



Net-Zero Procurement Toolkit

Definition of Net-Zero Procurement (NZP)

This is the touchstone definition that guides its integration into current procurement systems.

Net-Zero Procurement ensures that buyers...

- ...obtain the **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 targets and to circularity** ...
- ...in support of the buyer's organizational purpose, policies, and strategic sustainability goals.

Net-Zero Procurement (NZP) Toolkit

Based on the definition of NZP, a buyer requires:

1. **NZP product specifications** to score **products** on how well they meet low-carbon and circularity specifications. (See panel 2)
2. **NZP supplier assessment tool** to score **suppliers** on their commitment to reducing their GHGs and their use of circular design. (See panel 3)
3. **NZP bid appraisal template** that awards the most points to the products and suppliers with the highest scores. (See panel 4)
4. **NZP contract terms and conditions (Ts & Cs)** that ensure suppliers follow through on their stated improvement plans. (See panel 5)

1. NZP product specifications: used to score the product on low-carbon and circularity specs.

Sample Specifications / Criteria / Eco-labels	Score
Product-as-a-Service (PaaS) or lease options	--%--
Supplier-refurbished product option	--%--
Take-back / trade-in / extended warranty options	--%--
Designed for repair, upgrades, refurbishment	--%--
Designed for disassembly and reuse of parts	--%--
% recycled, renewable, biodegradable materials	--%--
Traceability / chain of custody certifications	--%--
Harmful / toxic materials & chemicals	--%--
% recycled, biodegradable materials in packaging	--%--
% reuse & takeback of packaging	--%--
Carbon footprint of the product	--%--
GHGs from shipping / delivery	--%--
GHGs emitted during use, repair, EOL disposition	--%--
Energy efficiency ecolabel	--%--
(Other product-specific specs...)	--%--
Average score	--%--

In addition, specs and ecolabels for product categories are available from these government websites:

- US EPA Specifications, Standards, and Ecolabels
- EU Common Green Public Procurement Criteria
- Netherlands MVI Criteria Tool
- Ireland Green Public Procurement Criteria

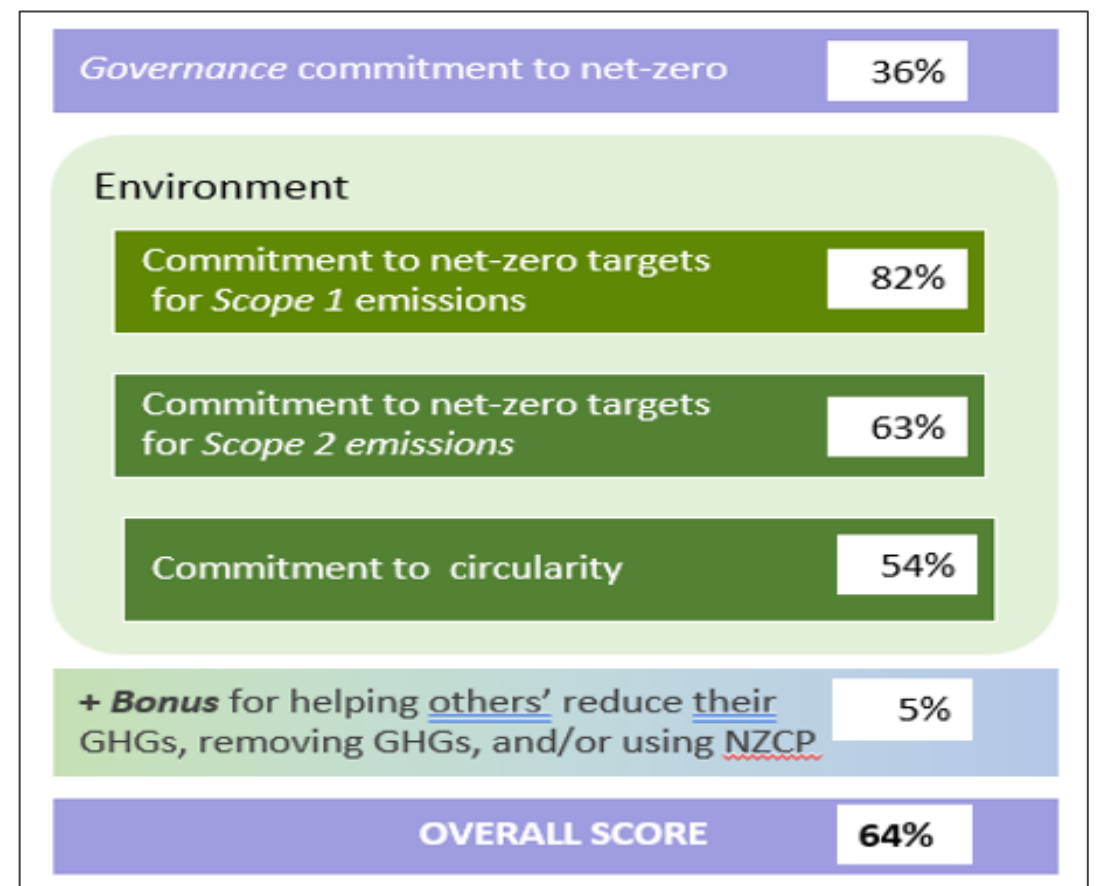
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2. NZP supplier assessment tool: scores suppliers' commitment to net-zero and to circular design.

Signal (immediately, independent of any tender activity):
The buyer sends the assessment Tool to all suppliers. The buyer explains to *all* suppliers why they are doing this. The buyer explains how the Tool *scores will be weighted* in bid appraisals. The Buyer requests *all* suppliers complete the Tool now, as a diagnostic.

Sample Supplier Scores



A sample Excel-based questionnaire, Net-Zero Ambition Assessment Tool (NZAAT), is freely available at <https://sustainabilityadvantage.com/assessments/nzat/>

It's **voluntary**. If suppliers choose not to disclose, they simply score zero and will not earn any of the points allotted to the supplier score at bid appraisal time. (See panel 5).

3. **NZP bid appraisal template:** significantly weights the product and supplier scores.

Prefer / Weight: in the bid appraisal, buyer significantly weights (i.e., at least 10% of the points) suppliers' scores.

Sample bid appraisal template

Weight (% of Points)	NZP Bid Appraisal Criteria	Score (0-100%)	Weighted Score
30%	Product quality – performance, desired features	Score	Weighted score
10%	Product low-carbon and circularity quality – meeting priority low-carbon and circularity specs	Score	Weighted score
10%	Supplier quality - performance, capacity, attributes	Score	Weighted score
10%	Supplier net-zero and circularity quality – commitment to reducing GHGs and to circularity	Score	Weighted score
40%	Price / Total Cost of Ownership (TCO)	Score	Weighted score
(100%)	Bid with the best value = Bid with the highest total		Total

Net-Zero Procurement **makes suppliers’ GHG reductions and circularity matter**, because the scores on product and supplier low-carbon and circularity attributes are **significantly weighted** (10+% of the total points) in the buyer’s / customers’ bid appraisal. That is, NZP **incentivizes** suppliers to improve their product and company scores, so that they earn more points than their competitors and **win more bids**.

This is the signature feature of an NZP system.

4. **NZP contract Ts & Cs:** ensure winning suppliers’ pledged net-zero and circularity targets are met.

Require / Contract: contracts with winning suppliers stipulate an appropriate combination of **incentives, financial penalties and conditions** that reinforce supplier commitment to net-zero targets. For example:

- Financial penalties / bonuses regarding completion of the supplier’s short-term net-zero action & circularity planned actions.
- Preferential payment terms or financing rates based on carbon reduction targets and progress toward circular design.
- Verification of supplier score on the net-zero GHG plans questionnaire by qualified 3rd party. Contract termination if verified score is more than 10% lower.
- Suppliers must publicly communicate their net-zero & circularity scores, commitments, plans, and progress.
- Requirement that suppliers require their CEO’s compensation be linked to meeting their short-term circularity and net-zero targets. (In 2023, 61% of incentive plans had environmental / emission reduction measures.)
- Contract termination if specified net-zero & circularity targets are not met.

Net-Zero Procurement (NZP) Toolkit is freely available
The open-source NZP Toolkit includes the four add-ons described above, plus a Total Cost of Ownership (TCO) calculator for use, if appropriate. It is downloadable from here:

<https://sustainabilityadvantage.com/sp/net-zero>

Why net-zero needs circularity

“The most low-carbon products are the ones you don’t buy.”

A. Circularity *eliminates* product carbon footprints

Carbon footprints only need to be accounted for on **new, purchased** products, in the year they are bought. These alternate acquisition approaches eliminate that requirement because the products are not *purchased* or are not *new*.

- Use Product-as-a-Service (PaaS): It’s not purchased.
- Lease or rent the product: It’s not purchased.
- Use a pay-for-use service: It’s not purchased.
- Buy a used / pre-owned product: It’s not new. Its carbon footprint has already been, or should have been, accounted for by its previous owner. Avoids double accounting.

B. Circularity *reduces* product carbon footprints

Circularity reduces carbon footprints by eliminating GHG contributions from Tier 2, 3, and 4 suppliers.

