

Approach to Net Zero with Suppliers

1. Introduction

Procurement Policy Notes require suppliers bidding for major government contracts greater than £5 million per annum (including VAT) to commit to Net Zero by 2050 and to publish a Carbon Reduction Plan (CRP). PPN 06/21 applies to procurements before 24 February 2025; PPN 006 applies from that date onwards.

While most members are not formally in scope, this framework provides a practical approach to supplier engagement on carbon reduction. With typically over 70% of institutional emissions sitting in the supply chain, following this guidance contributes to members’ own Scope 3 reporting, while CRPs contribute to supplier’s demonstration of compliance with the [UKUPC SUSTAIN Supply Chain Code of Conduct](#).

2. Implementation

The following steps are offered as a guideline for members who wish to engage suppliers on carbon reduction.

STEP 1: Determine highest impact suppliers

Score each supplier or category 1–5 on each factor below, then multiply all four scores together (maximum = 625) to determine the appropriate tier:

Factor	Score 1 (low)	Score 3 (medium)	Score 5 (high)
Carbon impact	Low-emission category	Medium	High-emission category
Spend value	Under £50k	£50k–£500k	Over £500k
Supply chain complexity	Simple / direct	Mixed	Complex / multi-tier
Carbon maturity	Data readily available	Partial data	No data yet

Note: spend thresholds are illustrative and can be adjusted to reflect your organisation’s procurement scale. The [UKUPC RP Commodity Mapping Tool](#) can help identify high carbon-impact categories as a starting point.

Total score	Tier
301–625	Tier 1 — full CRP required
51–300	Tier 2 — simplified disclosure
1–50	Tier 3 — commitment only

STEP 2: Supplier segmentation

A tiered approach avoids placing disproportionate burden on smaller or lower-impact suppliers:

Tier	Supplier type	Suggested requirement
Tier 1	Strategic / high-impact	Full CRP (Annex A). Annual review. Product/service carbon data commitment.
Tier 2	Medium-impact	Simplified disclosure: Scope 1, 2 and key Scope 3 categories. Net Zero commitment and target year.*
Tier 3	SMEs / lower-impact	Net Zero commitment statement and roadmap in lieu of full emissions disclosure. Signpost to free SME resources (e.g. SME Climate Hub).*

*Simplified Carbon Disclosure templates under development.

STEP 3: Supplier engagement

Engage suppliers to understand their current position and agree expectations. For Tier 1 suppliers this should include an annual CRP submission in the Annex A format, with a commitment to improving Scope 3 data, as well as product/service carbon footprint, over time. Internal coordination between procurement, sustainability and finance teams will help ensure supplier data feeds through to institutional carbon reporting.

STEP 4: Evaluate CRPs

The Annex B checklist can be used to evaluate CRPs as a basis for feedback in contract management. CRPs should be updated annually, ideally within 6 months of the supplier’s financial year-end. For ongoing contract management, the following maturity model can help track supplier development over time:

Level	Description	Characteristics
Level 1	Compliant	CRP submitted, Net Zero commitment, Scope 1 & 2 data, 5 mandatory Scope 3 categories
Level 2	Progressing	All 15 Scope 3 categories attempted, interim targets set, externally validated Net Zero target

Level 3	Advanced	Level 2 plus product/service carbon data available for key lines, data quality graded, offsetting reducing
Level 4	Leading	Verified product PCFs across portfolio, SBTi-aligned, offsetting ≤10%, supports member Scope 3 accounting

STEP 5: Use supplier carbon data in institutional carbon measurement

CRPs are forward-looking documents, not verified emissions inventories. Annex C sets out a five-level hierarchy for calculating attributed Scope 3 emissions from supplier data, from product-level carbon footprints down to secondary spend-based factors.

3. Additional considerations

Offsetting

Carbon neutrality is not the same as Net Zero. Supplier CRPs should show reducing reliance on offsets over time, with a maximum of 10% by 2050. Where offsets are used, they should meet recognised quality criteria: additionality, permanence, independent verification and no double counting. Where members wish to offset carbon emissions, the [LUPC Carbon Offsetting Framework Agreement](#) provides support.

Public commitment

Asking suppliers to publish their CRP on their website supports accountability and makes annual verification straightforward.

External validation

Independent validation of Net Zero targets is strongly recommended. The [Science Based Targets initiative \(SBTi\)](#) is the most widely recognised framework. Self-certification alone is not sufficient for Tier 1 suppliers.

Annexes

- Annex A – Carbon Reduction Plan Template
- Annex B – CRP Evaluation Checklist
- Annex C – Calculating Scope 3 Emissions