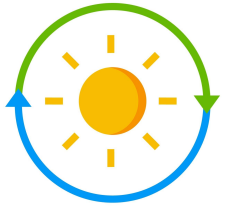
## Net Zero - Where does it fit?

- The impacts of Climate Change will be felt across all sectors of the economy in the UK and across the globe
- Mitigating the impacts of Climate Change is a key Government priority, and follows substantial commitments made in the Climate Change Act to achieve Net Zero by 2050
- Time is running out, we are now further away from 1990 than 2050 and decarbonisation is not happening fast enough
- More and more we will be asked to consider the climate impact of the goods and services we are buying, and the manner in which we and our suppliers are operating



## Net Zero - Where does it fit?

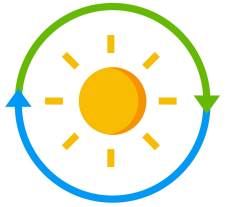
- Climate Change and Net Zero are complex subjects, with responsibility on all of us
- Work is underway across Government:
  - Net Zero Strategy
  - Greening Government Commitments and Government Buying Standards
  - Sustainable Procurement Unit
- The Committee on Climate Change views procurement policy as a 'key enabler' in driving best practice and behavioural change



## PPN: 06/21 - Key facts

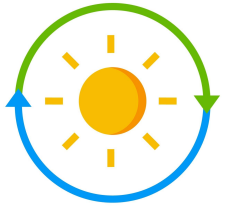
- Cabinet Office have published PPN: 06/21 which will introduce a new selection criteria for major government contracts to support the Government's commitment to achieving Net Zero by 2050
- The measure applies to all Central Government Departments, their Executive Agencies and Non Departmental Public Bodies
- The measure applies to PCR procurement, where the contract is £5m p/a or above. (where it is related and proportionate to the contract)
- Applies to contracts, Frameworks and Dynamic Purchasing Systems
- The measure is live now, and should be applied to in-scope procurements which commenced on or after 30th September 2021





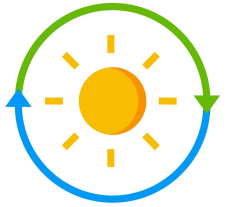
## PPN: 06/21 - Further detail

- To comply with the measure, all bidding suppliers will need to provide a 'Carbon Reduction Plan' which has:
  - Been published on their website
  - Detailed the bidding organisation's GHG emissions in the UK
  - Confirmed the bidding organisation's commitment to achieving Net Zero by 2050
  - Detailed the environmental management measures they have in place
- Suppliers must use the CRP template we have provided. This is a short document to provide 'at a glance' information
- Commercial teams administering the procurement will conduct a basic compliance check - The measure **does not** compare one Supplier to another as a means of assessment



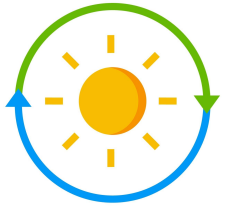
## PPN: 06/21 - Scope and Emissions

- The measure requires suppliers to report their Scope 1 and Scope 2 emissions, and a subset of Scope 3 emissions (5 categories)
  - The source of greenhouse gasses have been classified by the Greenhouse Gas Protocol into three Scopes; Scope 1, Scope 2 and Scope 3. Scope 1 emissions are incurred directly, and Scopes 2 and 3 are incurred indirectly through the manufacture, purchase, transport and disposal of products, goods and services.
- Commercial teams **are not** expected to assess or verify the emissions data suppliers are providing
- Reporting is required for all Kyoto protocol gasses, reported in units of Carbon Dioxide Equivalent (CO<sub>2</sub>e)



## PPN: 06/21 - Update

- The PPN has been updated. (Section 7)
- a CRP covering the bidding entity and its parent organisation is only permissible where the detailed requirements of the CRP are met in full, as set out in the Technical Standard and Guidance , and all of the following criteria are met:
  - The bidding entity is wholly owned by the parent;
  - The commitment to achieving net zero by 2050 for UK operations is set out in the CRP for the parent and is supported and adopted by the bidding entity, demonstrated by the inclusion in the CRP of a statement that this will apply to the bidding entity;
  - The environmental measures set out are stated to be able to be applied by the bidding entity when performing the relevant contract; and
  - The CRP is published on the bidding entity's website.



## Required Reading

- First port of call for your CRP is read the documents
- PPN 06/21
- Technical Standards on Creating your CRP
- Guidance on Adopting and Applying
- FAQ
- Download the Template

<https://www.gov.uk/government/publications/procurement-policy-note-0621-taking-account-of-carbon-reduction-plans-in-the-procurement-of-major-government-contracts>

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# The Template

- Gives the starting point
- Designed for ease of completion
- Designed for ease of selection question check

## Carbon Reduction Plan Template

Supplier name: .....

Publication date: .....

### Commitment to achieving Net Zero

**[Supplier name]** is committed to achieving Net Zero emissions by 20XX.

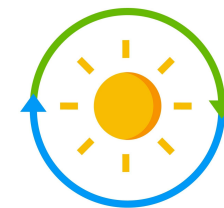
### Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

#### **[Instructions to Suppliers:**

*Please provide details of your organisation's baseline emissions below. If your organisation has not previously assessed or reported emissions, please detail this below and use your first reporting period as your Baseline.]*

Baseline Year: 20XX	
Additional Details relating to the Baseline Emissions calculations.	
<b>[Instructions to Suppliers:</b>	
<i>Add commentary regarding your Baseline Emissions as required: e.g. historic baseline which deviates from the requirements under this measure (e.g. no prior Scope 3 emissions reporting), where there is no previous reporting and the creation of a new baseline due to substantial organisational change or restructuring]</i>	
Baseline year emissions:	
EMISSIONS	TOTAL (tCO <sub>2</sub> e)
Scope 1	XX
Scope 2	XX
Scope 3 (Included Sources)	XX
Total Emissions	XX





# Carbon Reduction Plan Template

Supplier name: .....

Publication date: .....

## Commitment to achieving Net Zero

[Supplier name] is committed to achieving Net Zero emissions by 20XX.

## Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

[Instructions to Suppliers:

Please provide details of your organisation's baseline emissions below. If your organisation has not previously assessed or reported emissions, please detail this below and use your first reporting period as your Baseline.]

Baseline Year: 20XX

Additional Details relating to the Baseline Emissions calculations.

[Instructions to Suppliers:

Add commentary regarding your Baseline Emissions as required: e.g. historic baseline which deviates from the requirements under this measure (e.g. no prior Scope 3 emissions reporting), where there is no previous reporting and the creation of a new baseline due to substantial organisational change or restructuring]

Baseline year emissions:

EMISSIONS	TOTAL (tCO <sub>2</sub> e)
Scope 1	XX
Scope 2	XX
Scope 3 (Included Sources)	XX
Total Emissions	XX

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## Current Emissions Reporting

Reporting Year: 20XX

EMISSIONS	TOTAL (tCO <sub>2</sub> e)
Scope 1	XX
Scope 2	XX
Scope 3 (Included Sources)	XX
Total Emissions	XX

## Emissions reduction targets

[Instructions to Suppliers:

If existing emissions reduction targets are in place for your organisation, please provide details below.

If you have no previous emissions reduction commitment, or if this is your organisation's first carbon footprint, please provide targets for your organisation]

In order to continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets.

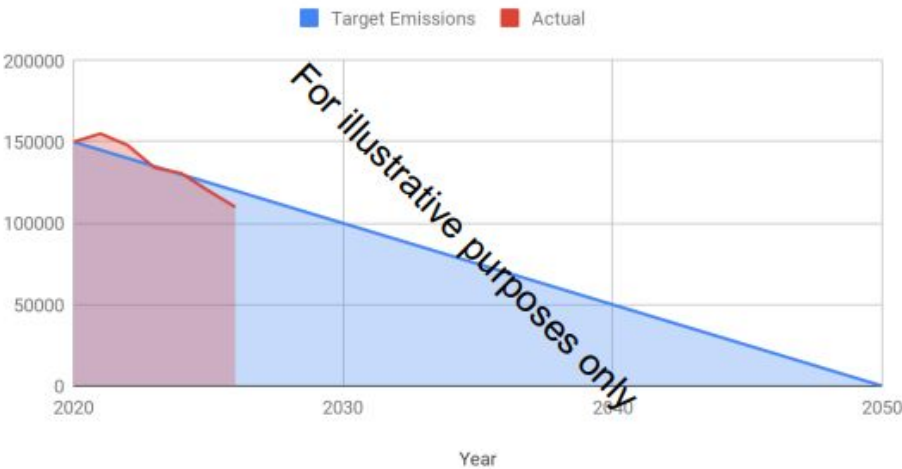
We project that carbon emissions will decrease over the next five years to XX tCO<sub>2</sub>e by 20XX. This is a reduction of XX%



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Progress against these targets can be seen in the graph below:

Carbon Reduction: Projected vs. Actual



## Carbon Reduction Projects

### Completed Carbon Reduction Initiatives

The following environmental management measures and projects have been completed or implemented since the 20XX baseline. The carbon emission reduction achieved by these schemes equate to XX tCO<sub>2</sub>e, a XX%ge reduction against the 20XX baseline and the measures will be in effect when performing the contract

#### [Instructions to Suppliers:

Briefly provide details of some of your completed carbon reduction projects. This is for information only.

This may include environmental management measures such as certification schemes like ISO14001 or PAS 2060, signing up to SBTi or specific measures you have taken such as; the adoption of LED/PIR lighting controls, changes to policy resulting in a reduction in company travel and flights or the electrification of the company fleet.]

In the future we hope to implement further measures such as:

#### [Instructions to Suppliers:

Briefly provide details of some of any likely/proposed future carbon reduction projects. This is for information only.]

## Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard<sup>7</sup> and uses the appropriate Government emission conversion factors for greenhouse gas company reporting<sup>8</sup>.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard<sup>9</sup>.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

### Signed on behalf of the Supplier:

.....  
Date: .....



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# Base your decisions

- Operational Boundary
- Financial Control
- Operational Control
- Equity Share

In accordance with the GHG Protocol's Corporate Standard, your carbon footprint should account for emissions within your operational boundary using one of the following methodologies:

## **Financial Control:**

The supplier reports on all sources of carbon emissions over which it has financial control. The supplier is deemed to have financial control over a service if it has the ability to direct the financial and operating policies of the service with a view to financially managing its activities, e.g. setting budgets, managing expenditure, and/or obtaining an 'income', such it might be the case in leisure centres, entertainment halls, community centres, etc.

## **Operational Control:**

The supplier reports on all sources of carbon emissions over which it has operational control. The supplier is deemed to have operational control over a service if it has full authority to introduce and implement its operating policies.

## **Equity share:**

Your organisation accounts for GHG emissions from operations according to its share of equity in the operation. This model may be helpful where emissions are recorded centrally across a range of entities, e.g. recorded UK wide by the parent company rather than at the trading entity level.

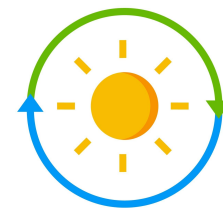
## Pick a tool

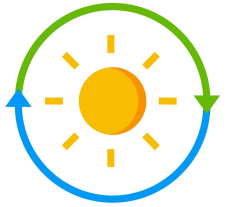
### What support is available for businesses in calculating their Carbon Footprint?

A number of private sector organisations offer support and tools for businesses wanting to calculate their carbon footprint. Some of these services are available for free for SME and VCSE suppliers, others may charge.

The following list is not exhaustive and is not officially endorsed by government but may prove useful to suppliers:

- Carbon Trust: <http://www.carbontrust.com/>
  - Carbon Trust: SME Carbon Footprint Calculator:  
<https://www.carbontrust.com/resources/sme-carbon-footprint-calculator>
- Carbon footprint: <http://www.carbonfootprint.com/>
  - Carbon Footprint: Small Business Calculator:  
[https://www.carbonfootprint.com/small\\_business\\_calculator.html](https://www.carbonfootprint.com/small_business_calculator.html)
- Carbon Smart: <http://www.carbonsmart.co.uk/>
- Ricardo-AEA: <http://www.ricardo-aea.com/cms/greenhouse-gas-footprinting-and-reporting-services-2/?stage=Live>
- CDP partners: <https://www.cdp.net/en>
- Waste Resources Action Programme (WRAP): <http://www.wrap.org.uk/>
- Greenstone: <http://www.greenstoneplus.com/services/>
- Ecometrica: <http://ecometrica.com/>
- Anthesis Group: <https://www.anthesisgroup.com/>
- IEMA: <http://www.iema.net/>
- Verco: <http://www.vercoglobal.com/>
- Loreus: <http://www.loreus.com/>
- WS Group: <http://www.wspgroup.com/en/WSP-UK/>





## The Scopes

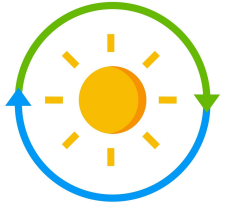
Work your way through the requirement with the boundary in mind

What is outside your boundary of reporting, once selected write a paragraph on why it is outside your report requirements.

**Do Not** just put N/A

Write the report in a way that it can be understood by a stranger



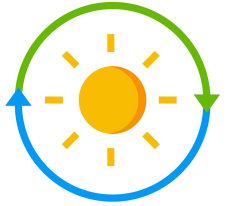


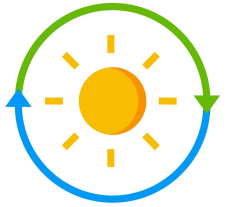
## Scope 1

Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces, vehicles; emissions from chemical production in owned or controlled process equipment.

## Scope 2

These include emissions released into the atmosphere associated with your consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of your organisation's activities, but which occur at sources you do not own or control.

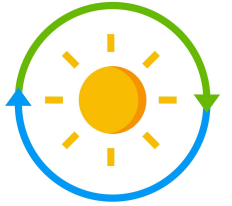




## Scope 3

Emissions that are a consequence of your actions, which occur at sources which you do not own or control and which are not classed as Scope 2 emissions.

Examples of Scope 3 emissions are business travel by means not owned or controlled by your organisation, waste disposal which is not owned or controlled, or purchased materials.



## Scope 3 Subset

Out of the 15 only 5 are required

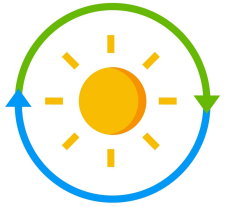
- 4. Upstream transportation and Distribution
- 5. Waste generated in operations
- 6. Business travel
- 7. Employee commuting
- 9. Downstream transportation and distribution

## Area of difficulty

Scope 3

Employee commuting

This is the number one issue that most have had





# Carbon Reduction Plan Template

Supplier name: .....XXXXXX.....

Publication date: .....September 2021.....

## Commitment to achieving Net Zero

XXXXXX is committed to achieving Net Zero emissions by 2030.

## Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline Year: 2017																	
Additional Details relating to the Baseline Emissions calculations.																	
2017 was the most recent full year of carbon emissions data when we modelled our Science Based Target and is therefore used as our baseline.																	
Baseline year emissions:																	
EMISSIONS	TOTAL (tCO <sub>2</sub> e)																
Scope 1	3374																
Scope 2	2924																
Scope 3 (Included Sources)	216,208 Our Scope 3 emissions breakdown is as follows: <table><tr><td>1. Purchased goods and services</td><td>153,962</td></tr><tr><td>2. Capital goods</td><td>N/A</td></tr><tr><td>3. Fuel and energy related activities</td><td>3,057</td></tr><tr><td>4. Upstream transportation &amp; distribution</td><td>94</td></tr><tr><td>5. Waste generated in operations</td><td>61</td></tr><tr><td>6. Business travel</td><td>48,420</td></tr><tr><td>7. Employee commuting</td><td>10,614</td></tr><tr><td>8. Upstream leased assets</td><td>N/A</td></tr></table>	1. Purchased goods and services	153,962	2. Capital goods	N/A	3. Fuel and energy related activities	3,057	4. Upstream transportation & distribution	94	5. Waste generated in operations	61	6. Business travel	48,420	7. Employee commuting	10,614	8. Upstream leased assets	N/A
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6. Business travel	48,420																
7. Employee commuting	10,614																
8. Upstream leased assets	N/A																

	9. Downstream transportation & distribution	N/A
	10. Processing of sold products	N/A
	11. Use of sold products	N/A
	12. End-of-life treatment of sold products	N/A
	13. Downstream leased assets	N/A
	14. Franchises	N/A
	15. Investments	N/A
Please note, N/A is where a category has been reviewed and deemed immaterial to XXXXX operations.		
Total Emissions	222,506	

## Current Emissions Reporting

Reporting Year: 2020

EMISSIONS	TOTAL (tCO <sub>2</sub> e)																												
Scope 1	2,451.197																												
Scope 2	946.441																												
Scope 3 (Included Sources)	149,570 Our Scope 3 emissions breakdown is as follows: <table><tr><td>1. Purchased goods and services</td><td>128,873</td></tr><tr><td>2. Capital goods</td><td>N/A</td></tr><tr><td>3. Fuel and energy related activities</td><td>2553.207</td></tr><tr><td>4. Upstream transportation &amp; distribution</td><td>8</td></tr><tr><td>5. Waste generated in operations</td><td>27.92</td></tr><tr><td>6. Business travel</td><td>12,808.9</td></tr><tr><td>7. Employee commuting</td><td>5,300</td></tr><tr><td>8. Upstream leased assets</td><td>N/A</td></tr><tr><td>9. Downstream transportation &amp; distribution</td><td>N/A</td></tr><tr><td>10. Processing of sold products</td><td>N/A</td></tr><tr><td>11. Use of sold products</td><td>N/A</td></tr><tr><td>12. End-of-life treatment of sold products</td><td>N/A</td></tr><tr><td>13. Downstream leased assets</td><td>N/A</td></tr><tr><td>14. Franchises</td><td>N/A</td></tr></table>	1. Purchased goods and services	128,873	2. Capital goods	N/A	3. Fuel and energy related activities	2553.207	4. Upstream transportation & distribution	8	5. Waste generated in operations	27.92	6. Business travel	12,808.9	7. Employee commuting	5,300	8. Upstream leased assets	N/A	9. Downstream transportation & distribution	N/A	10. Processing of sold products	N/A	11. Use of sold products	N/A	12. End-of-life treatment of sold products	N/A	13. Downstream leased assets	N/A	14. Franchises	N/A
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14. Franchises	N/A																												

	15. Investments	N/A
	Please note, N/A is where a category has been reviewed and deemed immaterial to XXXXX operations.	
Total Emissions	152,967	

## Emissions reduction targets

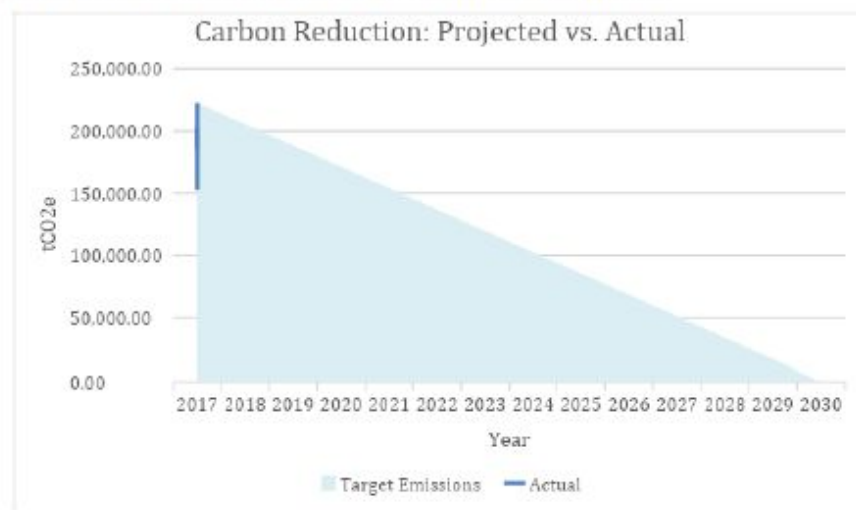
In order to continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets.

XXXXX commits to reduce absolute scope 1 and 2 GHG emissions 100% by 2030 from a 2017 base year and scope 3 emissions 25% over the same timeframe.

The targets covering greenhouse gas emissions from company operations (scopes 1 and 2) are consistent with reductions required to keep warming to 1.5°C.

We project that carbon emissions will decrease over the next five years to 184,816 tCO<sub>2</sub>e by 2025. This is a reduction of 17%. Please note that due to the impact of the pandemic on our operating model, our current reported emissions are below this level, however we expect that as the effects of the pandemic lessen, some categories of our emissions may return to nearer pre-Covid levels.

Progress against these targets can be seen in the graph below:



## Carbon Reduction Projects

### Completed Carbon Reduction Initiatives

The following environmental management measures and projects have been completed or implemented since the 2017 baseline. The carbon emission reduction achieved by these schemes equate to 69,539 tCO<sub>2</sub>e, a 31.3% reduction against the 2017 baseline and the measures will be in effect when performing the contract.

Our emissions in FY20 dropped by 58% compared to the previous year. While this is partly because of government restrictions and advice to work remotely where possible, our emissions were already on a downward trajectory.

Implemented carbon reduction projects include:

Strategic:

- Certification to ISO50001 Energy Management System for UK operations
- Approval of Science Based Target from Science Based Target Initiative (SBTi)
- Implementation of remote working collaboration technologies reducing business travel
- Updates to our travel policy, mandating rail on certain routes and
- Options within our travel management tool to select greener choices
- Working with our landlords to switch to renewable electricity
- Engaging 100+ suppliers, collaborating to reduce our collective emissions

Energy reduction projects:

- Removal of our Watford data centre to a purpose-built offsite facility
- Installation of LED lighting and lighting upgrades across our estate
- Efficient plant replacement across the estate
- Advanced Building Management Systems controlling energy consumption

In the future we hope to implement further measures such as:

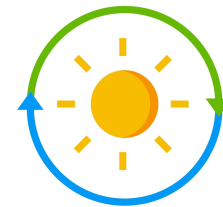
- Continuing to switch our landlord electricity supply to renewable energy
- Switching to renewable gas when it becomes widely available in the market

### Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard<sup>1</sup> and uses the appropriate Government emission conversion factors for greenhouse gas company reporting<sup>2</sup>.



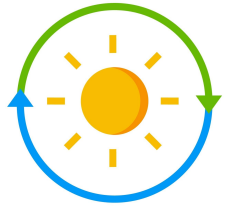


## Look closer

### Commitment to achieving Net Zero

██████████ is committed to achieving Net Zero emissions by 2030.

██████████ commits to reduce absolute scope 1 and 2 GHG emissions 100% by 2030 from a 2017 base year and scope 3 emissions 25% over the same timeframe.



## Look closer

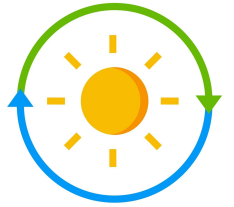
### Commitment to achieving Net Zero

██████████ is committed to achieving Net Zero emissions by 2030.

██████████ commits to reduce absolute scope 1 and 2 GHG emissions 100% by 2030 from a 2017 base year and scope 3 emissions 25% over the same timeframe.

Here there is an inconsistency between one commitment and the other.

The second is taken from the 'Emissions Reduction Targets' section of the CRP, and undermines the overarching commitment to Net Zero made at the start of the document.



# Second closer look

14. Franchises	N/A
15. Investments	N/A

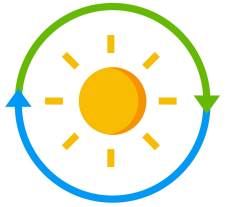
Please note, N/A is where a category has been reviewed and deemed immaterial to our operations.

Here the supplier has used materiality thresholds, i.e. the emissions are too small for us to report.

All relevant emissions sources specified in the Technical Standard must be accounted for to demonstrate compliance with the policy measure.

A materiality threshold approach allows a variance in the emissions categories suppliers are reporting, which sets unjustifiably different requirements for different suppliers. Suppliers are required to report the same emissions categories to maintain the principles of fairness, non-discrimination and transparency within the procurement process.





## Final thought

- Be open and transparent, if you don't know then say it
- Show your workings, your reasons
- Sometimes a calculated guess is the best answer
- Do not use N/A, use zero and give a reason
- Write it so that a stranger can read it
- Remember you will not be judged on the data!
- Promote it!

## Promote it!

- Tell everyone
- Get it on your website
- Market what you are doing



## Any Questions



# Thank you

**Power** to your **procurement**



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