



Cabinet Office

Procurement Policy Note – Taking Account of Carbon Reduction Plans in the procurement of major government contracts

Action Note PPN 06/21

05/06/2021

Issue

1. The UK Government amended the Climate Change Act 2008¹ in 2019 by introducing a target of at least a 100% reduction in the net UK carbon account (i.e. reduction of greenhouse gas emissions², compared to 1990 levels) by 2050. This is otherwise known as the 'Net Zero' target. This Procurement Policy Note (PPN) sets out how to take account of suppliers' Net Zero Carbon Reduction Plans in the procurement of major Government contracts.

Dissemination and Scope

2. This PPN applies to all Central Government Departments, their Executive Agencies and Non Departmental Public Bodies. These organisations are referred to in this PPN as 'In-Scope Organisations'. Please circulate this PPN within your organisation, drawing it to the attention of those with a commercial and procurement role.

3. In-Scope Organisations should take action to apply this PPN when procuring goods and/or services and/or works with an anticipated contract value above £5 million per annum³ (excluding VAT) which are subject to the Public Contracts Regulations 2015 save where it would not be related and proportionate to the contract.

4. This PPN applies to framework agreements and dynamic purchasing systems only where it is anticipated that the individual value of any contract to be awarded under the

¹ Climate Change Act 2008: www.legislation.gov.uk/ukpga/2008/27/contents

² When the reporting of GHG emissions is measured, it is often done so in carbon dioxide equivalent units (CO₂e). The use of CO₂e allows for more accessible reporting and straightforward tracking and reporting of emissions over time. CO₂e includes all of the greenhouse gases defined within the Kyoto protocol: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). Each of these greenhouse gasses have a conversion factor as published by DEFRA: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020> When the phrase 'Net Zero Carbon' is used, it is referring to both CO₂ and CO₂e emissions and means net zero GHG rather than net zero CO₂.

³ Based on advertised contract value, averaged over the life of the contract, e.g. a contract with a 4 year term with a total contract value of £21m would be in scope, even if the value in the first year was under £5m.

framework agreement or dynamic purchasing system is greater than £5 million per annum (excluding VAT).

5. Contracting Authorities may verify that the supplier remains committed to achieving Net Zero prior to entering into any contract awarded under a framework agreement.

Timing

6. In-Scope Organisations must apply the provisions of this PPN to relevant procurements advertised on or after 30 September 2021.

Action

7. As part of assessing a supplier's technical and professional ability, In-Scope Organisations should include, as a selection criterion, a requirement for bidding suppliers to provide a Carbon Reduction Plan (using the template at Annex A) confirming the supplier's commitment to achieving Net Zero by 2050 in the UK, and setting out the environmental management measures that they have in place and which will be in effect and utilised during the performance of the contract.

8. Carbon Reduction Plans must meet the required standard as set out by the supporting guidance to this PPN. This includes, but is not limited to:

- Confirming the bidding supplier's commitment to achieving Net Zero by 2050 for their UK operations.
- Providing the supplier's current emissions for the sources included in Scope 1 and 2 of the GHG Protocol, and a defined subset of Scope 3 emissions.
- Providing emissions reporting in CO₂e (Carbon Dioxide Equivalent) for the six greenhouse gases covered by the Kyoto Protocol⁴.
- Setting out the environmental management measures in effect, including certification schemes or specific carbon reduction measures you have adopted, and that you will be able to apply when performing the contract and that support achieving Net Zero by 2050.
- Publication of the CRP on the supplier's website.

9. Environmental considerations and carbon reduction will be a factor in most, if not all, contracts and therefore it is expected that in the majority of cases, the application of this PPN will be relevant. This may include, but is not limited to:

- Contracts which have a direct impact on the environment in the delivery of the contract;
- Contracts which require the use of buildings by staff engaged in the delivery of the contract;
- Contracts which require the transportation of goods or people used in the delivery of the contract;
- Contracts which require the use of natural resources in the delivery of the contract.

10. In-Scope Organisations should make their own assessment of the measure's applicability on a case by case basis.

⁴ Carbon dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), and Sulphur Hexafluoride (SF₆)

11. When applying the contents of this PPN, In-Scope Organisations must ensure they act transparently and in accordance with the principles of equal treatment and non-discrimination.

Background

12. The UK has a proud record of global leadership in tackling climate change and supporting clean growth. In 2006, the UK published the first global review into the economics of climate change⁵. This led to the Climate Change Act 2008, which established a comprehensive legal framework for delivering emission reductions in the UK, including a 2050 carbon reduction target and the introduction of carbon budgets.

13. Between 1990 and 2017, the UK reduced its emissions by 42% while growing the economy by more than two thirds⁶. In 2019 the UK Government amended the Climate Change Act 2008 by increasing the target for reducing greenhouse gas emissions in the UK to at least 100% lower than 1990 levels by 2050. This is otherwise known as the Net Zero target. The UK became the first major economy to set this target.

14. The UK's 2050 Net Zero target is one of the most ambitious in the world and was recommended by the Committee on Climate Change, the UK's independent climate advisory body. Net Zero requires a reduction in emissions and (if necessary) that any emissions generated are balanced by schemes to offset an equivalent amount of greenhouse gases from the atmosphere, such as planting trees or using technology like carbon capture and storage.

15. BEIS instituted a reporting regime in 2018 that requires quoted companies, large unquoted companies (including charitable companies) and large Limited Liability Partnerships (LLPs) to self-declare their Scope 1 and 2 emissions under the Streamlined Energy and Carbon Reporting from 1st April 2019. This measure therefore does not require any changes to the data companies are already submitting under SECR or to current procurement regulations.

16. The government is committed to continuing its efforts to reduce greenhouse gas emissions and deliver on its carbon budget commitments, while keeping costs down for consumers and supporting the creation of good jobs and growing the economy. As environmental and carbon considerations feature in the aspects of delivery of most public contracts, this is an opportunity for us to take steps to support that commitment and reduce emissions through public procurement.

⁵ HM Treasury's review into funding the transition to a net zero greenhouse gas economy: <https://www.gov.uk/government/publications/net-zero-review-terms-of-reference/hm-treasurys-review-into-funding-the-transition-to-a-net-zero-greenhouse-gas-economy-terms-of-reference>

⁶ Clean Growth Strategy 2018: <https://www.gov.uk/government/publications/clean-growth-strategy/clean-growth-strategy-executive-summary>

Carbon Reduction Plan

Supplier name: Identity Holdings Ltd

Publication date: 30/09/2022

Commitment to achieving Net Zero

Identity Holdings Ltd is committed to achieving Net Zero emissions by 2050.

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline Year: September 2020 to August 2021

Additional Details relating to the Baseline Emissions calculations.

Identity has been collecting data on our Scope 1 and 2 emissions since 2017. We have not previously had the specific in-house knowledge or dedicated resources to track Scope 3 emissions. Since 2021 however, Identity has invested in a full time Sustainability Manager to ensure our sustainability commitment is driven forward through a coordinated approach across all our business activities. We have also formed relationships with expert environmental consultants to help with our annual carbon reporting. Our baseline year is **September 2020 to August 2021**, as this is the period in which we have the most accurate data for Scope 1, 2 and 3 emissions.

Baseline year emissions:

EMISSIONS	TOTAL (tCO ₂ e)
Scope 1	1243
Scope 2	57
Scope 3 (Included Sources)	417: Upstream Transportation & Distribution: 88 <i>This data was tracked manually via spreadsheets. We are working to track all upstream T&D through the carbon tracking tool, Tracker +.</i> Downstream Transportation & Distribution: Identity does not have any downstream T&D activity. Emissions from all our material deliveries to and from sites have been included in our upstream T&D emissions. Waste: 70 <i>This data was provided to us by our waste provider.</i>

	<p>Business Travel: 214</p> <p><i>This data was tracked manually via spreadsheets. We are working to track all business travel through a travel management app.</i></p> <p>Employee Commuting: 45</p> <p><i>This figure was estimated based off employees coming into the office 3 days a week. We are looking at tracking employee commuting through a security fob system to enter our offices.</i></p>
Total Emissions	1717

Current Emissions Reporting

Reporting Year: September 2021 to August 2022	
EMISSIONS	TOTAL (tCO ₂ e)
Scope 1	504.5
Scope 2	21.5
Scope 3 (Included Sources)	<p>1717.9:</p> <p>Upstream Transportation & Distribution: 860.7 <i>This data was tracked manually using spreadsheets and the carbon tracker, Tracker +. We are working to track all upstream T&D through Tracker +.</i></p> <p>Downstream Transportation & Distribution: Identity does not have any downstream T&D activity. Emissions from all our material deliveries to and from sites have been included in our upstream T&D emissions.</p> <p>Waste: 25.6 <i>This data was provided to us by our waste provider.</i></p> <p>Business Travel: 13.8 <i>This data was tracked manually via spreadsheets. We have recently implemented a travel management app which will enable us to track all business travel and accommodation.</i></p> <p>Employee Commuting: 817.8 <i>We received this data via an employee survey. We have recently implemented a fob security system into our offices which will enable us to track staff commuting.</i></p>
Total Emissions	2275.5

Emissions reduction targets

In order to continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets:

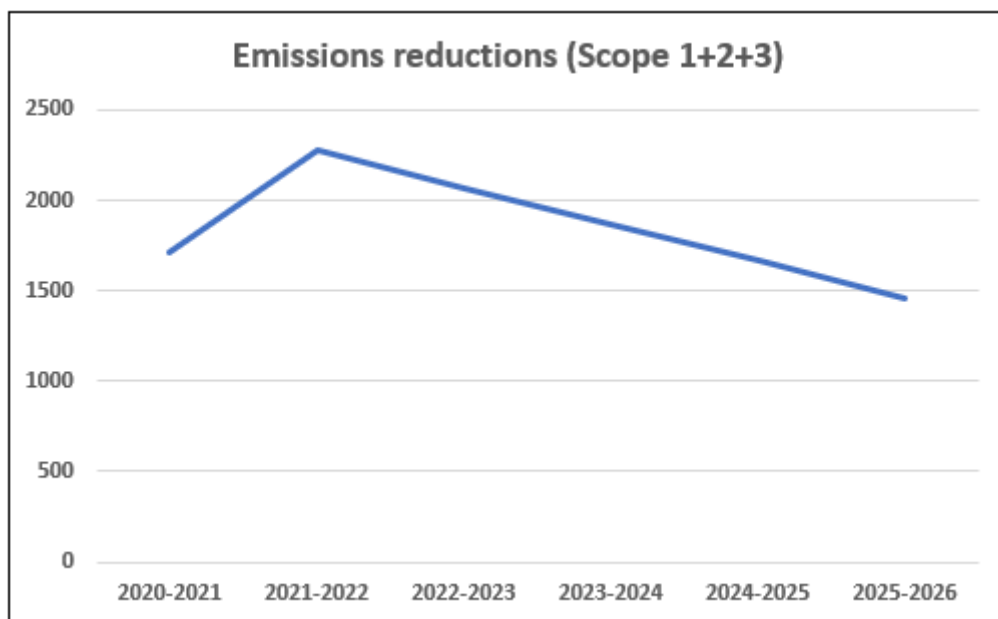
We have committed to reduce our Scope 1 and 2 emissions 50% by 2030, which is in line with the 1.5°C climate change scenario. To achieve this, our target will be a 4.2% minimum year-on-year reduction of absolute emissions compared to the base year emissions. By the year 2026, Scope 1 and 2 emissions would therefore need to be 21% lower than base year emissions and interim years leading up to 2026 will also need to meet the required reductions so as not to exceed the five-year carbon budget.

For Scope 3 emissions, our target is yet to be formulated but will be consistent with the SBTi's latest guidance. We will aim to set either:

- a 2.5% minimum year-on-year reduction target of **absolute emissions** compared to the base year emissions (covering at least two thirds of Scope 3 emissions in the near-term and 90% in the long-term) and/or:
- **Economic intensity targets**, considering the growth we are anticipating for the business in the coming years. If we can target absolute reductions, then by 2026, Scope 3 will be lower than the equivalent base year emissions by at least 12.5% for the relevant categories included in the target. If we set economic intensity targets for near-term targets, they will comprise a minimum 7% year-on-year reduction; for long-term targets, the minimum reduction will be an overall 97% reduction.

Although our emissions have increased since last year, we still project that Identity’s total carbon emissions will decrease over the next five years to 1460 tCO₂e (scope 1+2+3) by 2026 – a reduction of 15%. This recent increase was due to the events industry reviving again after the lifting of covid restrictions and Identity running large events, notably COP26 which required an increase in staff travel. The -15% reduction estimate is based on Scope 1 and 2 reductions only as no estimates have been made for Scope 3 due to the level of uncertainty around these carbon emissions and the reduction caused by potential initiatives being implemented.

Progress against these targets is shown by the graph below:



Carbon Reduction Projects

Completed Carbon Reduction Initiatives

Identity has undertaken a range of environmental management measures and projects. Since 2019, we have:

- completed ISO 14001 certification
- signed up to SBTi to reduce our carbon emissions by 50% by 2030
- invested in a full-time Sustainability Manager whose responsibilities include monitoring and reporting on our carbon footprint
- formed partnerships with expert sustainability consultants
- developed a sustainability and environmental policy to use across the business

- decommissioned many of our petrol/diesel vehicles and switched to electric and hybrid
- switched to green energy at our main office
- invested in adapting the sustainability tool Tracker + to begin tracking all our emissions for our events and to improve data collection in the events industry

The carbon emission reductions achieved by these schemes have not been determined yet, but Identity plans on recording these carbon savings in the future.

As an industry leader working with an extensive supply chain, Identity is committed to ensuring our suppliers meet high standards for sustainability. We have therefore set the following supplier engagement targets:

- By 2025, all of Identity's current and potential suppliers for our events will be vetted through our supplier engagement programme. They will be required to report on the specific measures they are taking to reduce their environmental impact including in relation to carbon, energy and water. All suppliers will need to achieve at least the minimum target score to be approved as a supply chain partner.
- By 2030, all suppliers for our events will need to have science-based targets or achieve the maximum possible rating of our supplier engagement programme.

Identity will set quantitative Scope 3 intensity targets (in tCO₂e/£100k) for suppliers once our Scope 3 emissions baseline is established.

In addition to the measures outlined above, Identity's targets are that we will:

- implement the Tracker+ sustainability tool on all our projects
- have a 100% fully electric fleet of cars
- implement robust processes to ensure no waste from any of our projects goes to landfill

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard⁷ and uses the appropriate Government emission conversion factors for greenhouse gas company reporting⁸.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard⁹.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of the Supplier:



Full Name: Paul Fitzpatrick

Position: Managing Director

Date: 26th September 2022

⁷ <https://ghgprotocol.org/corporate-standard>

⁸ <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

⁹ <https://ghgprotocol.org/standards/scope-3-standard>