**Net-Zero Procurement: A Powerful Additional Measure for the 2030 ERP**

**Purpose**

This briefing note outlines how deploying Net-Zero Procurement (NZP) with speed and scale throughout the public sector in Canada would be a powerful and cost-effective addition to the set of key measures in the 2030 Emissions Reduction Plan (ERP).

**Background context**

The Canadian Net-Zero Emissions Accountability Act commits the federal Government of Canada (GC) to reducing Canada’s greenhouse gas (GHG) emissions by at least 40% below 2005 level by 2030, and by 100% by 2050. The [2030 Emissions Reduction Plan (ERP)](https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/emissions-reduction-2030.html) includes 117 measures designed to meet those targets. However, the Commissioner of the Environment and Sustainable Development’s audit [report](https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/emissions-reduction-2030/2023-progress-report.html) to parliament found that the GC is *not on track to meet either the 2030 or 2050 target.* The report encouraged adding additional measures to the ERP. Net-Zero Procurement (NZP), deployed with speed and scale across all levels of government in Canada, would be a powerful additional measure to add to the 2030 ERP to support meeting the 2030 targets.

**Net-Zero Procurement**

Net-Zero Procurement (NZP) is a focused starter set of Sustainable Public Procurement (SPP). NZP obtains *best value* for money when purchasing the *most low-carbon and circular goods and services* from *suppliers who are most committed to science-based net-zero GHG reduction targets and to circularity*.

In an NZP system, goods and services are scored on how well they meet low-carbon and circular specifications. More importantly, *suppliers are scored on their GHG reduction efforts and their commitment to circularity.* Suppliers earn bonus points if they use NZP with *their* suppliers, launching a ripple effect of commitment to net-zero GHG reductions and circularity throughout supply chains.

NZP bid appraisals significantly weight both of the resulting product and supplier scores. That is, they each are worth at least 10% of available points in the tender. This is the signature feature of NZP – *it financially motivates suppliers to reduce their product carbon footprints and their GHGs because they earn more points if they have a higher score, giving them a competitive advantage over other bidders*. At contract time, NZP-related terms and conditions include verification of the winning supplier’s score, and penalties / incentives to ensure winning suppliers follow through on stated plans to further reduce their GHGs.

**How to deploy NZP with speed and scale**

A free, open-source [Net-Zero Procurement (NZP) Toolkit](https://sustainabilityadvantage.com/sp/net-zero/) expedites the integration of NZP into the GC procurement processes. It includes 1) sample *product* specifications used to score products; 2) sample SME-friendly *supplier* assessment questionnaires used to score suppliers; 3) a sample bid appraisal template; and 4) sample NZP contract terms and conditions. The four tools are add-ons to current procurement processes, not replacements. The Government of Canada (GC) can use the toolkit to pilot and then systematically integrate NZP elements into current procurement processes in all levels of government, as follows:

1. **PSPC pilots NZP (2025)**Public Service and Procurement Canada (PSPC) pilots the fours elements of the NZP Toolkit with a representative sample of suppliers and tenders. It refines the NZP Toolkit and drafts an NZP Guidebook.
2. **GC signals that NZP is the new normal (2026)**The GC notifies *all* GCsuppliers why and how it will use NZP from now on, and the resulting benefits to suppliers. It sends all suppliers *sample generic low-carbon and circularity product specifications* that will be used in future tenders, and a link to an appropriate SME-freindly *supplier questionnaire.* The GC explains how the GC will use the product and supplier scores to determine the share of the significant points that will be allocated to those criteria in bid appraisals, from now on.

The GC also incentivizes all suppliers – regardless of size, sector, or location – to complete the supplier questionnaire *now*, to provide a snapshot of the status of their current efforts and provide a diagnostic for the GC on where more support is required. The questionnaire is SME-friendly and can be answered without the pressure of a tender deadline and with the help of a Supplier NZP Support Hub. This first assessment provides a baseline against which further GHG reductions can be assessed. Suppliers are reassured that they can update their answers / scores at any time, including at tender time.

1. **The GC Integrates NZP elements into all GC procurement processes (2027)**

The GC uses the NZP Toolkit to integrate NZP into all PSPC, Shared Services Canada (SSC), Canadian Armed Forces (CAF), and crown corporations’ procurement processes. This results in a refined and improved bilingual NZP Toolkit and a bilingual guidebook on how to integrate NZP into any public sector, private sector, academic or civil society procurement system.

1. **The GC deploys NZP with a critical mass of provinces / territories and municipalities (2027-2030)**

The GC supports and incentivizes the deployment of NZP in 4 provinces / territories by 2030. Plus, through the Federation of Canadian Municipalities (FCM), the GC supports the deployment of NZP in 400 of FCM’s 2,000 member municipalities by 2030.

**Features and benefits of NZP**

• **NZP allows governments to be *customers* / buyers, rather than regulators.**
Each year an estimated $300 billion is spent by public procurement in Canada. A significant number of businesses, including SMEs, are directly or indirectly in government supply chains. Businesses account for 80% of GHG emissions in Canada, with [41% coming from SMEs](https://www.bdc.ca/en/about/analysis-research/benefits-for-smes-of-taking-climate-actions). All businesses are suppliers. Public sector use of NZP unleashes a powerful *market force* to incentivize businesses to reduce their GHGs.

• **The NZP supplier questionnaire is fair and voluntary**
The supplier questionnaire is the critical component in the NZP Toolkit. It scores all suppliers ‒ regardless of size, location or sector ‒ on their net-zero ambition, progress, and plans. It is voluntary. If suppliers opt not to disclose answer the questionnaire, they simply score zero and will not earn any of the points allotted to the supplier score in bid appraisals. But they can still bid.

• **The supplier questionnaire can be used as a diagnostic**
If most suppliers score low in particular areas, the GC could provide targeted resources to help all businesses in those areas.

* **The GC can be a leader by making the NZP Toolkit available to any organization, anywhere**The more ubiquitous NZP, the better. The GC can make the NZP Toolkit and guidebook freely available to all COP signatories, and interested organizations in any sector, anywhere. With Canada’s leadership, *customer* pressure to reduce GHGs could be the key to fixing the climate emergency.

**NZP is a high-leverage, high-value, low-cost ERP measure**

The current 2030 ERP invests $9.1 billion in a suite of 117 measures and strategies across all sectors of the economy. Allocations for key measures range from $25 million to $2.2 billion. Successfully integrating NZP into all levels of government with speed and scale requires **$30-$50 million.** The funds would be used for:
a dedicated NZP *project manager*; development of appropriate *metrics* to measure success of NZP; development of a plug-and-play, generic *“NZP-In-A-Box” toolkit*; creation of appropriate *education modules* for procurement and other stakeholders; a *NZP Navigator* that assesses how well NZP has been integrated into an organization’s procurement processes; a *Supplier Support Hub* to provide help / support to hundreds/thousands of SME suppliers calculating their Scope 1, 2, and 3 GHG emissions; support by the *Canadian Collaborative Procurement Initiative (CCPI)* to help integrate NZP into provincial governments and provincial bulk purchasing group (e.g. Supply Ontario) procurement processes; support by the *FCM Green Municipal Fund* to incentivize and help municipalities integrate NZP into their procurement processes.

These support mechanisms ensure that NZP will be one of the most effective ERP measures.