

Procurement Newsletter

November 2021

- Net Zero vs Carbon Neutral
- Practical Steps
- Useful Resources



Procurement Newsletter

We are the Post Office and there is no-one like us. From our travel and financial services, passports to postage, the Post Office network is serving communities across the UK. We have a network of more than 11,500 branches across the UK and every one of our branches is at the heart of its community.

We have introduced a series of quarterly newsletters to our Supplier partners to:

- Raise awareness of our values and the subjects that matter to us.
- Provide news, information and training that will help you to do business with us.
- Help you find opportunities to work with us as we grow and change for the future.

Net Zero vs Carbon Reduction

In 2019 the UK Government amended the Climate Change Act 2008 by introducing a target of at least a 100% reduction of greenhouse gas emissions GHG, (compared to 1990 levels) in the UK by 2050. This is otherwise known as the 'Net Zero' target.

There are several terms used in discussions on Climate Change and they can be confusing:

Net Zero means making changes to reduce any carbon emissions being produced to the lowest amount possible and using offsetting as a last resort.

Adopting a policy on Net Zero in your business means taking action to measure the ways in which GHG emissions are created, either directly (e.g. manufacturing, logistics) or indirectly (e.g. business travel, offices) and setting challenging targets to reduce this. It also means looking at ways to invest in projects that remove emissions from the atmosphere for any residual GHG emissions that remain.

Carbon Neutral an arrangement where the GHG emissions produced are balanced by an equivalent amount of either offsetting or capturing. This approach is criticised because it is not a commitment to reduce overall GHG emissions. A carbon-neutral business needs only to offset the GHG emissions it produces even if those emissions are actually still increasing.

Offsetting is where individuals, companies or governments can pay others to reduce their emissions or capture carbon for them, which would balance the greenhouse gas emissions being produced. For individuals this can be sponsoring the planting of trees to balance the emissions from flights and other travel. For companies this involves buying carbon credits, or by supporting GHG-reduction initiatives such as renewable-energy projects.

Net Zero Expectations

Getting to Net Zero is a very ambitious target because the replacement technologies to achieve decarbonisation are still under development and many of these solutions might take decades to deliver. To achieve Net Zero will require changes to the way people live and how businesses operate. However, this target of 100% reduction in GHG by 2050 sets a clear direction for business to follow.

Several major UK companies and financial institutions have called on the government to make disclosure of net zero transition plans a mandatory requirement for large firms, to create a level playing field, to ensure firms credibly deliver on their net zero goals and allow financial institutions to decarbonise their investment portfolios. The Chancellor announced at the COP26 summit that this is going to be part of the plan to be put in place by 2023.

Central government are already starting to include guidance on how suppliers' carbon reduction plans and commitment to Net Zero can be taken into account in their procurement selection exercises, contract awards, and the standard questions that they will use for assessment. This is so far limited to contracts with a value of £5 million per annum or above (and only to specific areas such as contracts with a direct impact on the environment or that use transport or natural resources).

We expect in future to see similar questions on carbon reduction and Net Zero being included in the selection criteria for smaller contracts in many organisations, both public and private. This will need to be proportionate to ensure fairness and accessibility for small businesses.

Practical Steps

For large organisations there are often dedicated staff to cover a wide range of corporate social responsibility issues, but for smaller enterprises it can be a challenge to know how to respond effectively with a limited capacity of time and resource.

Many businesses will need guidance and assistance to learn how to measure their current emissions and find ways to reduce it. There are steps that companies of any size can start to take to prepare for Net Zero requirements and also to begin to make measurable improvements to emissions.

Here are some areas to consider:

- Awareness - Understand the issues, the definition of Net Zero
- Understanding - knowing where the emissions come from in your business
- Measurement - knowing how to measure your current emissions so that your business can set reduction targets and monitor progress.
- Net Zero Transition Plan - It is good to have a written plan with your commitments, targets and the actions you plan to take to make the transition to Net Zero.
- Record success - but for those emissions that cannot be reduced yet, start look at other things your business can do
- Actions that all business can start to explore now:
 - Moving electricity tariff to renewable energy,
 - Alternative fuel for fleet vehicles, reducing travel,
 - Efficient energy usage in offices (switching off lights and equipment when not in use).

Useful Resources

UK Government -Carbon Reduction Plan Template

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/994928/PPN-0621-Carbon-Reduction-Plan-Template.docx

UK Government Guidance

<https://www.gov.uk/government/publications/procurement-policy-note-0621-taking-account-of-carbon-reduction-plans-in-the-procurement-of-major-government-contracts>

UK Government - Greening Finance

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1026224/CCS0821102722-006_Green_Finance_Paper_2021_v5_Bookmarked_48PP.pdf

<https://www.gov.uk/government/publications/greening-finance-a-roadmap-to-sustainable-investing>

<https://www.gov.uk/government/news/chancellor-uk-will-be-the-worlds-first-net-zero-financial-centre>

<https://www.gov.uk/government/publications/greening-finance-a-roadmap-to-sustainable-investing>

Other useful pages

<https://www.gov.uk/government/news/companies-bidding-for-major-government-contracts-face-green-rules>

<https://www.gov.uk/government/publications/net-zero-public-dialogue>

<https://www.gov.uk/government/news/uks-path-to-net-zero-set-out-in-landmark-strategy>

Guidance from other organisations

GHG Corporate Standard <https://ghgprotocol.org/corporate-standard>

Low Carbon Alliance Net Zero Toolkit <https://lowcarbonalliance.co.uk/net-zero/#1604921074612-3d84e336-e948>

Guide for business <https://business.edf.org/files/Pathways-to-Net-ZeroFINAL-1.pdf>

UK firms forced to show how they will hit net zero <https://www.bbc.co.uk/news/business-59136214>

Who do I contact for help?

Please read the guidance on our website <http://corporate.postoffice.co.uk/our-suppliers>

If you require any further advice, please contact procurement@postoffice.co.uk

