



Net-Zero Procurement Toolkit

Definition of Net-Zero Procurement (NZZP)

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 (NZZP) Toolkit

Based on the definition of NZZP, a buyer requires:

- NZZP product specifications** to score **products** on how well they meet low-carbon and circularity specifications. (See panel 2)
- NZZP supplier assessment tool** to score **suppliers** on their commitment to reducing their GHGs and their use of circular design. (See panels 3 & 4)
- NZZP bid appraisal template** that awards the most points to the products and suppliers with the highest scores. (See panel 5)
- NZZP contract terms and conditions (Ts & Cs)** that ensure suppliers follow through on their stated improvement plans. (See panel 6)

1. NZZP 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:

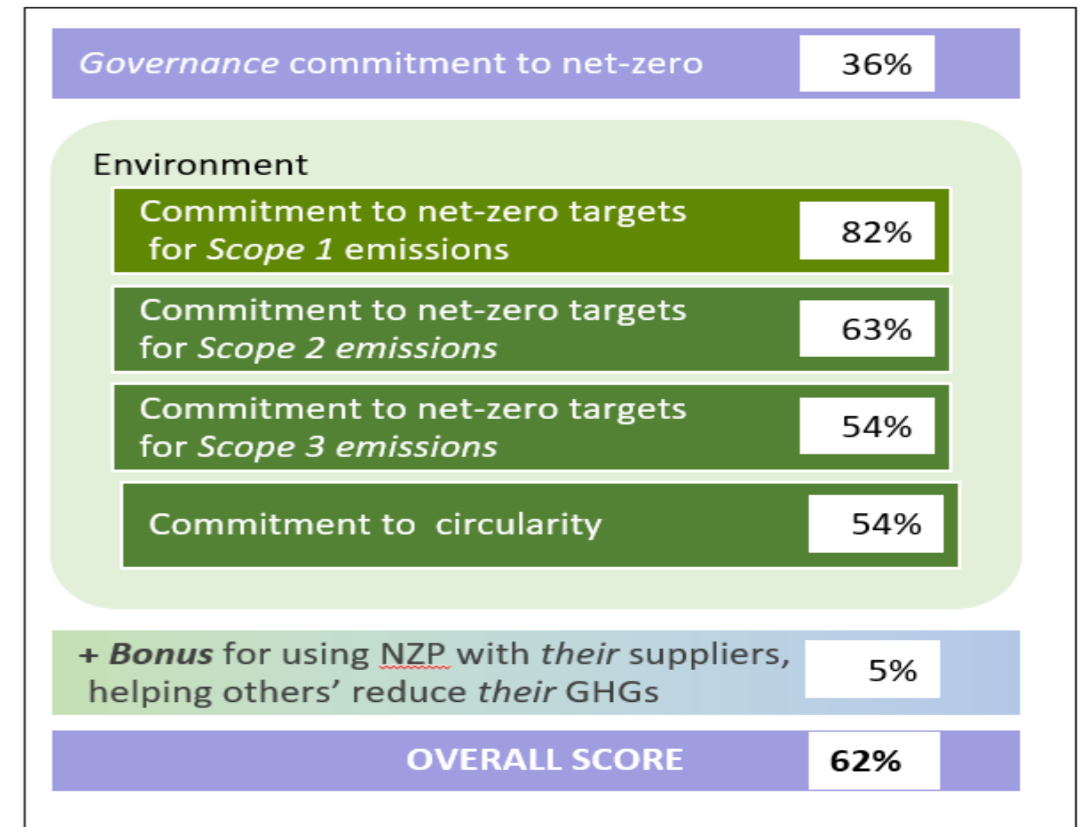
- US EPA Specifications, Standards, and Ecolabels
- EU Common Green Public Procurement Criteria
- Netherlands MVI Criteria Tool
- Ireland Green Public Procurement Criteria



2. NZZP 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 (NZZAAT), 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).

Criteria for an online / digitized supplier questionnaire

If the supplier assessment Tool is to be used with hundreds / thousands of suppliers worldwide, then it needs to be online and meet these criteria / capabilities.

There are several candidates for this Tool. These criteria can be prioritized and used to assess which is the best fit for a buyer's purposes / needs.

- **Credentials of Provider and Tool**
- **Question topics**
 - Scope 1 & 2, some Scope 3 GHG emissions
 - Renewable energy use
 - Governance for GHG reductions
 - Supplier resiliency if disruptions
 - Circularity design
 - Credit for positive impacts
 - Credit for use of NZP with their suppliers
 - Tailorable questionnaire
- **Support for Suppliers**
 - SME friendly questions & format
 - Education / help modules
 - Supplier scorecard; benchmarking
 - Portability of results; shareable
 - Built-in improvement suggestions
- **Support for Buyers**
 - Bulk implementation support; tracking
 - Buyer customizable dashboard
 - Verification / Audit support
- **Pricing**
 - Pricing scheme
 - Free to suppliers
 - Ballpark \$ for unlimited suppliers

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* re 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 >10% lower.
- Suppliers must *publicly communicate* their net-zero & circularity scores, commitments, plans, and progress.
- Requirement that supplier 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>