

An aerial photograph showing a multi-lane highway with two cars driving on it. The highway is bordered by a dense green forest. In the top left corner, a small portion of a body of water is visible. A semi-transparent dark blue rectangular box covers the middle portion of the image, serving as a background for the title and date.

GUIDE

NET ZERO CARBON PROCUREMENT GUIDE

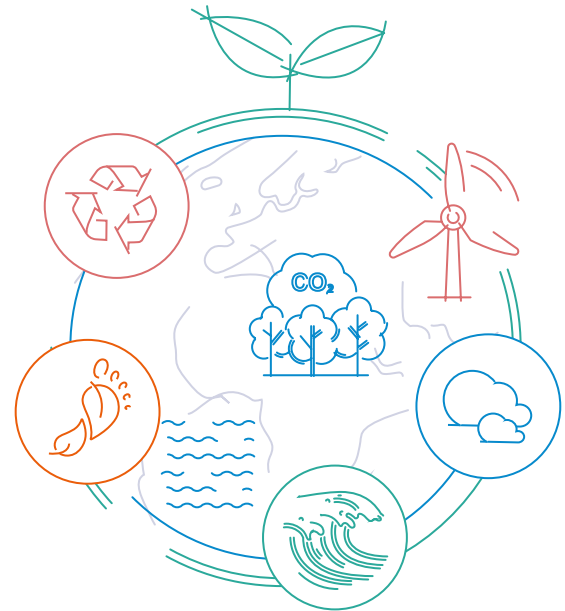
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INTRODUCTION

Net Zero Carbon (NZC) has gained significant industry traction. Targets are embedded and the industry is grappling with implementation and delivery on those targets. Implementation is the difficult part. It is not only a design challenge but a process and cost one too.

Procurement is a key stage in achieving the planned outcomes – it is procurement that turns vision into physical construction and a built asset. It is therefore essential that any procurement activity conveys and contracts not just the physical attributes but the key performance criteria and how they contribute to Net Zero Carbon success.

Our 2023 [Procurement Trends Report](#) provided insight from across the industry as to how sustainability is dealt with in the procurement stages of a project. It highlighted that significant work is to be done in successfully delivering NZC outcomes. Our response has been to publish this NZC Procurement Guide.

For more information on designing and implementing Net Zero Carbon Procurement Strategies please get in touch.



The challenges of procuring projects to achieve more sustainable outcomes do not change the fundamentals of how to run an effective procurement process. They do however require a depth of understanding of those challenges by those leading the procurement. Sustainability challenges may drive a change in thinking so that procurement is seen as an activity beyond the point of entering into a contract.



Paul Beeston, Partner

Paul Beeston

Partner

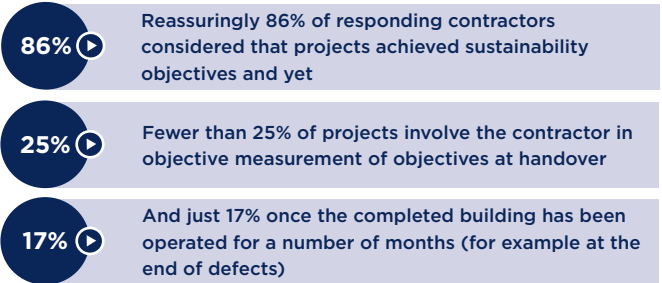
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PROCUREMENT TRENDS SURVEY

GREEN PROCUREMENT

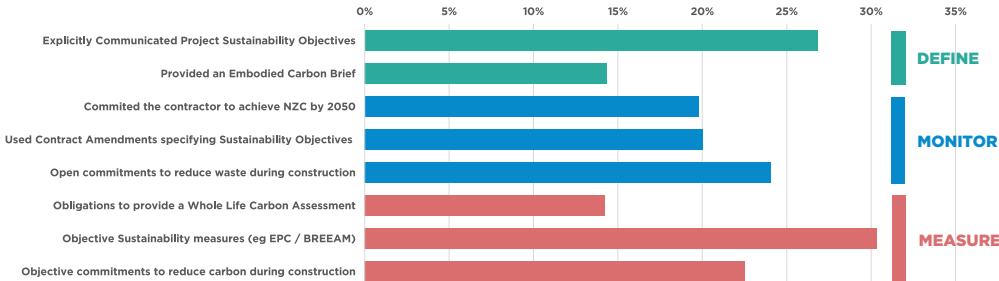
This year's survey looked at Green Procurement practices as clients and project teams look to transition to Net Zero Carbon. The results show significant gaps in procurement practices across the industry.



Key differences



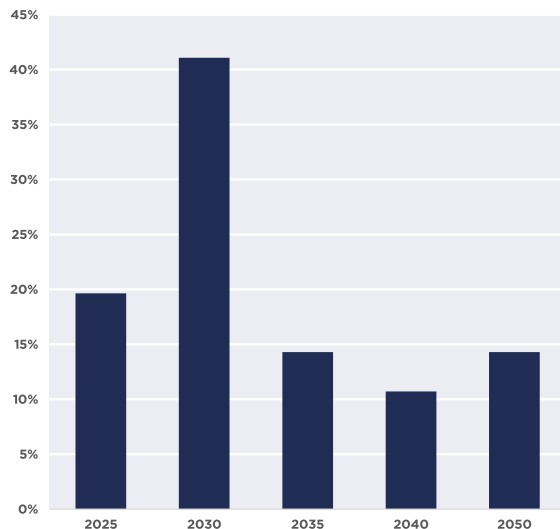
Percentage of Contractors Reporting that Tenders Contain:



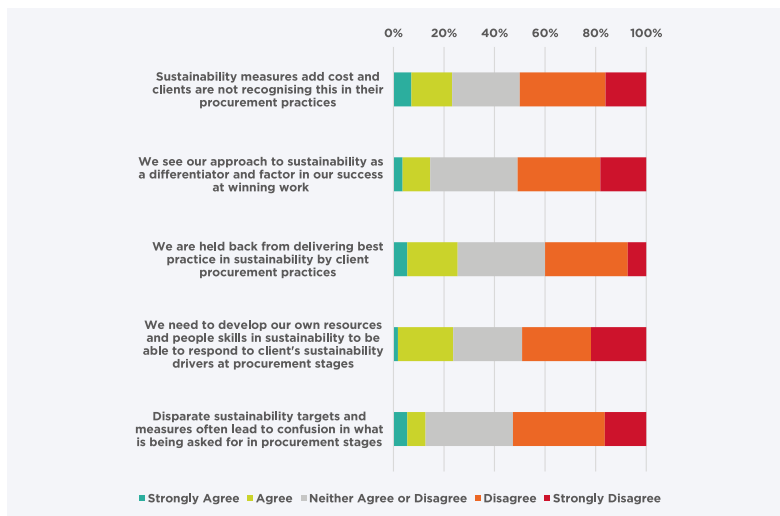
CONTRACTOR PERSPECTIVES

Contractors surveyed appear to have the capacity and appetite to go quicker with Net Zero Carbon commitments. Government Procurement advice (PPN 06/21) is currently to select contractors only where they have a commitment to achieve NZC by 2050. In fact many contractors have more ambitious targets, but they recognise some need to develop their own people to deliver on sustainability.

Contractor Targets to achieve Net Zero Carbon



Contractor Sentiment of Sustainability in Procurement



PUTTING NZC IN CONTEXT

NET ZERO CARBON SCOPES (1, 2, 3)

The Greenhouse Gas Protocol defines Scope 1, 2 and 3 emissions. Scope 1 covers directly generated emissions (e.g. boilers), Scope 2 covers indirectly generated (i.e. electrical supply from the grid) and Scope 3 covers indirect supply chain generated emissions.

In sustainability terms, Scope 3 is the difficult one. Up to 70% of an organisations' emissions may be down the supply

chain. Hence procurement practices play an enormous part in truly getting to Net Zero Carbon. Many organisations have focused on Scope 1 and 2 as being easier to measure and control. Procurement activity can directly influence the Net Zero Carbon outcomes of those commissioning built assets either for their own use or as an investment or transactional activity. The procurement stage of a project can impact all three scopes.

UNDERSTANDING THE BOUNDARIES

The boundary for embodied carbon should consider the life cycle of a built asset including how the building may be let and disposed of. The boundaries of carbon assessments is key to procuring meaningful NZC targets that represent value for money. In some instances procurement may be entwined with the boundaries of carbon assessment. Example boundaries of assessment over life:

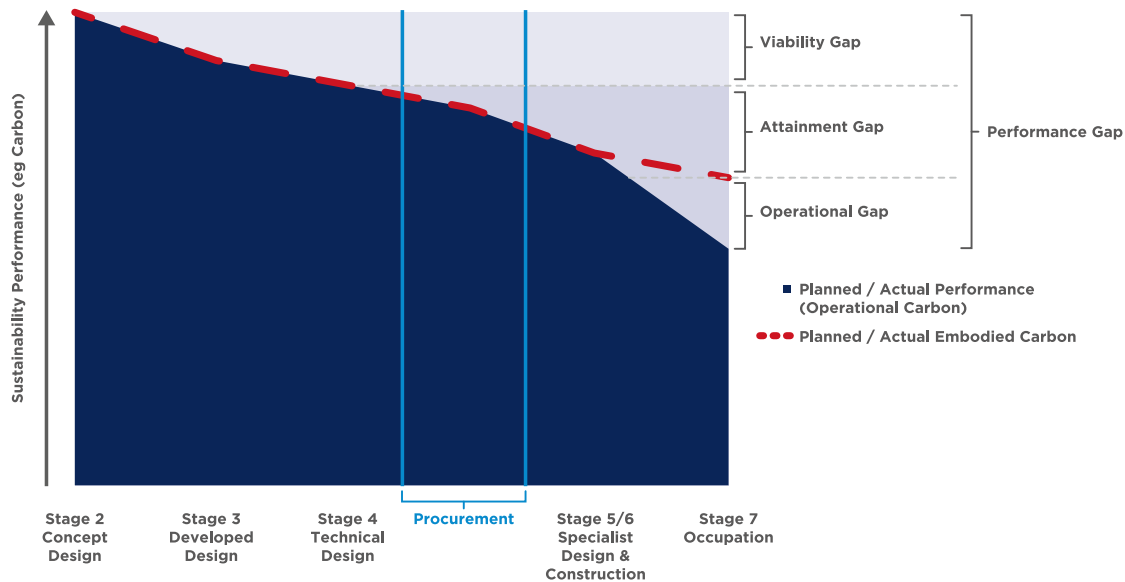
		LIFE OF ASSET			
		▶ CONSTRUCTION	▶ OPERATIONAL	▶ DISPOSAL PURCHASE	▶ DEMOLITION
SCOPE	Scope 1 Direct		Tenancy (e.g. fit out) Base Building Whole Building Portfolio		
	Scope 2 Indirect				
	Scope 3 Indirect Supply Chain	Raw materials, manufacturing, transport, construction		Adaption and refurbishment	Demolition and waste disposal

THE CHALLENGE

THE NZC PERFORMANCE GAP

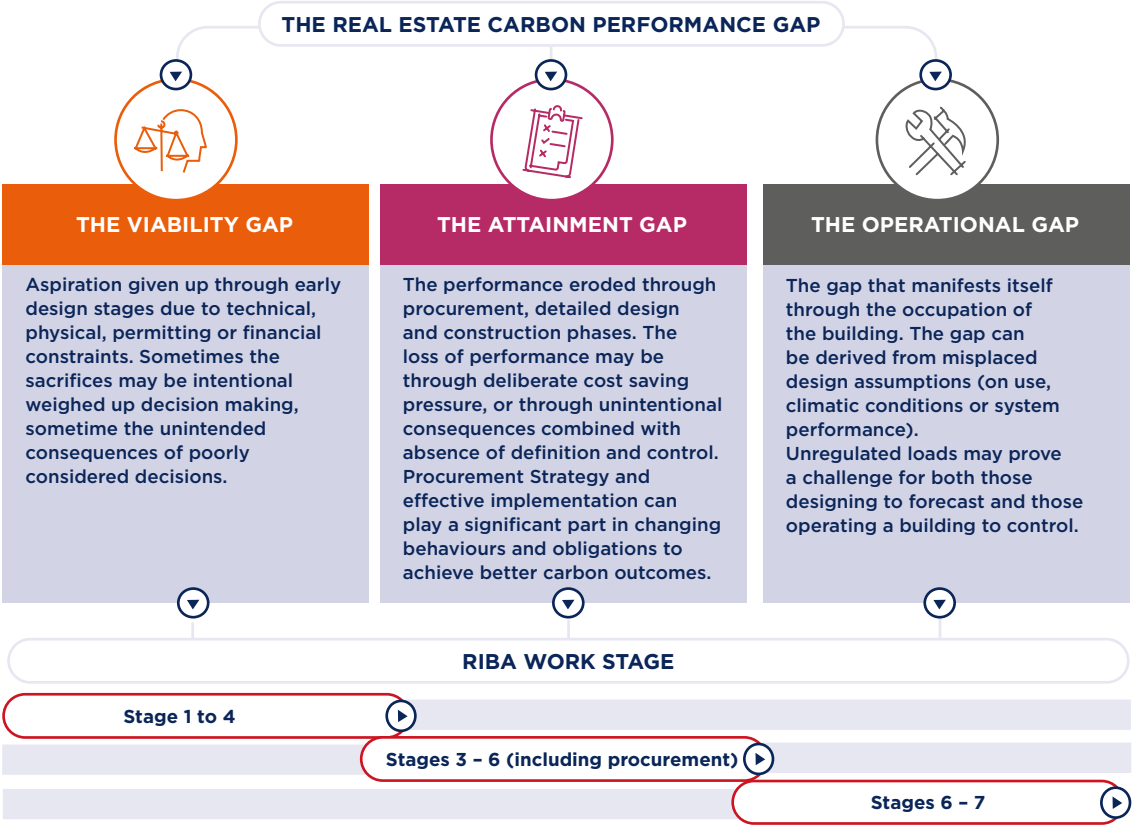
There is a recognised gap in Carbon targets – the gap between aspiration and ‘as built’ performance. This Performance Gap emerges through the life of a project as shown in the graph below.

Sustainability performance degradation through typical projects stages



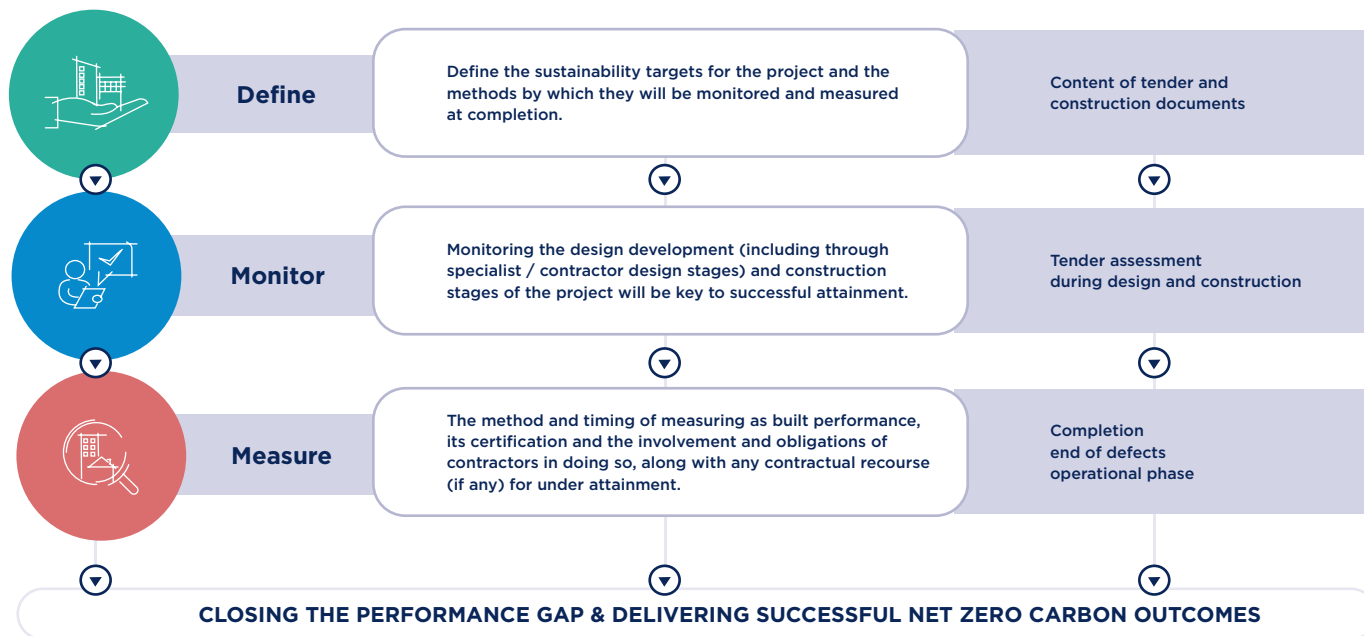
BRIDGING THE GAP

To improve the outcomes of Net Zero Carbon decision making, focus is required across the entire life of a project. This report focuses primarily on the 'attainment gap' as it is so heavily impacted by procurement strategy and implementation:



HOW TO PROCURE BETTER NET ZERO CARBON OUTCOMES

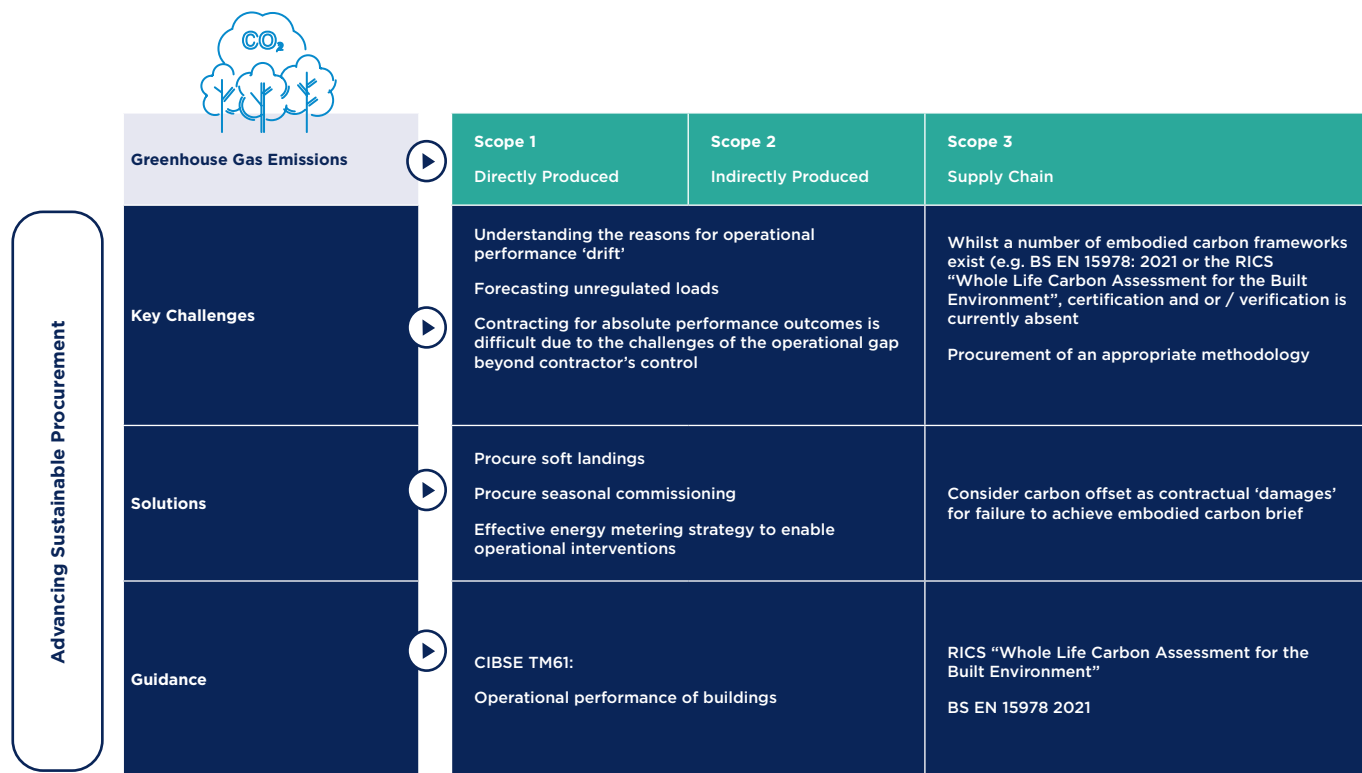
In bridging the performance gap there are three key activities that need to be planned as part of the procurement process. These activities need to be spelled out as tender stage and followed through in construction and operational stages.



SOLUTIONS

Procurement Impact	Greenhouse Gas Emissions	▶	Scope 1 Directly Produced	Scope 2 Indirectly Produced	Scope 3 Supply Chain
	Embodied Carbon	▶			What is procured How it is delivered
	Operational Carbon	▶	Operational performance of what is procured		
Solutions for Procurement Implementation	Define (for tender)	▶	Define clear performance objectives with explicit minimum measurable component parts		Set an embodied carbon brief
	Monitor (tender review, design and construction)	▶	Assess contractor's proposals against performance brief Monitor design progression against objectives (and not just the outcome)		Assess tender return methodology for embodied carbon Include embodied carbon review at each contractor design stage
	Measure (as implemented)	▶	Measure performance criteria at practical completion and end of defects		Define an embodied carbon measurement methodology and responsibilities
	Absolute KPI	▶	KgCO ₂ e/m ² per annum		KgCO ₂ e
	Simple Proxy KPI	▶	EPC rating		Targeted BREEAM points (Mat01, Mat02 and Mat04) SKA (various credits) LEED (MR credits)

SOLUTIONS



SOLUTION IMPLEMENTATION

EMBODIED CARBON BRIEF

An embodied carbon brief is a way of communicating a client's aspirations for embodied carbon. It should not only cover the aspiration but roles and responsibilities for undertaking the assessment, its timing and the boundaries of the assessment.

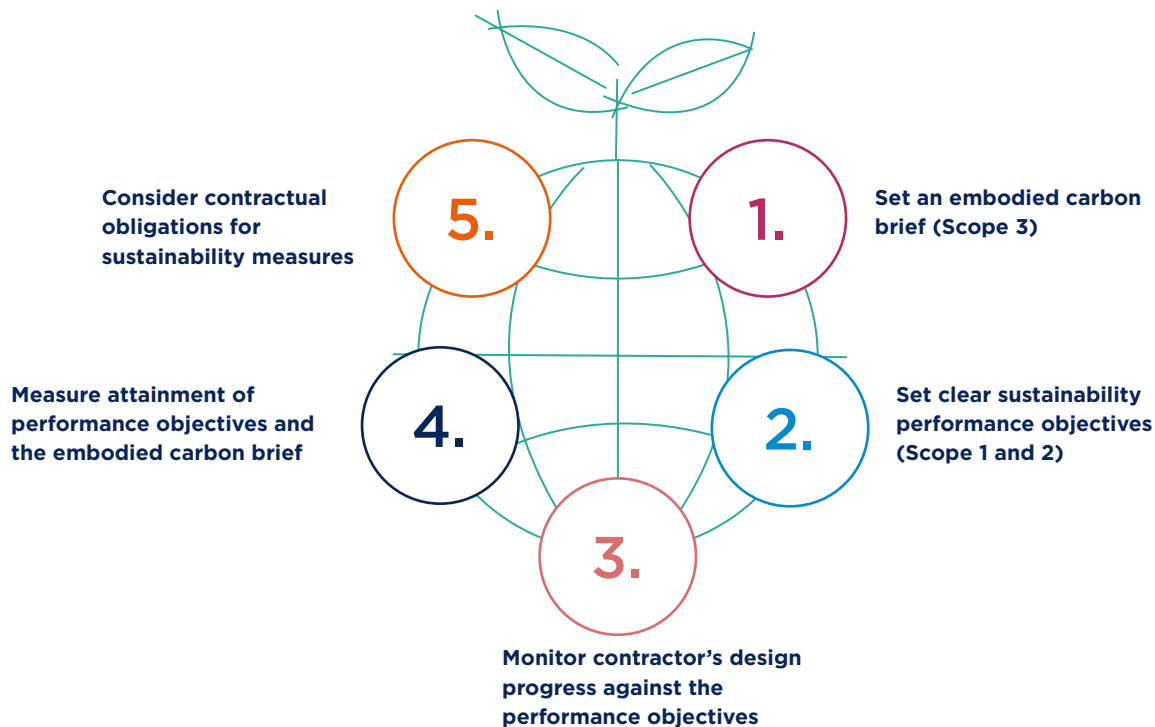
Starting the process of monitoring and measuring embodied carbon will enable those regular procuring built assets to set incremental improvements. Starting a process of measurement is key to learning and developing supply chain expertise and capacity. Once a process is established it may be possible for clients to set more stringent responsibilities for their supply chain. This may include, for example carbon offsets as contractual damages for failure to achieve the embodied carbon brief.

MONITORING DESIGN PROGRESS TO CLOSE THE PERFORMANCE GAP

Where a client hands over design responsibility to a contractor or specialist designers, it is essential that there are very clear performance objectives set and also gateways for testing the likely performance of the building. Assessment milestones may include at conclusion of a tender activity (for example where contractors may submit different Contractor's Proposals in response to Employer's Requirements or where a Contractor has developed the design under a Pre-Construction Services Agreement. Subsequent milestones may align with conclusion of Stage 4 design and specialist design input.

Currently around 60% of project are procured on a Design and Build basis and approximately half of those without Stage 4 design. Clients may start to adapt their procurement practices in response to a focus on the performance gap or otherwise find strategies to reduce it.

KEY PROCUREMENT ACTIVITIES FOR NET ZERO CARBON



ABOUT RIDER LEVETT BUCKNALL

100%

INDEPENDENTLY OWNED
AND MANAGED

1000

UK PEOPLE

12

UK OFFICES

4200

EMPLOYEES WORLDWIDE



140

GLOBAL OFFICES

GET IN TOUCH

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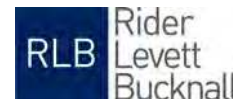
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