

LUPC Approach to Net Zero with Suppliers

1. Introduction

The UK Climate Change Act 2008 was amended in 2019¹, introducing a target of at least a 100% reduction in the net UK carbon account (i.e. reduction of greenhouse gas emissions, compared to 1990 levels) by 2050, otherwise known as the UK 'Net Zero' target.

A Procurement Policy Note (PPN 06/21) has also been published, which requires suppliers bidding for major government contracts greater than £5 million per annum (excluding VAT) to commit to achieving Net Zero by 2050 and to publish a Carbon Reduction Plan (CRP) detailing how they will achieve the target.

PPN 06/21 is issued with:

- [Procurement Policy Note](#) – Taking Account of Carbon Reduction Plans in the procurement of major government contracts
- [Guidance](#) on adopting and applying the PPN 06/21 – selection criteria
- [Technical standard](#) for Completion of Carbon Reduction Plans
- [Carbon Reduction Schedule](#)

While LUPC and the vast majority of members are not officially 'in-scope' organisations in terms of the legislation, the guidance provides a solid framework for mobilising suppliers towards achieving the UK Net Zero target, in line with the understanding that more than 70% of emissions are scope 3 and are made up of emissions in an organisation's value chain.²

Engagement with suppliers and potential suppliers will provide insight into understanding the risk, highest impact opportunity and the level of support suppliers require in implementing CRPs.

Highest impact suppliers can be determined by, inter alia:

- Categories of spend with the highest emissions
- Supplier size, complexity of the supply chain
- Supplier readiness to track and provide accurate data
- Value and criticality of spend

This guidance aims to provide implementation steps and associated stages, particularly towards completion of actions:

- Through supplier engagement, obtain actual carbon emission factors per unit of product service provided
- Require all priority suppliers to provide details of their own GHG emissions reduction activities and Environmental Social Governance (ESG) practices at least annually to track and reduce scope 3 emissions footprint.

Salient points are summarised in this document to facilitate easy implementation of the steps required in reducing emissions.

¹ [Climate Change Act 2008 \(legislation.gov.uk\)](https://legislation.gov.uk)

² <https://www.unglobalcompact.org.uk/scope-3-emissions/>

2. Supplier Carbon Reduction Plan

PPN 06/21 provides a supplier **Carbon Reduction Plan (CRP) template**³ for suppliers to:

- Confirm their commitment to achieving Net Zero by 2050
- Confirm external validation of their target
- Provide baseline carbon emissions data
- Current emissions data
- Target emissions
- Outline plans for achieving carbon reduction

In members' case, an adaptation of this template can be used to guide suppliers in their overall company CRP rather than be limited to commitments and measures tied to a particular contract. The template is included as **Annex A** for ease of use and has been customised slightly to suit members' use.

2.1 *Guidance on Scopes 1, 2 and 3*

The Greenhouse Gas Protocol breaks emissions sources down into three categories or Scopes. All Scope 1 and Scope 2 emissions should be included when completing the CRP, along with a subset of Scope 3 emissions. The subset includes 5 of the 15⁴ Scope 3 emissions defined in the GHG Protocol.

Guidance for PPN 06/21 further includes recommendation that CRPs should be completed in line with the latest environmental reporting guidance⁵ for Scope 1 and Scope 2 emissions, and the reporting of the required subset of Scope 3 emissions (which typically make up over 70% of emissions) should be in line with best industry practice and technical guidance⁶.

³ [PPN 0621 Taking account of Carbon Reduction Plans Jan22.docx \(publishing.service.gov.uk\)](#)

⁴ [Microsoft Word - PPN 0621 Technical standard for the Completion of Carbon Reduction Plans.docx \(publishing.service.gov.uk\)](#)

⁵ [Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting requirements - GOV.UK \(www.gov.uk\)](#)

⁶ [Scope3 Calculation Guidance 0.pdf \(ghgprotocol.org\)](#)

2.2 Scope 3 subset (numbered according to the GHG Protocol)

Scope 3 Category	Category description	Minimum boundary
4. Upstream transportation and distribution ⁷	Transportation and distribution of products purchased by the reporting company in the reporting year between a company's tier 1 suppliers and its own operations (in vehicles and facilities not owned or controlled by the reporting company) Transportation and distribution services purchased by the reporting company in the reporting year, including inbound logistics, outbound logistics (e.g., of sold products), and transportation and distribution between a company's own facilities (in vehicles and facilities not owned or controlled by the reporting company)	The scope 1 and scope 2 emissions of transportation and distribution providers that occur during use of vehicles and facilities (e.g., from energy use) Optional: The life cycle emissions associated with manufacturing vehicles, facilities, or infrastructure
5. Waste generated in operations	Disposal and treatment of waste generated in the reporting company's operations in the reporting year (in facilities not owned or controlled by the reporting company)	The scope 1 and scope 2 emissions of waste management suppliers that occur during disposal or treatment Optional: Emissions from transportation of waste
6. Business travel	Transportation of employees for business-related activities during the reporting year (in vehicles not owned or operated by the reporting company)	The scope 1 and scope 2 emissions of transportation carriers that occur during use of vehicles (e.g., from energy use) Optional: The life cycle emissions associated with manufacturing vehicles or infrastructure
7. Employee commuting ⁸	Transportation of employees between their homes and their worksites during the reporting year (in vehicles not owned or operated by the reporting company)	The scope 1 and scope 2 emissions of employees and transportation providers that occur during use of vehicles (e.g., from energy use) Optional: Emissions from employee teleworking
9. Downstream transportation and distribution ⁹	Transportation and distribution of products sold by the reporting company in the reporting year between the reporting company's operations and the end consumer (if not paid for by the reporting company), including retail and storage (in vehicles and facilities not owned or controlled by the reporting company)	The scope 1 and scope 2 emissions of transportation providers, distributors, and retailers that occur during use of vehicles and facilities (e.g., from energy use) Optional: The life cycle emissions associated with manufacturing vehicles, facilities, or infrastructure

2.3 Carbon Offsetting

Organisations can take initial steps to Net Zero by becoming Carbon Neutral. Carbon neutrality involves offsetting those emissions you are not yet able to reduce in the

⁷ The government provides specific guidance for freight transport operators and for companies wishing to report emissions from their work-related travel:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/218574/ghg-freight-guide.pdf
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/218576/ict-steering-group-carbon-em.xls

⁸ The Department for Transport's work-related travel guidance helps organisations in the UK measure and manage the greenhouse gas emissions from commuter journeys and business travel: [\[ARCHIVED CONTENT\]](#) (nationalarchives.gov.uk)

⁹ The government provides specific guidance for freight transport operators and for companies wishing to report emissions from their work-related travel:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/218574/ghg-freight-guide.pdf
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/218576/ict-steering-group-carbon-em.xls

short-term. Organisations who stop at Carbon Neutrality, and do not push through with plans to meet Net Zero targets, are often accused of “greenwashing”. It is therefore important to ensure that supplier CRPs show an intention to reduce offsetting over time, as they increase their emissions reduction and to use credible offsetting schemes. The LUPC Carbon Offsetting Framework Agreement provides support for members.¹⁰

3. Public commitment

Asking suppliers to make public commitment to their Net Zero Targets and publishing their CRP on their website is encouraged as a means of ensuring accountability.

4. External validation

External validation of Net Zero Targets (which includes baseline and plan to reach Net Zero) is strongly recommended. Initiatives such as the Science-based Targets Initiative (SBTi) can be explored.

5. CRP Annual Review

Suppliers’ CRPs should provide updates annually to reflect changes in organisational structure and to take account of the efforts made to reduce their emissions over time. It is important to ensure that the same reporting period is used annually – financial year is suggested with provision of reports within 6 months of the organisation’s financial year-end.

6. Evaluation of CRPs and Annual Reviews

A template attached as **Annex B** can be used to evaluate CRPs submitted by suppliers.

¹⁰ [Carbon Offsetting and Validation Services](#)