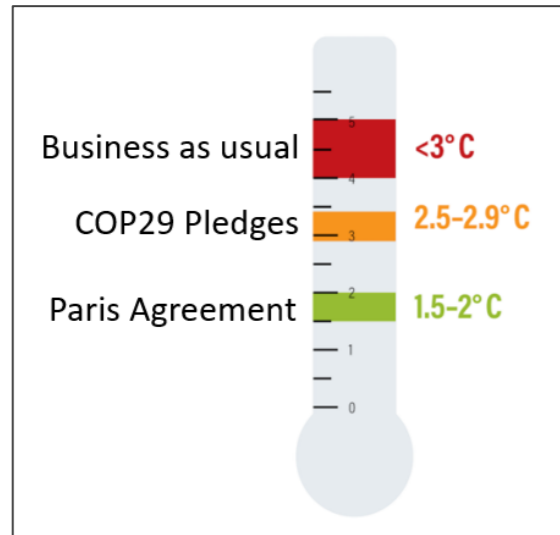




Net-Zero Procurement Helps Win the GHG Reduction Trifecta

Why we need Net-Zero Procurement (NZZP)

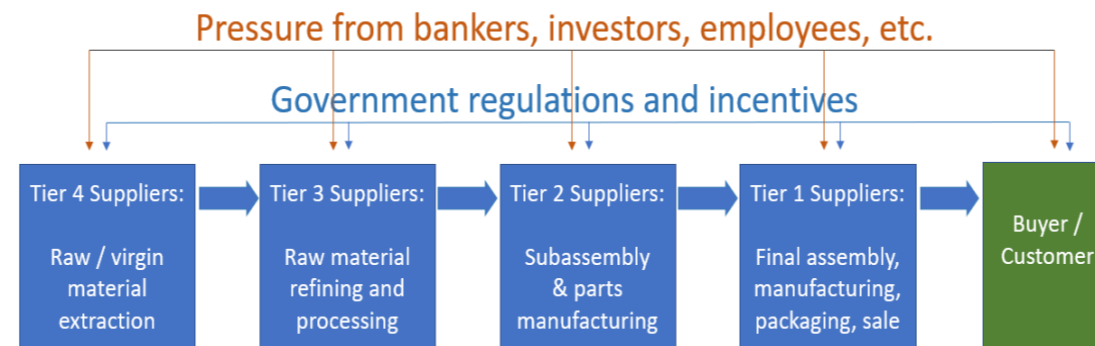


- Governments' COP29 pledges are insufficient and unfulfilled.
- Most businesses are sitting on the sidelines waiting for governments to fix climate change.
- Businesses account for ~80% of GHG emissions.
- **Unless businesses are actively engaged in reducing their GHGs, the climate emergency will get worse.**
- **All businesses are suppliers.**

The Net-Zero Procurement (NZZP) Solution:
Use the *buying power* of customers as a *market force* to mobilize suppliers / businesses in the race to a decarbonized, circular economy.

Current Drivers of GHG Reductions

Important stakeholders and governments are driving GHG reductions in both buyer and supplier businesses. They are necessary, but **not sufficient**.



Definition of Net-Zero Procurement (NZZP)

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 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, NZZP **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 NZZP system.

The GHG Reduction Trifecta

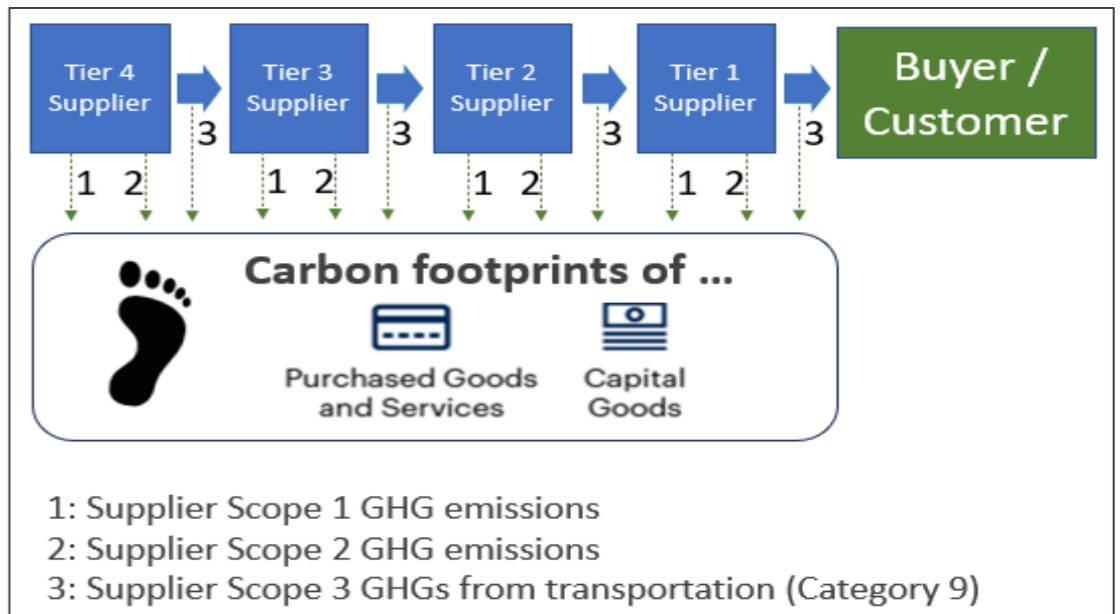
If we deploy Net-Zero Procurement (NZZP) with speed and scale, we can win the GHG reduction trifecta:

1. Reduce the carbon footprints of all purchased **products** to net-zero by 2050 or sooner. (See panels 3 & 4)
2. Reduce **businesses'** GHG emissions to net-zero by 2050 or sooner. (See panel 5)
3. Mitigate the global **climate crisis** by 2050 or sooner. (See panel 5)

1. NZZP drives product carbon footprints to net-zero

NZZP incentivizes suppliers to reduce their products' carbon footprints, as well as to lower their Scope 1, 2, and 3 GHGs. If suppliers' GHG emissions are net-zero, their products' carbon footprints are net-zero, as shown in this figure.

Contributors to Product Carbon Footprint

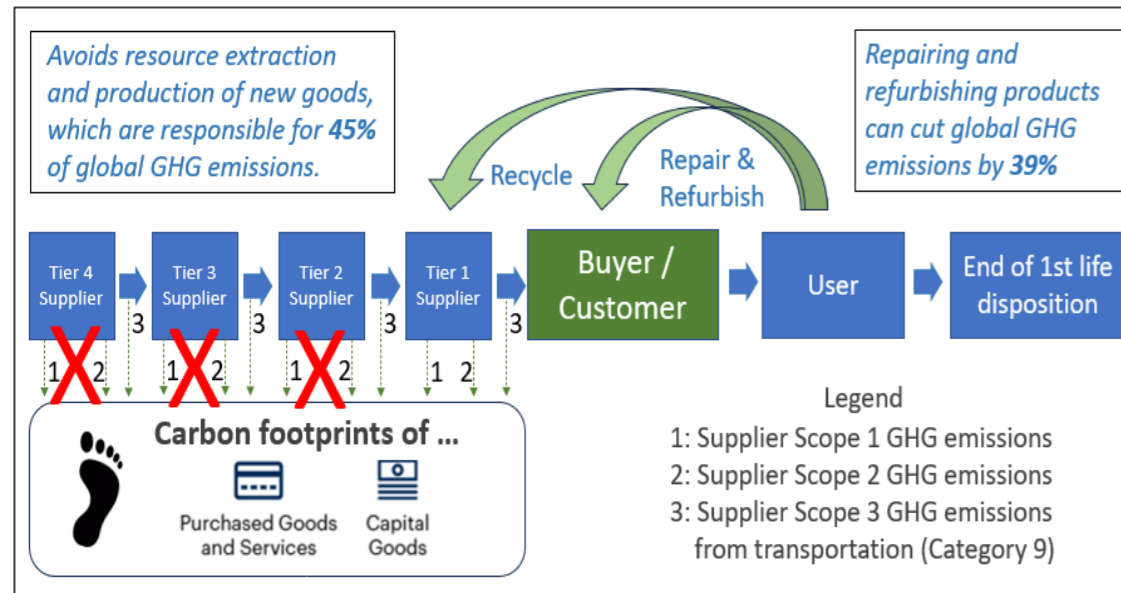


In addition, circularity-based procurement approaches can be used to reduce or eliminate product carbon footprints. (See panel 4)

Circularity reduces or eliminates carbon footprints

1. Circularity *reduces* product carbon footprints:

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



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

2. Circularity *eliminates* some product carbon footprints:

Carbon footprints only need to be accounted for on **new, purchased** products, in the year they are bought. These acquisition approaches eliminate that requirement:

- **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 unnecessary double accounting.

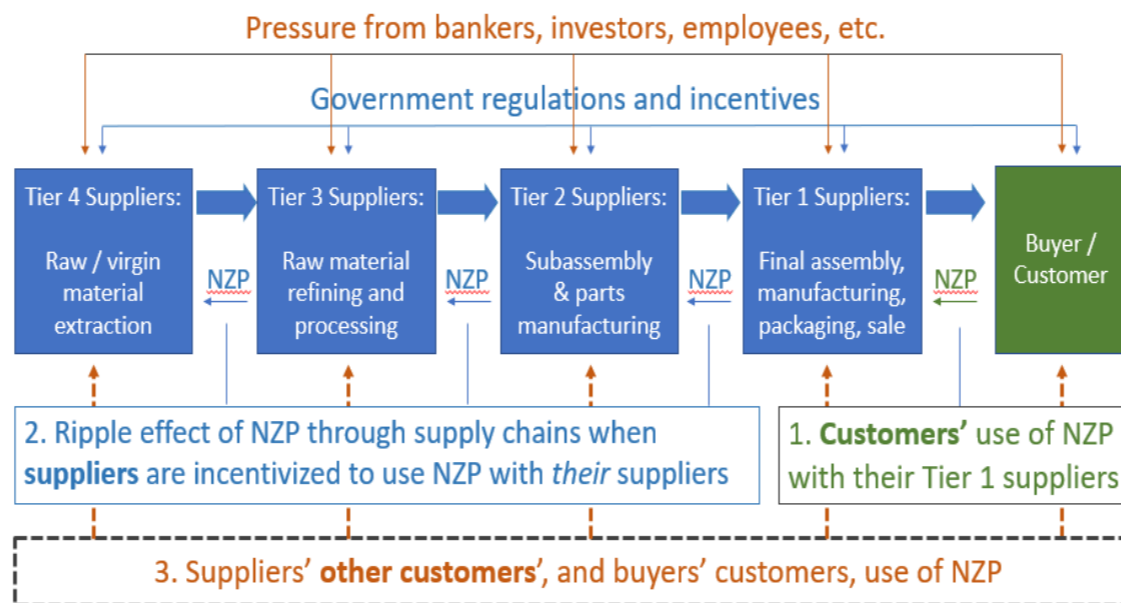
2. NZP drives *businesses’* GHG emissions to net-zero

All businesses are suppliers. Deploying NZP with speed and scale, globally, motivates all businesses to take action to reduce their GHGs to net-zero by 2050 or sooner,

3. NZP mitigates the *climate crisis*

NZP can be used by buyers in all sectors (public, private, academic) worldwide to reward their suppliers for reducing their GHG emissions. The ubiquitous use of NZP unleashes a \$9 trillion force to incentivize a critical mass of suppliers / businesses to reduce their GHGs to net zero by 2050 or sooner. This increases the possibility that we can mitigate the climate crisis, in time.

So, NZP adds 3 more drivers of GHG reductions, and ...



... helps win the GHG reduction trifecta in the race to a decarbonized, circular economy.

1. Reduces **product carbon footprints** to net-zero.
2. Reduces **businesses’ GHG emissions** to net-zero.
3. Mitigates the **global climate emergency**.

Benefits to *Buyers* of NZP

- Ensures **best value for money** ... weights what matters most.
- **Reduces Scope 3 GHGs** ... reduces products’ carbon footprints.
- **Promotes decarbonized, circular economy** ... market force
- **Reduces reputational risk** ... mitigates supply chain hot-spots.
- **Increases employee engagement** ... company is making a difference.
- **Creates supplier partnerships** ... opportunities for co-innovations.
- **Improves readiness for regulations** ... reporting, GHGs
- **Nondisruptive integration** ... builds on current procurement system.
- (Acting as a customer ... vs. as a regulator, if buyer is a government.)

Benefits to *Suppliers* of NZP

- **Competitive advantage** ... earn significant points for GHG efforts.
- **Creates a market** ... for their low-carbon, circular products.
- **Increases their reputation** ... company is making a difference.
- **Increases employee engagement** ... proud company cares & acting.
- **Creates customer partnerships** ... opportunities for co-innovations.
- **Improves readiness for regulations** ... GHG, reporting, procurement.
- **Yields a GHG assessment** ... shareable with bankers, investor, etc.
- **Can use NZP with their suppliers** ... ensures best value for money.

Benefits to *Future Generations* of NZP

- **We avoid runaway climate change**
- **We transition to a decarbonized, circular economy**

A free, open-source NZP Toolkit that helps integrate NZP into current procurement processes is available here:

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

