CO_2 PERFORMANCE LADDER

PROCUREMENT GUIDE 4.0

CO_2 PERFORMANCE LADDER 4.0 AWARD CRITERION

SEPTEMBER 2025

Stichting Klimaatvriendelijk
Aanbesteden & Ondernemen

EUROPE

PROCUREMENT GUIDE 4.0

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SEPTEMBER 2025

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TABLE OF CONTENTS

APPENDICES

1 SUMMARY

The CO_2 Performance Ladder is both an *energy and CO_2 management system* and a procurement tool. This Guide explains the use of the CO_2 Performance Ladder as a procurement tool.

When a public organisation procures a contract, the *contracting authority* must comply with the requirements of the European procurement directives (see paragraph 3.1). The use of the CO_2 Performance Ladder as an award criterion for the best-price-quality ratio (BPQR) is in line with these directives, provided it is applied in the manner described in this Guide.

A *contracting authority* can use the CO_2 Performance Ladder as an award criterion in a procurement based on BPQR. By using the *CO_2 Performance Ladder 4.0 Award Criterion*, the *contracting authority* can choose to reward parties with a fictitious discount or points based on their *CO_2 Ambition Level*. The *contracting authority* must then specify the *CO_2 Performance Ladder 4.0 Award Criterion* and the corresponding advantage per *CO_2 Ambition Level* in the procurement documents.

This Procurement Guide explains how the *contracting authority* can apply the *CO_2 Performance Ladder 4.0 Award Criterion* and which wording it must include in the procurement documents.

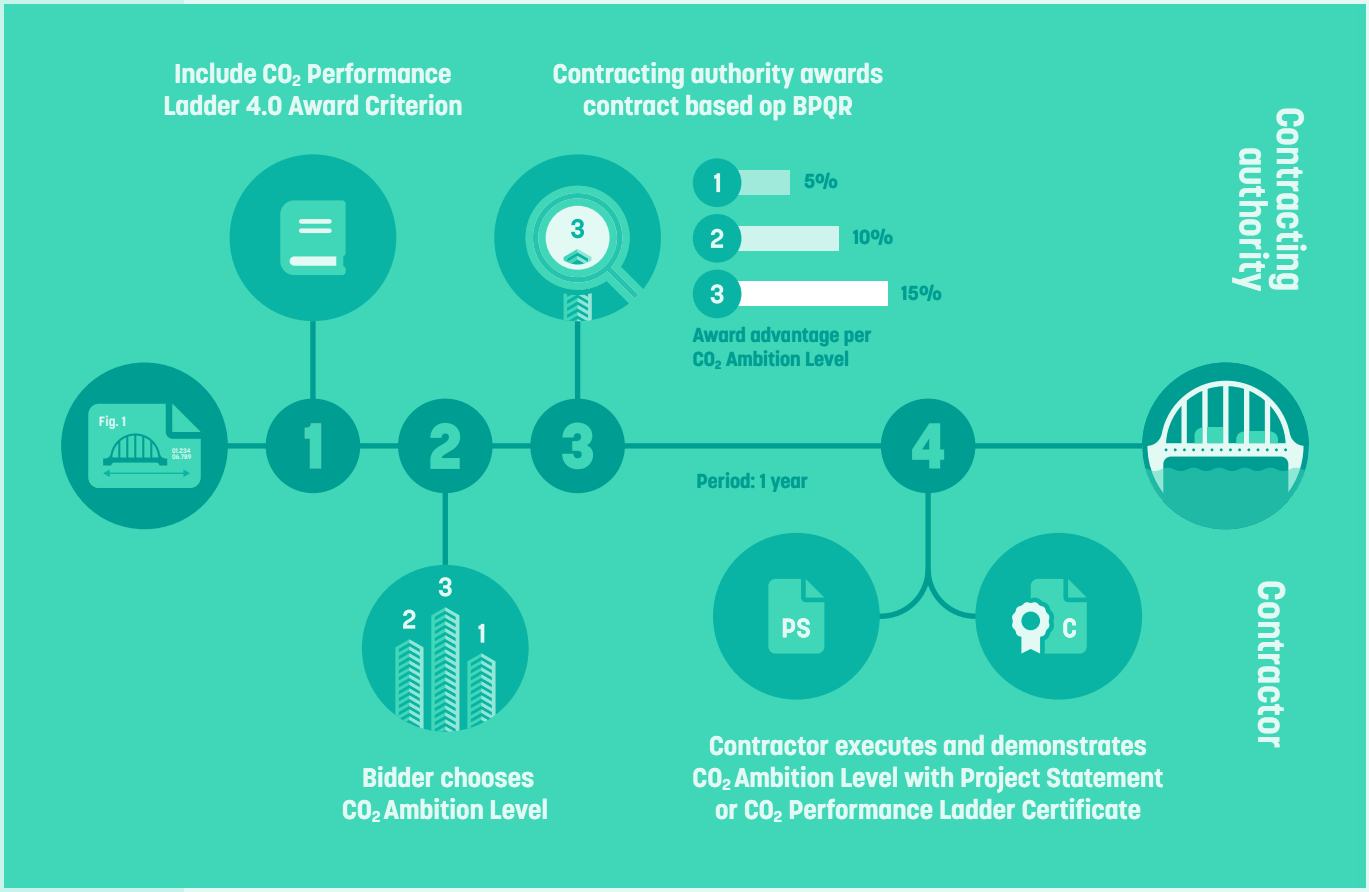


Figure 1 *Procurement in four steps using the CO_2 Performance Ladder 4.0 Award Criterion*

1.1

FOUR STEPS TO APPLY THE CO_2 PERFORMANCE LADDER IN PROCUREMENT

In summary, the *contracting authority* can use the *CO_2 Performance Ladder 4.0 Award Criterion* in a procurement by following four steps. These steps are explained in more detail in Chapter 4.

INCLUDE CO_2 PERFORMANCE LADDER 4.0 AWARD CRITERION IN THE TENDER

For each procurement, consider whether the use of the *CO_2 Performance Ladder 4.0 Award Criterion* fits within the *contracting authority*'s policy framework and makes sense for the specific *project*.

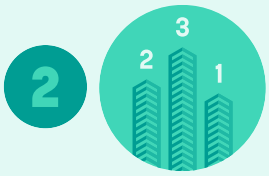
If the *contracting authority* chooses to apply the *CO_2 Performance Ladder 4.0 Award Criterion*, it must include the following items in the procurement instructions and contract:

a. Include the *CO_2 Performance Ladder 4.0 Award Criterion* in the procurement instructions. Describe the award method, award advantage and tiered quality value for each *CO_2 Ambition Level*. Also describe the method and deadline for demonstrating that the *contractor* meets the requirements of the *CO_2 Performance Ladder 4.0 Award Criterion* and include a penalty provision. You will find sample text in Appendix B.

b. Add two appendices to the procurement instructions:
   - **The CO_2 Performance Ladder 4.0 Award Criterion Requirements**
     These are included in Appendix A.
   - **The form for bidders**
     to indicate their *CO_2 Ambition Level* for *project* implementation (this is included in Appendix C), which includes the form of proof (a *Project Statement* or *CO_2 Performance Ladder Certificate*) and which *CB* will perform the review).

c. Include the following in the (draft) contract (if applicable, see Appendix D):
   - A reference to the *CO_2 Ambition Level* of the bid submitted by the *bidder*, agreements on how and when the *contractor* must demonstrate compliance with the requirements and – if desired – engaging in dialogue and sharing *project* information.

The *contracting authority* can then publish the tender.



BIDDERS SUBMIT THEIR BID, INCLUDING THEIR INTENDED CO_2 AMBITION LEVEL FOR PROJECT IMPLEMENTATION

The *contracting authority* receives the procurement documents and bid from the *bidder*, including the *CO_2 Ambition Level* at which it will implement the *project*. When bidding, the *bidder* must indicate whether it will demonstrate the chosen *CO_2 Ambition Level* with a *CO_2 Performance Ladder Certificate* or a *project statement*. Then, during *project* implementation, the *bidder* must demonstrate - with a *CO_2 Performance Ladder Certificate* or *project statement* – that it meets the requirements of the *CO_2 Performance Ladder 4.0 Award Criterion* at the selected *CO_2 Ambition Level*. (The *contracting authority* must add the requirements of the various *CO_2 Ambition Levels* as an appendix to the procurement instructions, see step 1.)

CONTRACTING AUTHORITY AWARDS THE CONTRACT ON THE BASIS OF BPQR AND RECORDS THE CO_2 AMBITION LEVEL CONTRACTUALLY

The *contracting authority* determines the award advantage for the various bids based on the tiered quality value for each *CO_2 Ambition Level* (as defined in the procurement instructions). The *project* will be awarded to the bid with the best price-quality ratio (BPQR). The *bidder* is not required to submit a *project statement* or *CO_2 Performance Ladder Certificate* at the time of bidding; the substantive assessment takes place at step 4. The *CO_2 Ambition Level* selected by the *bidder* (from now on: *contractor*) is included in the contract, in addition to agreements on the method and term of accountability, a penalty provision and possibly agreements on sharing *project* documentation and engaging in dialogue. See step 1 and the sample text in Appendix D.

THE CONTRACTOR EXECUTES THE CONTRACT AND DEMONSTRATES COMPLIANCE WITH THE CO_2 AMBITION LEVEL

The procurement instructions state that within one year of award, the *contractor* must demonstrate that it has met the *CO_2 Ambition Level* requirements. The *contracting authority* may choose a different deadline. The *contractor* must then repeat this annually for the duration of the *project*. For *projects* with a duration of less than one year, the *contractor* must demonstrate the agreed implementation level upon completion (unless otherwise agreed).

The *contracting authority* receives the *project statement* or a *CO_2 Performance Ladder Certificate* issued by a *certification body* accredited for the CO_2 Performance Ladder. In doing so, the *contractor* demonstrates compliance with the selected *CO_2 Ambition Level*. If the *contractor* fails to provide proof in a timely manner, the *contracting authority* will impose the penalty specified in the procurement documents or contract.

2 INTRODUCTION

This Procurement guide: *CO_2 Performance Ladder 4.0 Award Criterion* explains the use of the CO_2 Performance Ladder as a procurement tool. The Guide is aimed at *contracting authorities* and explains how the CO_2 Performance Ladder can be used as a BPQR (Best Price-Quality Ratio) award criterion in procurement. Chapter 3 shows how a *contracting authority* can apply the CO_2 Performance Ladder in procurement and Chapter 4 provides four clear steps on how a *contracting authority* can include the *CO_2 Performance Ladder 4.0 Award Criterion* in a procurement. In addition, Chapter 5 provides insight into the knock-on effects of the CO_2 Performance Ladder when implementing *projects*.

The appendices to this Guide are important:

- Appendix A contains the *CO_2 Performance Ladder 4.0 Award Criterion* Requirements; this appendix should be added to the procurement instructions as an appendix;
- Appendix B contains text to be reproduced in the procurement instructions;
- Appendix C contains the procurement form that must also be attached to the procurement documents;
- Appendix D contains text to be incorporated into the (draft) contract.

BACKGROUND: HANDBOOK 4.0 AND THREE STEPS

A direct reason for updating this Guide is the publication of the CO_2 Performance Ladder 4.0. Handbook. This has updated the standard for certified organisations as well as *contracting authorities*: the CO_2 Performance Ladder now consists of three steps:

- Step 1: CO_2 reduction in one's own organisation;
- Step 2: CO_2 reduction within the chain;
- Step 3: CO_2 reduction to zero by 2050.

APPLICATION OF THIS GUIDE

The publication of the *CO_2 Performance Ladder 4.0 Handbook* does not change the method of procurement using the CO_2 Performance Ladder. The method of procurement using the CO_2 Performance Ladder described in this Guide has proven itself in practice. The methodology conforms to European legislation, although legislation or practice in specific countries may require adjustments.

This Guide describes the methodology. It can be applied in procurement based on European Directive **2014/24/EU** for public procurement and European Directive **2014/25/EU** for contracts by special *sector* companies. The Procurement guide: *CO_2 Performance Ladder 4.0 Award Criterion* has been reviewed and adopted by SKAO's Procurement Advisory Council.

TRANSITION ARRANGEMENT FROM 14 JANUARY 2025 TO 14 JANUARY 2027

For the period from 14 January 2025 to 14 January 2027, there is a transition arrangement for the transition from the application of the *CO_2 Performance Ladder 3.1 Award Criterion* to the application of the *CO_2 Performance Ladder 4.0 Award Criterion*. The key elements of this transition arrangement are:

- the *CO_2 Performance Ladder 3.1 Award Criterion* can be used in procurements until **14 January 2027 at the latest**.
- if use is made of a *CO_2 Performance Ladder Certificate* to demonstrate compliance with the *CO_2 Performance Ladder 3.1 Award Criterion*, it is possible to do so with a certificate based on the *CO_2 Performance Ladder 4.0 Handbook*. The following applies in this regard:
  - a certificate based on the *CO_2 Performance Ladder 4.0 Handbook* – step 1 is accepted as evidence of a *CO_2 Ambition Level* 1, 2 and 3 of the *CO_2 Performance Ladder 3.1 Award Criterion*.
  - a certificate based on the *CO_2 Performance Ladder 4.0 Handbook* – step 2 or 3 is accepted as evidence of a *CO_2 Ambition Level* 4 and 5 of the *CO_2 Performance Ladder 3.1 Award Criterion*.
- CO_2 Performance Ladder Certificates based on the CO_2 Performance Ladder 3.1 Handbook **cannot** be used to demonstrate that the *bidder* meets the *CO_2 Performance Ladder 4.0 Award Criterion*.

For the complete transition arrangement, see the **CO_2 Performance Ladder website**.

TERMS AND DEFINITIONS

For terms used, see the glossary in Appendix A.

3 THE CO_2 PERFORMANCE LADDER AS A PROCUREMENT TOOL

3.1 IN SHORT, HOW DOES IT WORK?

The CO_2 Performance Ladder is:

- a procurement tool. By using the *CO_2 Performance Ladder 4.0 Award Criterion*, the Ladder can be applied in procurement. The award criterion has three different *CO_2 Ambition Levels* and the *contracting authority* can use it to encourage those bidding for a procurement to save energy and reduce CO_2 during *project* implementation. The requirements for this are outlined in Appendix A. These are both general requirements (Part 1) and requirements per *CO_2 Ambition Level* (Part 2).
- an *energy and CO_2 management system* and *certification scheme*, which can be found in the *CO_2 Performance Ladder 4.0 Handbook* for private companies and (public) organisations. Based on this scheme, organisations can implement an *energy and CO_2 management system*. The scheme has three different steps at which organisations can be certified.

The central principle of using the CO_2 Performance Ladder in procurement is that when the *CO_2 Performance Ladder 4.0 Award Criterion* is applied, *bidders* receive an award advantage for CO_2 reduction at the *project* level. They can demonstrate this on a *project*-specific basis with a *project statement* or with the *CO_2 Performance Ladder Certificate*.

When *contracting authorities* use the *CO_2 Performance Ladder 4.0 Award Criterion* in tenders, bidding organisations are not required to have or obtain a *CO_2 Performance Ladder Certificate* , but the certificate is a way to demonstrate that their organisation meets a certain *CO_2 Ambition Level*.

ADVANTAGE: EXTERNAL ASSESSMENT

The major benefit to the *contracting authority* if it includes the *CO_2 Ambition Level* in the award process is the third-party verification. An independent external party reviews and assures the *contractor*'s performance on the *CO_2 Performance Ladder 4.0 Award Criterion*. This review is performed by a *certification body* that must be accredited for this purpose. As a result, the *contracting authority* does not have to review the requirements of the *CO_2 Performance Ladder 4.0 Award Criterion* during *project* implementation. Receiving the *project statement* or the *CO_2 Performance Ladder Certificate* issued by the *certification body* is sufficient for the *contracting authority*.

3.2

LEGAL FRAMEWORK FOR PROCUREMENT WITH THE CO_2 PERFORMANCE LADDER AS AN AWARD CRITERION

EUROPEAN PROCUREMENT DIRECTIVES

The legal frameworks for procurement in the European Union are the European procurement directives (Directive **2014/24/EU** for public procurement and European Directive **2014/25/EU** for contracts by special *sector* companies). These directives have been transposed into national legislation by European Union member states.

The European procurement directives assume that contracts will be awarded on the basis of the 'Most Economically Advantageous Tender' (MEAT). MEAT can be applied in three ways: lowest price, lowest life-cycle costs and best price-quality ratio (BPQR).

The CO_2 Performance Ladder is intended to be used in a procurement based on BPQR. This means that in addition to price, the *contracting authority* can include quality criteria in awarding a contract, such as delivery time, a company's experience and sustainability. It is required that these criteria are clearly defined and described in the contract or procurement document. If the *CO_2 Performance Ladder 4.0 Award Criterion* are correctly applied, then this method of procurement complies with the general principles of European procurement directives for non-discrimination, equal treatment, transparency and proportionality.

The aim of the European procurement directives is to create a free, open and fair market between EU member states. This means that all companies that can do the job should have a chance to win the contract. Therefore, a procurement must comply with four principles:

1. **Equal treatment** Objectivity means that a *contracting authority* must evaluate a bid on objective and verifiable criteria. These criteria should be the same for all parties. There should be no criteria present in a procurement that gives some parties more opportunities than others. Everyone should be treated objectively and in the same way, and everyone should be given the same information.
2. **Transparency** Transparency means that everyone should be able to see how the procurement process works and what the award is based on. Award decisions should be clearly justified.
3. **Non-discrimination** Non-discrimination means that there should be no requirements that exclude parties on the basis of country of establishment or nationality, for example.
4. **Proportionality** Proportionality means that the requirements in a procurement should be proportional to the effort it takes to implement a *project*. Technical specifications, grounds for exclusion, suitability requirements, selection and award criteria must be relevant and proportionate to the nature and scope of the contract.

THE CO_2 PERFORMANCE LADDER AS AN AWARD CRITERION

The *contracting authority* can use the *CO_2 Performance Ladder 4.0 Award Criterion* alongside other award criteria in a procurement based on BPQR. The instrument acts as a positive incentive by rewarding and encouraging CO_2 reduction with award advantage. This is often more effective than punishing or imposing obligations on companies, employees and sectors to get them to take action.

THE CO_2 PERFORMANCE LADDER IS NOT SUITABLE AS AN ELIGIBILITY REQUIREMENT OR SELECTION CRITERION

There are several reasons for this:

1. If you use a certificate as an eligibility requirement or selection criterion, then parties without the requested certificate or level of certificate cannot compete or they have less chance of being selected. This discriminates against organisations which do not yet have a certificate. Procurement law does not allow this.
2. Implementing the CO_2 Performance Ladder within an organisation takes time and effort. In most situations, it is disproportionate to require an organisation to have the entire organisation certified before bidding on a specific *project*. Such a requirement is not reasonable for a *project* that will constitute only a small portion of the organisation's revenue. From a procurement law perspective, there is then insufficient connection between the requirement and the object of the contract. This is another reason why such a requirement is not allowed as an eligibility or selection criterion.

This principle applies to all procurement: European and national. For small contracts, such a suitability requirement is equally discriminatory.

3.3 HOW DOES THE CO_2 PERFORMANCE LADDER 4.0 AWARD CRITERION WORK?

If a *contracting authority* awards the contract using the *CO_2 Performance Ladder 4.0 Award Criterion* based on best price-quality ratio (BPQR), the *contracting authority* defines a quality criterion: *CO_2 Ambition Levels*. This allows *bidders* to distinguish themselves on quality. *CO_2 Ambition Levels* indicate two things. On the one hand, they represent the ambition for the *project* regarding CO_2 reduction. On the other hand, they represent the maturity with which the *project*'s management system functions to ensure this. *Bidders* must indicate at the time of bidding at which *CO_2 Ambition Level* they commit to implementing the *project*.

Appendix B contains text clauses that allow the *contracting authority* to include the *CO_2 Performance Ladder 4.0 Award Criterion* in the procurement instructions.

Appendix A contains the requirements of the *CO_2 Performance Ladder 4.0 Award Criterion*, including the requirements associated with the different *CO_2 Ambition Levels*. This appendix must be added to the procurement instructions and **must not** be changed or modified, as it will lose its direct relationship to the CO_2 Performance Ladder 4.0 Certification System. The *contractor* must substantiate the chosen *CO_2 Ambition Level* during *project* implementation by complying with the requirements at the chosen *CO_2 Ambition Level*.

RELATIONSHIP BETWEEN CO_2 AMBITION LEVELS AND CO_2 PERFORMANCE LADDER STEPS

In procurement with the CO_2 Performance Ladder, the *contracting authority* uses the *CO_2 Performance Ladder 4.0 Award Criterion* requirements described in Appendix A. Appendix A has general requirements (Part 1) and requirements at different *CO_2 Ambition Levels* (Part 2). These *CO_2 Ambition Levels* correspond to the various steps of the CO_2 Performance Ladder 4.0 (see Figure 1) described in the *CO_2 Performance Ladder 4.0 Handbook*.

The requirements for a *project* based on the *CO_2 Performance Ladder 4.0 Handbook* certificate are not identical to the requirements of the *CO_2 Performance Ladder 4.0 Award Criterion*. However, the scope is similar and the *contracting authority* may accept the *CO_2 Performance Ladder Certificate* as evidence of the alignment of the *CO_2 Ambition Level* with the *CO_2 Performance Ladder 4.0 Award Criterion*.

CO_2 PERFORMANCE LADDER 4.0 AWARD CRITERION	CO_2 PERFORMANCE LADDER 4.0 HANDBOOK
CO_2 Ambition Levels	**CO_2 Performance Ladder 4.0 Steps**
CO_2 Ambition Level 1	CO_2 Performance Ladder Certificate Step 1
CO_2 Ambition Level 2	CO_2 Performance Ladder Certificate Step 2
CO_2 Ambition Level 3	CO_2 Performance Ladder Certificate Step 3

Figure 2 Relationship between the CO_2 Performance Ladder 4.0 CO_2 Ambition Levels Award Criterion and the CO_2 Performance Ladder 4.0 Steps

When bidding for a procurement, the *bidder* selects which *CO_2 Ambition Level* to bid for. During *project* implementation, the *contractor* demonstrates compliance with the requirements of the selected *CO_2 Ambition Level*.

THE AWARD ADVANTAGE

The *contracting authority* values the *CO_2 Ambition Level* as a qualitative component of the bid within the best price-quality ratio (BPQR). The *contracting authority* determines the amount of the award advantage (quality value) for the different *CO_2 Ambition Levels* and describes it in the procurement documents. When bidding, the *bidder* selects a *CO_2 Ambition Level* and the corresponding award advantage.

It is recommended that an award advantage be attached to each *CO_2 Ambition Level* offered. This is expressed, for example:

- as a percentage or fixed amount, which is deducted (fictitiously) from the bid price.
- as a rating expressed in points.

The *contracting authority* also determines the tiered scale for the quality value: the level of the award advantage per *CO_2 Ambition Level*. In addition, the *contracting authority* determines how it is calculated. The tiered scale and method of calculation should be included in the procurement documents. In this way, it becomes clear how this advantage relates to the valuation of other qualitative elements (BPQR criteria) of the procurement.

It is up to the *contracting authority* to determine which award method and quality value are most appropriate to apply in a specific procurement. It is recommended to use some worked calculation examples when determining the CO_2 Performance Ladder award advantage. Make some sample calculations and see whether the ranking that results is as desired.

The *CO_2 Ambition Level* offered in the bid (including the underlying levels) will become an explicit part of the contract (if applicable) upon award.

The distribution of these values need not be linear; higher *CO_2 Ambition Levels* (e.g., 2 and 3) can be given a proportionately greater award advantage. This is because of the greater efforts *bidders* must make to achieve certification at the higher levels. If the CO_2 Performance Ladder is still relatively unknown in a market, the *contracting authority* may choose to introduce the CO_2 Performance Ladder by giving the same award advantage

to CO_2 *Ambition Levels* 1, 2 and 3 in the first tenders. Over time, as market participants become familiar with the CO_2 Performance Ladder, levels 2 and 3 may then gain a greater award advantage.

EXAMPLES: TIERED QUALITY VALUE AND AWARD METHODS

EXAMPLE: SCALE FOR QUALITY VALUE: PROCUREMENT WITH AN ESTIMATED VALUE OF 1 MILLION EUROS

CO_2 AMBITION LEVELS	AWARD ADVANTAGE				
No CO_2 Ambition Level	0%	*or*	€ 0	*or*	0 points
CO_2 Ambition Level 1	5%	*or*	€ 37,500	*or*	50 points
CO_2 Ambition Level 2	10%	*or*	€ 75,000	*or*	100 points
CO_2 Ambition Level 3	15%	*or*	€ 112,500	*or*	150 points

EXAMPLE: AWARD ADVANTAGE EXPRESSED AS A PERCENTAGE (FICTITIOUS) DISCOUNT

BIDDER	PRICE	CO_2 AMBITION LEVEL	CO_2 AMBITION AWARD ADVANTAGE	FICTITIOUS PRICE	RANKING
A.	€ 1,020,000	CO_2 Ambition Level 3	€ 153,000 (15%)	€867,000	**1**
B.	€ 1,050,000	CO_2 Ambition Level 2	€ 105,000 (10%)	€945,000	**3**
C.	€ 960,000	CO_2 Ambition Level 1	€ 48,000 (5%)	€912,000	**2**

EXAMPLE: AWARD ADVANTAGE EXPRESSED AS A FIXED AMOUNT PER STEP

BIDDER	PRICE	CO_2 AMBITION LEVEL	CO_2 AMBITION AWARD ADVANTAGE	FICTITIOUS PRICE	RANKING
A.	€ 1,020,000	CO_2 Ambition Level 3	€ 112,500	€ 907,500	**1**
B.	€ 1,050,000	CO_2 Ambition Level 2	€ 75,000	€ 975,000	**3**
C.	€ 960,000	CO_2 Ambition Level 1	€ 37,500	€ 922,500	**2**

With an absolute scoring method between € 800,000 and € 1,100,000

EXAMPLE: AWARD ADVANTAGE EXPRESSED IN POINTS

BIDDER	PRICE	SCORE PRICE (POINTS)	CO_2 AMBITION LEVEL	CO_2 AMBITION AWARD ADVANTAGE (POINTS)	TOTAL SCORE (POINTS)	RANKING
A.	€ 1,020,000	106.67	CO_2 Ambition Level 3	150	256.67	**1**
B.	€ 1,050,000	66.67	CO_2 Ambition Level 2	100	166.67	**3**
C.	€ 960,000	186.67	CO_2 Ambition Level 1	50	236.67	**2**

Max. 550 points (price 400 points, CO_2 Ambition Level 150 points), with an absolute scoring method between € 800,000 and € 1,100,000

COMPLYING WITH THE CHOSEN CO_2 AMBITION LEVEL: PROJECT STATEMENT OR CO_2 PERFORMANCE LADDER CERTIFICATE

The *bidder* must comply with the selected *CO_2 Ambition Level* when implementing the *project*. This can be done in two ways:

1. The first possibility is for the *bidder* to demonstrate at the *project* level with a *project statement* that it (*project*-specifically) meets the *CO_2 Ambition Level* with which it bid;
2. The second possibility is that the *bidder* has a *CO_2 Performance Ladder Certificate*, at the step corresponding to the *CO_2 Ambition Level* of its bid. The *CO_2 Performance Ladder Certificate* is proof of certification based on the *CO_2 Performance Ladder 4.0 Handbook*. With this, the *bidder* demonstrates that its entire organisation acts in a CO_2-aware manner, including in the *projects* the organisation undertakes.

In a procurement with the *CO_2 Performance Ladder 4.0 Award Criterion*, obtaining a *CO_2 Performance Ladder Certificate* is not a requirement, but one of the ways of demonstrating that the *bidder* achieves the offered *CO_2 Ambition Level*.

If a *bidder* has a *CO_2 Performance Ladder Certificate*, this says something about the business operations of its organisation as well as the *projects* it carries out. The CO_2 Performance Ladder Handbook explicitly includes requirements for *projects* awarded to the organisation via a procurement process using the CO_2 Performance Ladder. These are called *CO_2 Performance Ladder Projects*. This means that the *project*, as the 'object of the contract,' becomes part of (retaining) the *CO_2 Performance Ladder Certificate*. The requirements for *CO_2 Performance Ladder Projects*, won tenders with the CO_2 Performance Ladder Award Criterion, are part of the *audit* performed annually at the certified organisation because of the *CO_2 Performance Ladder Certificate*.

BIDDING WITH MULTIPLE PARTIES

Parties often bid jointly on a *project* as a consortium. To meet the CO_2 *Performance Ladder 4.0 Award Criterion*, these parties can use CO_2 Performance Ladder Certificates. The condition is that each party in the consortium must have the certificate on time, and the organisation with the lowest step on the CO_2 Performance Ladder of all the organisations in the consortium determines the CO_2 *Ambition Level* with which the consortium can bid. Alternatively, a CO_2 *Ambition Level* can be demonstrated *project*-specifically with a *project statement*.

PENALTY IF BIDDER FAILS TO MEET THE CO_2 PERFORMANCE LADDER AWARD CRITERION

It may be that the *contractor* is unable to provide, or to provide in time a *project statement* or a CO_2 *Performance Ladder Certificate* to fulfil the CO_2 *Performance Ladder 4.0 Award Criterion* and the requirements per CO_2 *Ambition Level*. To address this situation, the *contracting authority* must include a penalty clause in the procurement documents. The recommendation is to include a penalty that exceeds the award advantage given to the bid. To determine the amount of the penalty, calculate the difference in award advantage between the CO_2 *Ambition Level* offered and the CO_2 *Ambition Level* realised. Multiply this by a factor (for example, 1.5) so that the penalty exceeds the award advantage enjoyed. Sample text for a penalty clause is included in Appendix D.

EXAMPLE

CO_2 *Ambition Level* 2 provided a quality value of € 75,000 when delivered, but the *contractor* did not achieve this. The *contractor* submitted a Level 1 CO_2 *Performance Ladder Certificate*, with a quality value of € 37,500 attached. The level of the penalty is then 1.5 x (€ 75,000 - € 37,500) = **€ 56,250**.

EXAMPLES OF PENALTY CLAUSES WITH DIFFERENT AWARD METHODS

EXAMPLES OF PENALTIES: AWARD ADVANTAGE EXPRESSED AS A PERCENTAGE DISCOUNT (OVER € 1 MILLION)

The CO_2 *Ambition Level* 2 provided an award advantage of € 100,000 (10% of €1 million) (fictitious) discount when bidding, but this was not realised by the *contractor*. The *contractor* submitted a Level 1 CO_2 *Performance Ladder Certificate*, with an award advantage of € 50,000 (5% of € 1 million) attached. The level of the penalty is then 1.5 x (€ 100,000 - € 50,000) = **€ 75,000**.

EXAMPLES OF PENALTIES: AWARD ADVANTAGE EXPRESSED AS A FIXED AMOUNT (€ 37,500) PER STEP

The CO_2 *Ambition Level* 2 provided an award advantage of € 75,000 (fictitious) discount when bidding, but this was not realised by the *contractor*. The *contractor* submitted a Level 1 CO_2 *Performance Ladder Certificate*, with an award advantage of € 37,500 attached. The level of the penalty is then 1.5 x (€ 75,000 - € 37,500) = **€ 56,250**.

EXAMPLES OF PENALTIES: AWARD ADVANTAGE EXPRESSED IN POINTS (MAX. 550 POINTS: PRICE 400 POINTS, CO_2 AMBITION 150 POINTS)
The *CO_2 Ambition Level* 2 provided an award advantage of 100 points on bid, but the *contractor* did not achieve this. The *contractor* submitted a Level 1 *CO_2 Performance Ladder Certificate*, which carries a 50-point award advantage. The maximum number of points for the price is 400. This corresponds to (see example valuation tier) € 1,100,000 - € 800,000 = € 300,000, the difference between the minimum and maximum estimated contract amount. € 300,000 / 400 points is € 750 per point. The difference in *CO_2 Ambition Level* offered and the *CO_2 Ambition Level* realised is 100 - 50 = 50 points. Level of the penalty then becomes 1.5 x (50 points x € 750) = **€ 56,250**.

In principle, a *contracting authority* is free to choose how to penalise contractors that do not meet their *CO_2 ambition level*. Some other suggestions:

- A lump sum (e.g. € 20,000 per *CO_2 Ambition Level* unrealised, per year – to be determined in proportion to the contract amount and level of the CO_2 Performance Ladder Award Criterion)
- A percentage of the sales from the contract realised in a given year (e.g., 2 or 4%)

3.4 WHAT IS THE IMPACT OF THE CO_2 PERFORMANCE LADDER ON PROJECTS?

If the CO_2 Performance Ladder has been used in procuring a *project*, it means that the *contractor* must meet the requirements associated with the *CO_2 Ambition Level* offered in the implementation of the *project*. It is not relevant here whether the award advantage was or was not decisive when being awarded the contract or how the CO_2 Performance Ladder was included in the procurement.

Project requirements differ for each *CO_2 Ambition Level* of the CO_2 Performance Ladder, and cover:

- Gaining an insight into the *energy use* and CO_2 emissions resulting from the *project*;
- *Contractor*-defined reduction targets on the *project*;
- Reduction measures in the *project*;
- Designating *key persons*;
- Communication about CO_2 reduction, internally and with the client;
- Collaboration and knowledge development.

The exact requirements for each *CO_2 Ambition Level* are detailed in Appendix A.

- At *CO_2 Ambition Level* 1, the requirements focus mainly on *energy use* and deployment of equipment and transportation (people and goods).
- At *CO_2 Ambition Levels* 2 and 3, the CO_2 impact of materials, subcontractors and other supply chain impact is also included.
- *CO_2 Ambition Level* 2 is limited to the most important activities of the *project*.
- *CO_2 Ambition Level* 3 applies to all activities of the *project* and includes attention for *other influenceable emissions*, namely *biogenic CO_2 emissions*, CO_2 removals and *avoided emissions*.

4

HOW IS THE CO_2 PERFORMANCE LADDER APPLIED IN PROCUREMENT?

4.1

SUSTAINABLE PROCUREMENT POLICY FRAMEWORK

In this Guide, we assume that the *contracting authority* has a policy framework for sustainable procurement in which the *contracting authority* states that it uses the CO_2 Performance Ladder as a procurement tool.

Ideally, the *contracting authority* has:

1. an ambition to reduce CO_2
2. a policy objective linking ambition to concrete goals and
3. a strategy for how the organisation will achieve these goals.

In this regard, the CO_2 Performance Ladder can be a structural part of sustainable procurement policy and strategy. This gives concrete expression to the ambition to reduce CO_2 and creates clarity, both internally and for the market. If the *contracting authority* applies the *CO_2 Performance Ladder 4.0 Award Criterion*, this requires an effort and investment from the *bidders*. If the *contracting authority* uses the CO_2 Performance Ladder inconsistently, it is unclear to *bidders* whether they can recoup the investments necessary to establish and maintain an energy- and CO_2 management system.

A *contracting authority* can then weigh up which (type of) tenders makes sense for which use of the CO_2 Performance Ladder. It helps to have a global understanding of the organisation's spend (expenditures) and the climate impact per purchasing category. Factors in this consideration include:

- Purchasing volume in the specific market or purchasing category;
- Size and CO_2 emissions of the *sector* and of the specific *project*;
- *Bidders*' ability to influence emissions during *project* implementation;
- Market awareness of the CO_2 Performance Ladder[1];
- The numbers and frequency of (similar) procurements.

1 Interested in which organisations are already certified? Check out the page www.co2performanceladder.com/participants for the current status.

Based on this assessment framework, the *contracting authority* can determine in which types of procurements it will use the CO_2 *Performance Ladder 4.0 Award Criterion* and communicate this internally and externally. This gives market participants certainty about how *contracting authorities* market procurements.

Recommendation: Market participants need time to prepare for using the CO_2 Performance Ladder as an award criterion. If a contracting authority chooses to apply the CO_2 Performance Ladder 4.0 Award Criterion in certain procurements, it is advisable to communicate this well in advance to potential bidders.

4.2 ROADMAP FOR APPLYING THE CO_2 PERFORMANCE LADDER AS A PROCUREMENT TOOL

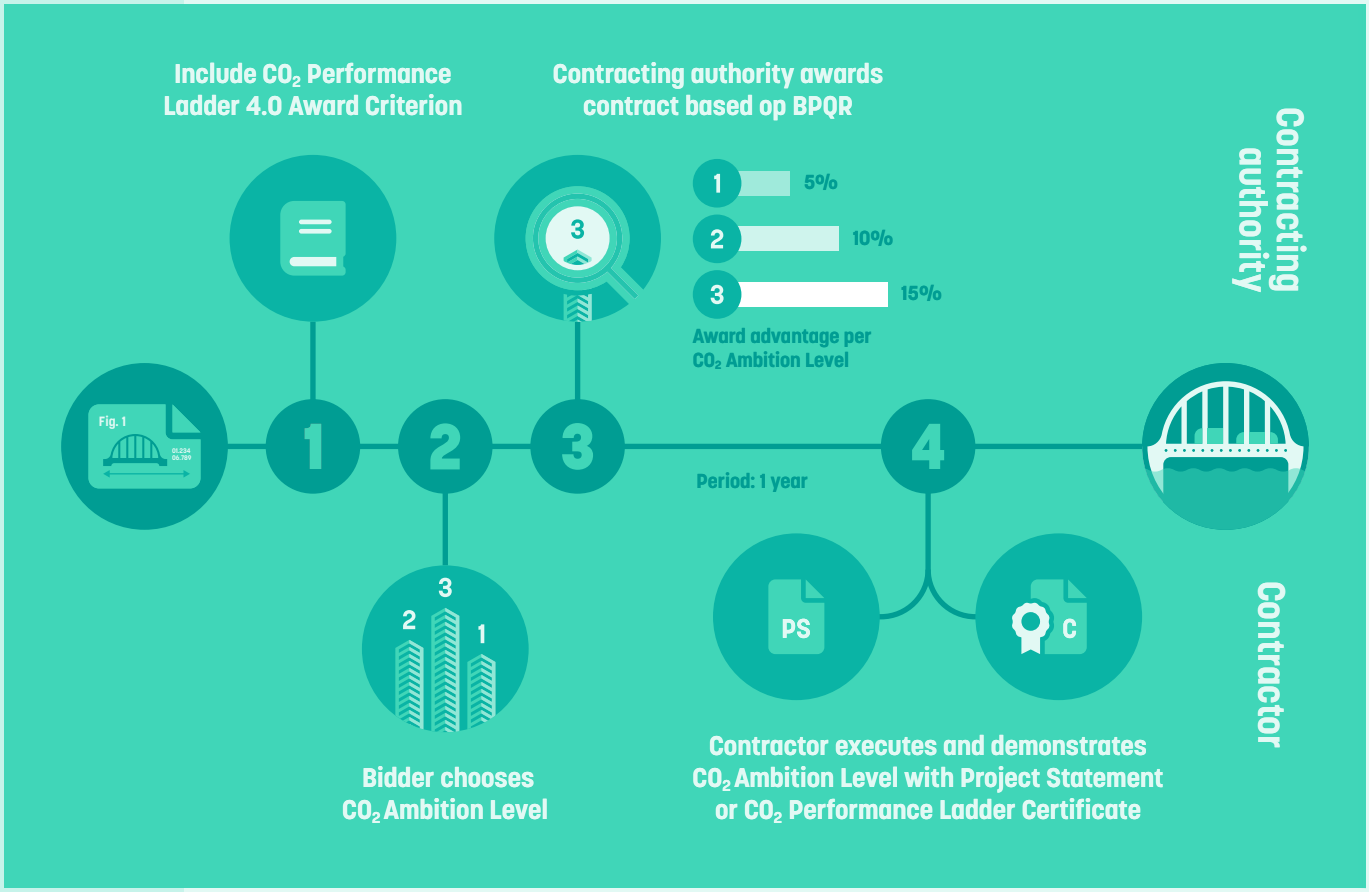


Figure 1 *Procurement in four steps using the CO_2 Performance Ladder 4.0 Award Criterion*

The four main steps for applying the CO_2 Performance Ladder in procurements are:

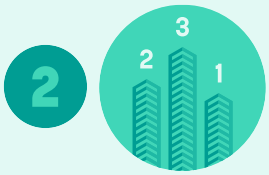
INCLUDE CO_2 PERFORMANCE LADDER 4.0 AWARD CRITERION IN THE TENDER

For each procurement, consider whether the use of the CO_2 Performance Ladder fits within the *contracting authorities* policy framework and makes sense for the specific *project*.
If the *contracting authority* chooses to apply the *CO_2 Performance Ladder 4.0 Award Criterion*, include the following sections in the procurement instructions and (if applicable) the contract:

1. Include in the procurement instructions (see text clauses in Appendix B):
    a. A description of the *CO_2 Performance Ladder 4.0 Award Criterion* and a description of the award method, the award advantage and the tiered scale for the quality value per *CO_2 Ambition Level*.
    b. Add the following conditions necessary for the correct functioning of the *CO_2 Performance Ladder 4.0 Award Criterion*:
        - When bidding, the *bidder* must choose between full *project*-specific proof with a *project statement* or full proof with the *CO_2 Performance Ladder Certificate*: mixed proof is not possible.
        - The *bidder* must indicate at the time of bidding at which *CO_2 Ambition Level* it will implement the *project*.
        - The *contracting authority* specifies a deadline by which the *bidder* must demonstrate the *CO_2 Ambition Level*. For example, that the *bidder* must demonstrate within one year after award that the *CO_2 Ambition Level* agreed has been achieved. Then the *bidder* must repeat this annually for the duration of the *project*.
        - The conditions that apply to demonstrating the *CO_2 Ambition Level* in order to meet the CO_2 Performance Ladder 4.0 award criterion via a *project* declaration or *CO_2 Performance Ladder certificate* are: assessment by an accredited certifying body and the period during which the *contractor* must have the valid *project project* declaration or the valid *CO_2 Performance Ladder certificate* (see sample texts in Appendix B).
        - A description of the penalty that applies if a *bidder* cannot demonstrate the offered *CO_2 Ambition Level*.
        - ***Optional:*** Access to the documented information of the *project* for the client (see also Chapter 5).
        - ***Optional:*** Planning a dialogue between the client and *contractor* during *project* implementation on further CO_2 reduction opportunities (also see Chapter 5).
    c. Add two appendices to the procurement instructions:
        - The 'CO_2 Performance Ladder Award Criterion Requirements' (see Appendix A)
        - Procurement form (see Appendix C) with the statement for *bidders* that establishes the *CO_2 Ambition Level* for implementation of the *project*, including the method of demonstration (*Project Statement* or *CO_2 Performance Ladder Certificate*) and which *certification body* will perform the review.

2. Include in the (draft) contract (see text clauses in Appendix D):
    a. Include a reference to the CO_2 *Ambition Level* at which the *bidder* bids and the penalty clause, agreements on how and when to account for it, sharing of documentation and dialogue.

Then the *contracting authority* can publish the procurement.



BIDDERS SUBMIT THEIR BID, INCLUDING THEIR INTENDED CO_2 AMBITION LEVEL FOR PROJECT IMPLEMENTATION

The CO_2 *Performance Ladder 4.0 Award Criterion* have different CO_2 *Ambition Levels*. These CO_2 *Ambition Levels* differ in the implementation of CO_2 reduction measures in the *project* in terms of actual CO_2 reduction, and in the maturity with which the *project management* system functions to ensure this. The *contractor* must concretise the chosen CO_2 *Ambition Level* during *project* implementation.

The *contractor* can demonstrate compliance with the CO_2 *Ambition Level* with which it has bid in two ways:

- The *bidder* demonstrates with a *project statement* that it meets the offered CO_2 *Ambition Level* for this *project*.

The *project statement* is a statement prepared by an independent *certification body* (*CB*) accredited as a *certification body* for the CO_2 Performance Ladder. This *CB* visits the *project* and assesses whether the requirements of the CO_2 *Performance Ladder 4.0 Award Criterion* associated with the offered CO_2 *Ambition Level* have been met during the implementation of the *project* and issues a statement to confirm this.

- The *bidder* has a CO_2 *Performance Ladder Certificate* at the offered CO_2 *Ambition Level*.

The CO_2 *Performance Ladder Certificate* is an organisational certificate based on the CO_2 *Performance Ladder 4.0 Handbook*, issued by an independent *certification body* (*CB*) accredited for the CO_2 Performance Ladder. Does an organisation have a CO_2 *Performance Ladder Certificate* (at least) equal to the CO_2 *Ambition Level* offered? Then that counts as sufficient evidence. This demonstrates that the entire organisation acts in a CO_2-aware manner, also in the *projects* it carries out, at a level comparable to the CO_2 *Performance Ladder 4.0 Award Criterion* CO_2 *Ambition Level* offered.

When the organisation bids for a tender, the *bidder* selects the CO_2 *Ambition Level* at which it wants to implement the *project*. The *bidder* must then indicate whether it wants to justify the chosen CO_2 *Ambition Level* with a CO_2 *Performance Ladder Certificate* or a *project statement*. Then, during the implementation of the *project*, it must provide the chosen form of proof to demonstrate that it meets the requirements of the CO_2 *Performance Ladder 4.0 Award Criterion*, including the requirements associated with the CO_2 *Ambition Level* selected. (The *contracting authority* should add the requirements as an appendix to the procurement instructions, see step 1).

CONTRACTING AUTHORITY AWARDS THE CONTRACT ON THE BASIS OF BPQR AND RECORDS THE CO_2 AMBITION LEVEL CONTRACTUALLY

The *contracting authority* determines the award advantage for the various bids based on the tiered quality value for each CO_2 *Ambition Level* (as defined in the procurement instructions). The *project* will be awarded to the bid with the best price-quality ratio (BPQR). The *bidder* is not yet required to submit a *project statement* or CO_2 *Performance Ladder Certificate* at the time of bidding; the substantive assessment takes place at step 4.

The CO_2 *Ambition Level* selected by the *bidder* (from now on: *contractor*) is included in the contract, in addition to agreements on the method and term of accountability, a penalty provision and possibly agreements on sharing *project* documentation and engaging in dialogue. See step 1 and the sample text in Appendix D.

CONTRACTOR EXECUTES THE CONTRACT AND DEMONSTRATES THE CO_2 AMBITION LEVEL

Now the implementation of the *project* begins. The procurement instructions stipulate that the *contractor* must demonstrate within one year (the client may choose a different deadline if necessary) after award that it has achieved the CO_2 *Ambition Level* offered. The *contractor* must then repeat this annually for the duration of the *project*. For *projects* with a duration of less than one year, the *contractor* must in principle achieve the offered CO_2 *Ambition Level* upon delivery, unless otherwise agreed.

The assessment of the CO_2 *Ambition Level* is the responsibility of an external and independent party: a *certification body* accredited for the CO_2 Performance Ladder. If the *contractor* cannot provide any or insufficient evidence of the CO_2 *Ambition Level* offered, the procuring authority imposes the penalty stated in the procurement documents.

The CO_2 Performance Ladder requires the *contractor* to document a number of things about the *project* (see Appendix A). These include CO_2 monitoring, reduction measures and communication. As the client, you do not need to check the substance of these requirements yourself. However, you can ask for the documented information so that you are aware of the measures taken by the *contractor* in the *project*. We recommend that this is also included in the contract (see step 3).

You can also have a conversation with the *contractor* about the steps it is taking to reduce CO_2 in the *project*, using the documented *project* information as input. We call this the dialogue. You may be able to implement further reduction measures in collaboration with the *contractor*. Chapter 5 discusses the Dialogue in more detail. You can record this in the contract as well.

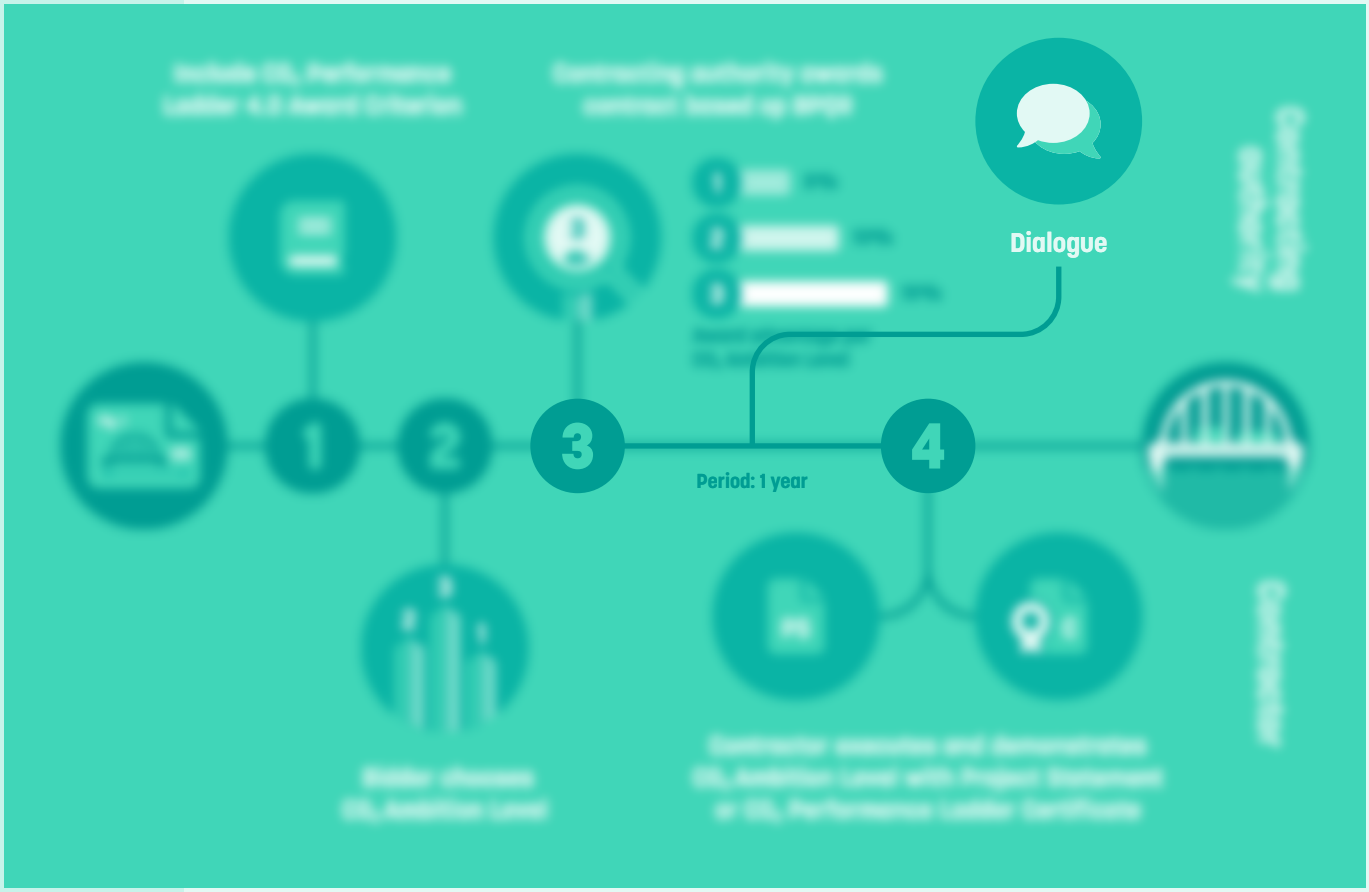


Figure 3 Position of the Dialogue in the CO_2 Performance Ladder 4.0 Award Criterion

POINTS TO CONSIDER IN STEP 4

- **Register on the CO_2 Performance Ladder website**
  Does a *contractor* in a *CO_2 Performance Ladder Project* use a *CO_2 Performance Ladder Certificate* to demonstrate their *CO_2 Ambition Level*? If so, this organisation is required to register the *project* on the **CO_2 Performance Ladder website**. The website also allows the procuring authority of that *project* client to view the documented information of a (submitted) *project*. The client will receive an invitation to view this from the *contractor*. If it appears that a *project* has not been registered, the client may hold the *contractor* accountable and report this to SKAO. Registered *projects* are part of the *CB*'s annual *audit* and are audited on a sample basis. The annual *audit* is required to maintain the *CO_2 Performance Ladder Certificate*. For more info, see: **Certification Regulation version 4.0**.

- **No mixed burden of proof** The *bidder* must demonstrate compliance with the relevant level of the award criterion either *project*-specifically or with a *CO_2 Performance Ladder Certificate*. Mixed evidence – a combination of a certificate and a *project statement* for the same *project*, either simultaneously or consecutively, is not possible.
- **Already ask about the certification body at registration** Does a *bidder* intend to demonstrate performance with a *CO_2 Performance Ladder Certificate*, but fails to do

so? Then *project*-specific demonstration is possible only if the *CB* that will perform the review is named in advance. Therefore, it is recommended that all *bidders* are explicitly asked about the *CB* when bidding. This is part of the list of conditions that the *contracting authority* must include in the procurement instructions (see step 1). A list of *CBs* accredited to conduct *audits* for the CO_2 Performance Ladder can be found **here**.

- **Penalty** As described in step 1 the consequences are defined in the procurement documents if the *contractor* cannot meet the *CO_2 Ambition Level* offered or cannot meet it on time. The client must state the conditions, nature and extent of the penalty in the procurement documents. Should the *contractor* fail or fail in time to meet the requirements for the *CO_2 Performance Ladder 4.0 Award Criterion CO_2 Ambition Level* offered with a *project statement* or a *CO_2 Performance Ladder Certificate*, then it is up to the client to actually impose this penalty.

5

AFTER AWARD: IMPLEMENTATION OF PROJECTS WITH AWARD ADVANTAGE

In a *project* where the CO_2 Performance Ladder is applied in the procurement, the *contractor* must meet a number of requirements, which it must complete and document specifically for that *project*. As the client, you do not have to check these requirements; however, you can ask for the documented information so that you are aware of the measures taken in the *project* (see paragraph 4.1). If the *contractor* has a *CO_2 Performance Ladder Certificate*, this information can be accessed via the login environment of **My CO_2 Performance Ladder**. You can also engage with the *contractor* about the steps it is taking to reduce CO_2 in the *project*, in a dialogue (see paragraph 5.2). It may be that through dialogue, you discover more far-reaching reduction opportunities in a *project* that a *contractor* cannot implement alone, but you can implement together.

5.1 THE DOCUMENTED INFORMATION

In *CO_2 Performance Ladder Projects* the *contractor* must always document information about the *project*. This applies both in cases where the *contractor* demonstrates the *project*-specific *CO_2 Ambition Levels* with a *project statement* and when it uses the *CO_2 Performance Ladder Certificate* for this purpose.

DOCUMENTED INFORMATION WHEN USING CO_2 PERFORMANCE LADDER CERTIFICATE

Within the CO_2 Performance Ladder Certification System each *CO_2 Performance Ladder Project* has a separate status in the standard. This means that for each *project* the *contractor* must substantiate through documentation how it complies with a number of specific requirements of the CO_2 Performance Ladder, such as for the *emissions inventory*, reduction measures and communication. This documentation must be made available for inspection via the login environment of **My CO_2 Performance Ladder**. Through this login environment, this *project* information can be accessed by the client. The *contractor* must invite the *contracting authority* to do this. An overview of the documented information is included in the *CO_2 Performance Ladder 4.0 Handbook*, paragraph 7.3, Part 1.

DOCUMENTED INFORMATION WHEN USING A PROJECT STATEMENT

It is also the case that a *contractor* using a *project statement* to demonstrate its compliance with the *CO_2 Performance Ladder 4.0 Award Criterion CO_2 Ambition Level* offered, must maintain documented information about the *project*. These are all the documents needed to substantiate the *CO_2 Ambition Level* agreed. The *contractor* may share this information with the client, provided it has contractually agreed to do so (see points 4 and 5 of the roadmap). Is the *contractor* using a *project statement*? Then using the login environment of **My CO_2**

Performance Ladder (as with the *CO_2 Performance Ladder Certificate*) is **not** possible. So the *contractor* will have to share the documentation with the client by another means. An overview of the documented information can be found in the requirements of the *CO_2 Performance Ladder 4.0 Award Criterion*, paragraph 7.3, Part 1.

Do you want access to the documented information, including when the *contractor* uses a *project statement*? If so, it is recommended to stipulate this already in the procurement instructions and in the contract.

Please note The documented information required for the CO_2 Performance Ladder can also be useful in accounting for other environmental performance commitments in a *project*. An example is the environmental impact of deployed materials and energy sources (such as the Environmental Cost Indicator (ECI)) or for accounting for the deployment of specific equipment or fuels. This must then be agreed upon in the contract.

5.2 DIALOGUE ON CO_2 REDUCTION DURING THE IMPLEMENTATION OF CO_2 PERFORMANCE LADDER PROJECTS

The application of the CO_2 Performance Ladder as a procurement tool is not limited to the procuring and awarding of a *project*. Through active collaboration between client and *contractor* in the implementation of a *project*, more insight and more far-reaching reduction measures are possible. One way to achieve more impact with the *CO_2 Performance Ladder 4.0 Award Criterion* is to have a dialogue during *project* implementation about CO_2 reduction and energy savings. The *project*'s documented information is the starting point for this dialogue. At *CO_2 Ambition Level* 3, this dialogue to discuss the lessons learned from the *project* for future *projects* is mandatory.

Please note that conducting a dialogue is a standard component at *CO_2 Ambition Level* 3 of the *CO_2 Performance Ladder 4.0 Award Criterion*. The *contracting authority* can indicate that it also wants to engage in dialogue at levels 1 and 2. This should then be included in the procurement instructions and contract (see step 3 of the roadmap). By actively considering further reduction opportunities with the *contractor*, the *contractor* can achieve more CO_2 reductions.

INITIATIVE FOR DIALOGUE RESTS WITH THE CLIENT OR THE CONTRACTOR

The initiative to engage in dialogue can rest with either the client or the *contractor*. If the client wishes to conduct a dialogue on CO_2 Ambition, it is advisable to announce this already in the procurement documents and indicate that it will request the documented information for the *project* as a basis for the dialogue, especially for large, *long-term projects*. A *contractor* can also take the initiative, for example, if it sees opportunities in a *project* that it can only realise with the cooperation of the client.

WHICH INDIVIDUALS CONDUCT THE DIALOGUE?

When conducting a dialogue, at least the *project* managers of both the client and the *contractor* should be present. Without them, dialogue is meaningless. Depending on the size and complexity of the *project*, they may be supported by *project* staff and/or sustainability specialists from the organisation.

SCOPE OF THE DIALOGUE

The dialogue is not designed to test whether a *contractor* in the *project* meets the requirements of the *CO_2 Ambition Level* offered. After all, the *certification body* assesses this. The dialogue is primarily intended to highlight measures and to look together at:

- whether there are additional opportunities for CO_2 reduction during *project* implementation;
- what lessons can be learned from the *project* for future, similar *projects*.

6 LINKS TO RELEVANT INFORMATION

CO_2 Performance Ladder version 4.0 - Step 1
CO_2 Performance Ladder version 4.0 - Step 2
CO_2 Performance Ladder version 4.0 - Step 3

FAQ procurement with the CO_2 Performance Ladder
List of CO_2 Performance Ladder accredited *CBs*
List of certified organisations
Information about certification on the CO_2 Performance Ladder by governments
Members of the Procurement Advisory Council

CONTACT SKAO
Zuilenstraat 7a
3512 NA Utrecht
The Netherlands
+31 (0)30 711 68 00
info@co2performanceladder.com

APPENDICES

A

APPENDIX A

CO_2 PERFORMANCE LADDER 4.0 AWARD CRITERION REQUIREMENTS

INTRODUCTION

The CO_2 Performance Ladder is used as an award criterion in this procurement.
The purpose of using the CO_2 Performance Ladder as an award criterion in a procurement is that *bidders* receive award advantage for CO_2 reduction at *project* level. This can be demonstrated in two ways:

- **Option 1: Project statement** The *contractor* specifically demonstrates at the *project* level with a *project statement* that it (*project*-specifically) meets the *CO_2 Ambition Level* with which it has bid. The *CO_2 Performance Ladder 4.0 Award Criterion* Requirements (this document) contains all the conditions and requirements that a *contractor* must meet at the offered *CO_2 Ambition Level* in order to obtain a *project statement* for a *project*;
- **Option 2: CO_2 Performance Ladder Certificate** The *contractor* holds a *CO_2 Performance Ladder Certificate*. The *CO_2 Performance Ladder Certificate* is proof of certification based on the *CO_2 Performance Ladder 4.0 Handbook*. With this, the *contractor* demonstrates that its entire organisation acts in a CO_2-aware manner, including in the *projects* that the organisation carries out. Thereby it can use the *CO_2 Performance Ladder Certificate* as substantiation of the *CO_2 Ambition Level* it has offered in the tender. If the *contractor* has a *CO_2 Performance Ladder Certificate*, this includes the obligation that the *contractor* implements the *project* according to the requirements set forth in this document. The *certification body* or the *contractor* verify this.

READER'S GUIDE

This document contains all requirements associated with the different *CO_2 Ambition Levels* of the *CO_2 Performance Ladder 4.0 Award Criterion*. This document consists of two parts. Part 1 contains general definitions and requirements that apply at all *CO_2 Ambition Levels*. Part 2 contains the requirements per *CO_2 Ambition Level*. These *CO_2 Ambition Levels* correspond to different steps of the CO_2 Performance Ladder (see Figure 1) described in the *CO_2 Performance Ladder 4.0 Handbook*.

CO_2 PERFORMANCE LADDER 4.0 AWARD CRITERION		CO_2 PERFORMANCE LADDER 4.0 HANDBOOK
CO_2 Ambition Levels	⟷	**CO_2 Performance Ladder 4.0 Steps**
CO_2 Ambition Level 1	⟷	CO_2 Performance Ladder Certificate Step 1
CO_2 Ambition Level 2	⟷	CO_2 Performance Ladder Certificate Step 2
CO_2 Ambition Level 3	⟷	CO_2 Performance Ladder Certificate Step 3

Figure 1 *Relationship between the CO_2 Performance Ladder 4.0 CO_2 Ambition Levels Award Criterion and the CO_2 Performance Ladder 4.0 Steps*

PART 1

1 SUBJECT AND SCOPE

This document contains the requirements, criteria and explanations to establish, implement, maintain and improve a *project*'s *energy and CO_2 management system*. The goal of the CO_2 Performance Ladder is that energy and CO_2 reduction are an ongoing part of the *contractor*'s strategy, policy and actions related to the *project*.

2 NORMATIVE REFERENCES

For an overview of normative references, please refer to the *CO_2 Performance Ladder 4.0 Handbook*. For standards and norms with a publication year only the names version is relevant[2]. Elements of these norms and standards relevant to the *CO_2 Performance Ladder 4.0 Award Criterion* are explained in the requirements. So, in principle, it is not necessary to download and/or purchase the standards and norms.

3 TERMS AND DEFINITIONS

The list below defines key terms as they appear in the *CO_2 Performance Ladder 4.0 Award Criterion*. Some terms are followed by the abbreviation in brackets. Any definition based on an outside source is noted as such.

Audit (Internal and external) (Source: ISO 50001) A systematic, independent and documented process used to obtain *audit evidence*. This objectively assesses the extent to which the *audit criteria* have been met. The *contractor* itself conducts an *internal audit* or an external party does so on behalf of the *contractor*. A *CB* conducts an *external audit* of a *project*. ***Note to the term:*** *wherever the word 'audit' appears it means an external audit unless it is specifically stated to be an internal audit.*

Audit criteria (Source: ISO 50001) Any policies, procedures or requirements used as a reference against which *audit evidence* is tested.

Audit evidence (Source: ISO 50001) Records, factual claims or other information relevant and verifiable to the *audit criteria*.

Avoided emissions (Comparative emissions[3]) These are reduced emissions (positive) or increased emissions (negative) that occur or can occur outside the *project*'s *value chain*, relative to a baseline, due to an action or measure performed as part of the *project* or as a result of the *project* itself.

Bidder A *bidder* is an organisation that offers work, services and/or deliveries in the context of a procurement. The *contracting authority* pays for (obtains) work, services and/or deliveries from

2 For the sake of readability, publication years have been omitted from this document.
3 Although *comparative emissions* are more appropriate, the Ladder uses the term *avoided emissions* because it is a well-recognised term.

bidders. ***Note:*** *In this guide, after award, the winning bidder is referred to as the contractor.*

Biogenic CO_2 emissions (direct and indirect) CO_2 emissions from burning or oxidising biogenic material from human activities. These emissions are short-cycle. That is, they have a cycle from CO_2 emission to CO_2 sequestration within a few centuries. This contrasts with a cycle of several million years (as with fossil fuel combustion). *Biogenic CO_2 emissions* can occur in the *value chain* (indirect) or as a result of the activities within the *project* (direct). *Biogenic CO_2 emissions* explicitly refer only to CO_2 and not to *non-CO_2 greenhouse gases*.

Business travel These emissions are due to passenger transportation for *project*-related activities, including business air travel, *business travel* by private cars and *business travel* by public transportation. *Business travel* undertaken for the *project*, but not to or from the *project* location.

Certification body (CB) A *certification body* is a third party authorised to conduct a certification or *audit* to assess an organisation's compliance with the CO_2 Performance Ladder. A prerequisite for this authority is that the *CB* has an agreement with SKAO and has relevant accreditation by a national accreditation body (or is in the process of obtaining such accreditation). Only a *CB* accredited for the CO_2 Performance Ladder *Certification Scheme* can conduct an *audit* and issue a *project statement* for the *CO_2 Performance Ladder 4.0 Award Criterion*.

Certification scheme All normative documents required for certification for the CO_2 Performance Ladder, consisting of the various handbook versions of the CO_2 Performance Ladder 4.0 (Part 1 and Part 2), the certification regulation, the Harmonisation Acts, the *audit* days table and any other normative documents to be designated later.

Continual improvement (Source: ISO 50001) Repetitive activity to improve performance.

Contracting authority A state, regional and local government agency, public law body or *partnership* consisting of one or more government agencies or one or more public law bodies. ***Please note:*** *In this guide, the contracting authority is also referred to as the client.*

Contractor An organisation that takes on commissioned *projects*.

Corrective action Measure to remove the cause of a *nonconformity* and to prevent repetition.

CO_2 Ambition Level Different levels for implementation of CO_2 reduction measures in the *project* in terms of actual CO_2 reduction, and in the maturity with which the *project management* system functions to ensure this. This allows *bidders* for procurements to distinguish themselves on quality.

CO_2 compensation The implementation of CO_2 reductions or CO_2 removals outside the *project*'s *value chain* by purchasing tradable carbon credits, e.g. for planting forests or investing in renewable energy *projects*. CO_2 compensation does not play a role in the *CO_2 Performance Ladder 4.0 Award Criterion* and therefore does not contribute to achieving targets.[4]

CO_2 emissions inventory An *emissions inventory* is a quantified list of a *project*'s CO_2 emissions and CO_2 sources.

CO_2 equivalent (Source: GHG Protocol Corporate Standard) This unit of *global warming potential* is used for comparison with a non-CO_2 greenhouse gas to CO_2. ***Note to the term:*** *Wherever the Handbook states CO_2 it should be read as: CO_2 including non CO_2 greenhouse gases relevant to the organisation expressed in CO_2 equivalents, unless it is specifically stated to be CO_2 only*

CO_2 Performance Ladder Certificate A document showing that an organisation's *energy and CO_2 management system* meets the requirements of

4 The CO_2 Performance Ladder does not make any judgments about the social relevance of *CO_2 compensation*.

the *certification scheme* for the step of the CO_2 Performance Ladder stated on the certificate. This document has been issued by an authorised *certification body* (*CB*).

CO_2 Performance Ladder Projects These are *projects* of an organisation where the CO_2 Performance Ladder played a role in the procurement. Here it is not relevant whether the award advantage was or was not decisive when being awarded the contract or how the CO_2 Performance Ladder was requested in the procurement.

CO_2 Performance Ladder 4.0 Award Criterion Use of the CO_2 Performance Ladder as an award criterion for the Best Price-Quality Ratio (BPQR), whereby *bidders* receive award advantage based on their *CO_2 Ambition Level*.

CO_2 Performance Ladder 4.0 Handbook The standard containing the requirements and conditions for certificate holders to obtain and maintain a *CO_2 Performance Ladder Certificate*.

CO_2 Project Plan This is a *short-term* action plan involving the intended preparatory actions and concrete measures to achieve *project* targets.

CO_2 removals (negative CO_2 emissions or CO_2 sequestration) (Source: ISO 14064-1) The quantification of the sequestration of CO_2 from the atmosphere within the *project's value chain*.

CO_2 sink The process, action or mechanism the organisation contributes to that results in CO_2 removal. For example, this includes the storage of biogenic CO_2 in the soil or in materials used in the *project*'s *value chain*. If this occurs outside the *project*'s *value chain*, it is equated with *CO_2 compensation*.

CO_2 source (Source: ISO 14064-1) A process that releases CO_2 into the atmosphere.

Direct relations Parties in the *value chain* of the *project* with which the *contractor* has a contractual relationship, such as suppliers, buyers, customers and clients.

Downstream emissions from a project Indirect CO_2 emissions of a delivered *project* or from products and services sold as part of a *project*, including products and services that are distributed but not sold (i.e. without payment). This includes emissions related to *LCA* stages B, C and D (EN 15804) for a *project*.

Emissions due to energy consumption on a (the) project CO_2 emissions resulting from the *energy consumption* of a *project*.

Energy and CO_2 management system (Source: ISO 50001) All related or interacting elements of a *contractor*'s efforts to establish an *energy and CO_2 policy* and targets within a *project*, as well as the processes to achieve those targets.

Energy and CO_2 policy (Source: ISO 50001) The intentions and approach of a *contractor* regarding *energy consumption* and CO_2 emissions of a *project* as formally stated by its *project management* in, among other things, the *CO_2 Project Plan*.

Energy balance A quantified list of all energy purchased, self-generated, sold and all *final energy consumption* of a *project*. The list is broken down into (groups of) facilities, systems, processes or equipment, expressed in joules (kJ, MJ, etc.) or watt-hours (kWh, MWh, etc.) within a one-year period.

Energy consumption (Source: ISO 50001) The amount of energy used.[5]

Energy consumption on a (the) project *Energy consumption* for transportation to and from the *project* location (*LCA* Stage A4) and *energy consumption* at the *project* location (*LCA* Stage A5).

5 For example, a *project* consumes 10,000 kWh of electricity in a month.

Energy efficiency (Source: ISO 50001) The ratio between the performance, service, goods or energy obtained and the energy input.

Energy review (Source: ISO 50001) The analysis of *energy efficiency*, *energy use* and *energy consumption* based on information. This results in the *contractor* identifying significant *energy consumption* and opportunities for improving energy performance within the *project*.

Energy use (Source: ISO 50001) The application of energy.[6]

Final energy consumption The *energy consumption* of the *project* consists of: the sum of the energy purchased and self-produced by the *contractor* for the *project* minus the energy sold. This concerns only fuels and energy carriers consumed for energetic applications, regardless of the ownership of land, buildings, equipment and vessels, vehicles or equipment where the consumption takes place. Fuels and energy carriers consumed as raw materials (such as petroleum for asphalt production) are not included.

Flexibility in the energy system The capacity to temporarily adjust or store the electrical production or consumption of a plant or process. The goal is for organisations to reduce congestion and/or increase the share of renewable energy in the energy system.

Global Warming Potential (GWP-100) (Source: IPCC) A factor that gives the radiative forcing of one unit of a particular non-CO_2 greenhouse gas relative to one unit of CO_2 over a 100-year period. (This is the degree of damage to the atmosphere.) The unit for *global warming potential* is *CO_2 equivalent*. Refer to the IPCC for accurate values.

Green electricity Electricity from renewable non-fossil sources that meets the criteria[7] for sustainability and additionality described in the *CO_2 Performance Ladder 4.0 Handbook* (requirements 1.A.2/2.A.2/3.A.2).

Green gas Gas from biomass upgraded to natural gas quality. Note that this is different from natural gas where CO_2 emissions are offset by the purchase of tradable carbon credits, i.e. *CO_2 compensation*.

Greenhouse gases (Source: ISO 14064-1) Gaseous component of the atmosphere that absorbs and reflects radiation emitted by the earth, atmosphere and clouds in the infrared spectrum. A greenhouse gas can be either of natural origin or from human activity. The absorptive capacity of various *greenhouse gases* is expressed in terms of *global warming potential*.

Grey electricity Electricity that is not green.

Guarantee of Origin (GoO) A digital certificate that serves as proof that the energy carrier in question (including *green electricity* and *green gas*) has a sustainable origin. A GoO represents 1 MWh of sustainably generated energy.

Interested party (Source: ISO 50001) A person or organisation that can influence a decision or activity, can be influenced by a decision or activity or considers itself influenced by a decision or activity.

Issuing body An organisation responsible for issuing GoOs and recognised by a government. Examples of issuing bodies include VertiCer (the Netherlands), VREG (Flanders), CWaPE (Wallonia) and BRUGEL (Brussels).

Key persons Employees who by virtue of their role or function have, or can have, a significant influence on the *project*'s CO_2 and energy policy, *energy consumption*, consumption, storage or generation of renewable energy, and/or CO_2 emissions. Employees include persons performing work under the authority of the *project management*.

6 For example, a *project* uses energy to heat a furnace.

7 These criteria for sustainability and additionality are supplemental to the definition from the EU Renewable Energy Directive (and the Dutch Energy Act, among others). This means that electricity that may be called 'green' in Europe does not automatically count as *green electricity* for the CO_2 Performance Ladder.

Knowledge institute This is an independent and professional organisation that has the relevant knowledge regarding LCAs and CO_2 emissions. This can be, for instance, a university or consultancy.

Life Cycle Assessment (LCA) (Source: EN 15804) An analysis of the potential environmental impacts (including CO_2 emissions) of a product or activity throughout its life cycle. A distinction is usually made within an *LCA* for construction works between the different *project* stages in the life cycle:

- **Stage A1-3** Product stage
- **Stage A4-5** Construction process stage
- **Stage B1-7** Usage stage
- **Stage C1-4** Demolition and disassembly stage
- **Stage D** Opportunities for reuse, recovery and recycling.

Long-term A period until no later than the year 2050.

Management review Review of an *energy and CO_2 management system* by the *project management* of the *project* to guarantee the continued suitability, implementation, adequacy, effectiveness and efficiency of the system.

Market-based method for electricity (Source: GHG Protocol scope 2 Guidance) A method to quantify the emissions from electricity use in a *project*. The method is based on the CO_2 emissions of the energy supplier with whom the *project* (or the organisation implementing the *project*) has a contractual agreement. These emissions may be offset against GoOs. All electricity use requirements assume the market-based method.

Material emissions and material energy use If *materiality* relates to emissions from *energy consumption* in the *project*, these are material emissions. If *materiality* relates to *energy consumption*, this is material *energy consumption*. The threshold above which reported emissions or *energy consumption* is material (the *materiality* threshold) is 5%. Non-material emissions may be omitted from the *emissions inventory* (to reduce the administrative burden). However, this means these may not exceed 5% of the total emissions from *energy consumption* for the *project*. Wherever it says: emissions from *energy consumption* for the *project* and/or *energy consumption*, this should be read as 'material emissions from *energy consumption* for the *project* and/or material *energy consumption*'.

Materiality (Source: ISO 14064-3) The concept that individual or multiple inaccuracies combined can affect the decisions of internal and external interested parties. Inaccuracies are defined as errors, omissions, incorrect representations or misrepresentations. Whether something is material requires the judgment of an expert.

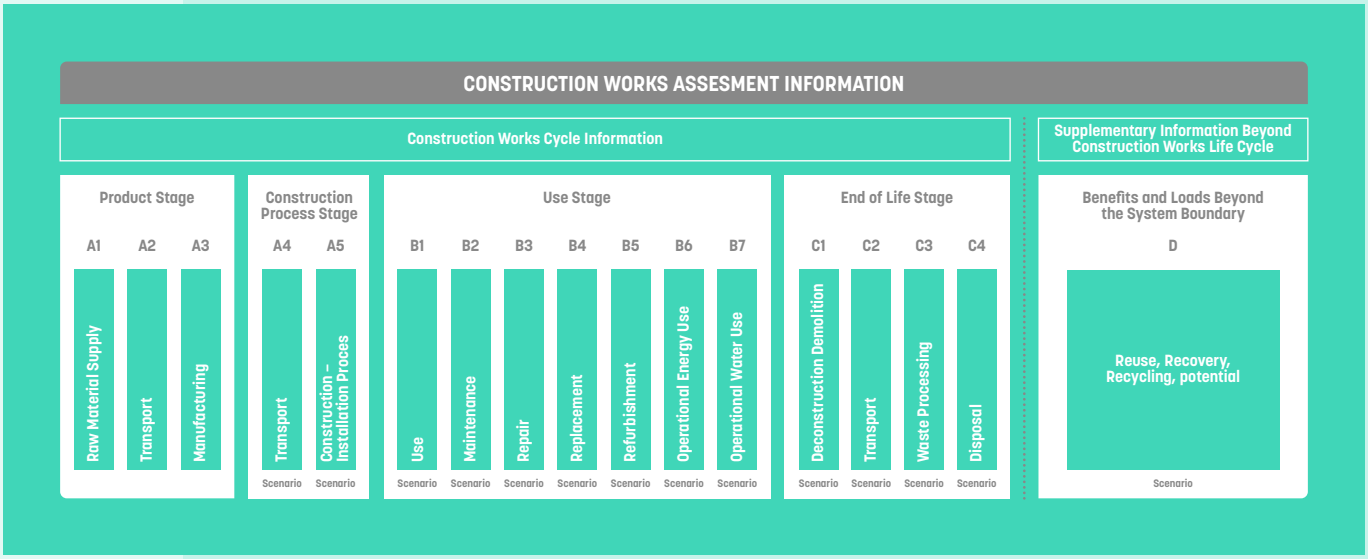


Figure 2 Construction work has the following LCA stages

Medium-term A period of 5 to 10 years.

Nonconformity (Source: ISO 17021-1) The *contractor* fails to meet a requirement. This can be a major or minor *nonconformity* depending on the severity of the *nonconformity*.

Non-CO_2 greenhouse gases All *greenhouse gases*, excluding CO_2, that are recognised in the Kyoto Protocol: methane (CH_4), nitrous oxide (N_2O), HFCs, PFCs, SF_6 and NF_3 and can be converted to CO_2 *equivalents* with their *global warming potential*. ***Note to the term:*** *wherever this document states CO_2, it should read: CO_2 including non-CO_2 greenhouse gases relevant to the project expressed in CO_2 equivalents unless it is specifically stated to be CO_2 only.*

Other influenceable emissions (OIE) Emissions that fall outside the emissions from the *project*'s *energy use* and outside the *project*'s *upstream* and *downstream emissions*. The reason is that these are either short-cycle or occur outside the *project*'s *value chain*. If the *project* can significantly influence these emissions, they are relevant to contributing to global climate neutrality. A distinction is made between three *OIE* types: *biogenic CO_2 emissions*, *CO_2 removals* and *avoided emissions*. *CO_2 compensation* is explicitly not part of *OIE*.

Partnerships Formal or informal collaborations between (groups of) parties that are affiliated through their *sector*, *value chain* or location and that aim to research or implement energy saving, renewable energy or CO_2 reduction measures that directly relate to the organisation's environment, activities or *value chain*.

Project A *project* is a work, service or delivery performed under contract from another organisation.

Project Life Stage Life stage attributed to a *project* according to the *LCA* methodology (EN 15804).

Project Management Person or group of persons in charge of the *project*.

Project scope The scope of *energy use* and emissions attributed to the *project*. The *project scope* differs for each level of the *CO_2 Performance Ladder 4.0 Award Criterion*.

Project statement A document demonstrating that the *project*'s *energy and CO_2 management system* meets the requirements of the *CO_2 Performance Ladder 4.0 Award Criterion* for the *CO_2 Ambition Level* of the CO_2 Performance Ladder stated on the statement. This document must have been issued by a *CB* accredited for the CO_2 Performance Ladder *Certification Scheme*.

Regular frequency The frequency with which requirements are followed up must be regular. This means that the requirement is met on the same date – with a margin of one month earlier or later – as the previous time the requirement was met.

Relevant upstream and downstream emissions and relevant OIE If *upstream* and *downstream emissions* or *OIE* affect the deliberations and estimates of the interested parties involved in and associated with the *project*, they are relevant. A *project* determines its relevant emissions in 3.A.4-1 based on:

- their relative volume compared to *sector* emissions;
- their relative volume compared to the *project*'s other *upstream* and *downstream emissions* or *OIE*;
- the *contractor*'s influence on emissions;
- the risk the *contractor* would face should it not report emissions;
- the value placed on it by interested parties of the *project*;
- identification by the *sector* as relevant.

Wherever it states *upstream* and *downstream emissions* and/or *OIE*, this should be read as relevant *upstream emissions*, *downstream emissions* and/or *relevant OIE*.

Sector A *sector* (trade) is a label for all organisations together that are active in a certain category of products or services.

Sector agreement An agreement that is demonstrably supported by multiple (international) market players (or industry associations) and NGOs and/or government.

Short-term A period of one to three years.

Tank-to-Wheel (TtW) emissions CO_2 emissions from the use of a fuel or energy carrier, excluding emissions from extraction and production.

Transition scenario A *long-term* and/or *medium-term* scenario for implementing the *project* in the future that focuses on maximum CO_2 reduction. The term and the scope of the scenario depend on the level of the *CO_2 Performance Ladder 4.0 Award Criterion*.

Upstream emissions from a project Indirect CO_2 emissions from raw materials, materials, products and services purchased or acquired for the *project*. This includes emissions related to *LCA* stages A1, A2 and A3 (EN 15804) for a *project*.

Value chain A *value chain* is the combination of all *upstream* and *downstream* activities associated with the *project*. This value chain includes the end of lifecycle stage of a work or the use and disposal of sold products by consumers or end-users.

Value chain analysis This is the inventory and analysis of CO_2 emissions from a *value chain* in which the *project* operates. This analysis focuses on understanding the extent and origin of CO_2 emissions and the organisation's ability to reduce these emissions by modifying the production process. These may occur due to different design choices and/or by choosing, influencing or collaborating with organisations in the *value chain*.

Well-to-Tank (WtT) emissions These CO_2 emissions are from the extraction and production of fuels and energy carriers.

Well-to-Wheel (WtW) emissions These CO_2 emissions are from the full life cycle of a fuel or energy carrier. Thus, this is the sum of emissions from extraction and production (*Well-to-Tank emissions*) and use (*Tank-to-Wheel emissions*).

Zero CO_2 emissions Reducing emissions from *energy use* for the *project*, *upstream emissions* and *downstream emissions* to zero.

4 CONTEXT OF THE PROJECT

4.1 THE PROJECT BOUNDARY

Projects may include works, services or deliveries. For the purposes of the *project statement*, it does not matter which entity (supplier, head *contractor* or subcontractor) performs activities for a *project*.

At each CO_2 *Ambition Level*, the *energy use* and direct emissions of the *project* fall within the *project scope* that must be reported. The *project scope* differs for each CO_2 *Ambition Level* with respect to the indirect emissions and *other influenceable emissions* (*OIE*) that must be reported. This is detailed in Part 2.

Energy use and direct emissions from the project:

- For works and services in the construction industry, the definitions according to EN 15804 apply. This means that all activities in Stages A4 and A5 are attributed to the *project*. This includes all activities occurring in the construction process stage and all transportation, including passenger transportation, to and from the *project* location(s), and between *project* locations or within the *project* area, for personnel, equipment and materials. The *project* may take place at multiple *project* locations or cover an area.
- For other services and supplies, the life stages used for the European Product Environmental Footprint (PEF[8]) apply. Here, all Stage 2 and 3 (PEF) activities required to realise the service or supply are allocated to the *project*. All transportation, including passenger transportation, for personnel, equipment and materials and distribution to the client, is allocated to the *project*.

In all cases, *energy consumption* is allocated to the *project* regardless of who performs the work for the *project* and regardless of who owns the land, buildings, equipment and vessels, vehicles or equipment where the *energy consumption* takes place.

Indirect emissions from the project:

- For works, services and supplies in the construction *sector*, the life stages according to EN 15804 apply. For services and supplies separate from the construction *sector*, the life stages used for the European Product Environmental Footprint (PEF[9]) apply. For all works, supplies and services, emissions from the following stages are allocated to the *project* as indirect emissions:
  - *Upstream emissions*: extraction and production of materials and components used in the *project* (EN15804: Stage A1 - A3, PEF: stage 1)
  - *Downstream emissions*:
    - Use of the work, service or supply, after delivery or completion of the service (EN15804: stage B: PEF: stage 4);
    - Demolition and end-of-life waste disposal, Possibilities for reuse and recycling (EN15804: Stages C and D; PEF: stage 5).
  - *Business travel* undertaken in connection with the *project* but not to or from the *project* location.

8 See the EU Commission Recommendation 2021/2279 published in December 2021.
9 See the EU Commission Recommendation 2021/2279 published in December 2021.

Other influenceable emissions from the project:
In addition to direct emissions and indirect emissions from the *project*, there may be *other influenceable emissions*. These are short-cycle emissions or emissions that occur outside the *project*'s *value chain*. If the *project* does have the potential to significantly affect these emissions, they are relevant because they contribute to global climate neutrality. A distinction is made between three *OIE* types: *biogenic CO_2 emissions*, *CO_2 removals* and *avoided emissions*.

4.2 UNDERSTANDING LEGAL OBLIGATIONS

The *contractor* must understand the legal obligations applicable to the *project* related to energy saving, renewable energy and CO_2 reduction.

The *contractor* must:

a. know the national and international legal obligations that apply to energy saving, renewable energy and CO_2 reduction;
b. determine how these legal obligations apply to the *project* and how it takes them into account.

These legal obligations are both current and adopted (but not yet in force) local, national and/or international legislation that applies to all aspects of the *project*, including human resources and housing. The adopted legislation is the legislation adopted by the competent authorities but which has not yet entered into force.

4.3 ENERGY AND CO_2 MANAGEMENT SYSTEM

The *contractor* must establish, implement, maintain and continuously improve an *energy and CO_2 management system* for the *project*. This includes the necessary processes and their interactions. The *contractor* must also continually improve the energy and CO_2 performance of the *project* according to the requirements of this scheme.

5 LEADERSHIP

5.1 LEADERSHIP AND COMMITMENT

Project management must show leadership, direct responsibility and commitment to the *continual improvement* of energy and CO_2 performance and the effectiveness of the *energy and CO_2 management system*. *Project management* does this by:

c. ensuring that the scope of the *energy and CO_2 management system* is defined (see §4.1);
d. ensuring that energy and CO_2 policies and targets are established;
e. ensuring that *energy and CO_2 management system* requirements are integrated into the *project*'s business processes;
f. ensuring that the *CO_2 Project Plan* is approved and implemented;
g. ensuring that the necessary resources are available for the *energy and CO_2 management system*;
h. communicating the importance of effective energy and CO_2 management and of meeting the *energy and CO_2 management system* requirements;
i. ensuring that the *energy and CO_2 management system* achieves the intended results;
j. directing and supporting the *key persons* identified in §7.2 to make the *energy and CO_2 management system* more effective and to improve CO_2 and energy performance.

5.2

ENERGY AND CO_2 POLICY

Project management must establish an *energy and CO_2 policy* that:

a. fits the purpose of the *project*;
b. provides a framework for setting and reviewing targets and plans (such as the *CO_2 Project Plan*);
c. includes a commitment to ensuring that information is available and that all necessary resources to achieve the targets are available;
d. includes a commitment to meet the legal requirements for energy saving, renewable energy and CO_2 reduction, as stipulated in §4.4;
e. includes a commitment to *continual improvement* (see §10.1) of energy and CO_2 performance and the *energy and CO_2 management system*;

The *energy and CO_2 policy* must be:

- communicated within the *project* organisation;
- available to interested parties in an appropriate manner;
- reviewed regularly and updated as needed.

6 PLANNING

6.1

ACTIONS TO ADDRESS RISKS AND OPPORTUNITIES

In order to comply with the *CO_2 Performance Ladder 4.0 Award Criterion*, the *contractor*'s planning must be consistent with the *energy and CO_2 policy* (see 5.2) and must result in actions that continuously improve energy performance. The *contractor* must identify risks and opportunities that must be acted upon to:

- provide assurance that the *energy and CO_2 management system* of the *project* can achieve its intended result(s), including improvement in energy and CO_2 performance;
- prevent or reduce unwanted effects;
- continuously improve the *energy and CO_2 management system* and energy and CO_2 performance.

6.2

TARGETS AND PLANNING TO ACHIEVE THEM

These three conditions must be met by the *contractor*'s targets for the *project*. They should

- be monitorable;
- take into account applicable requirements such as legal obligations (see §4.4);
- consider opportunities to improve energy and CO_2 reduction performance.

If the *contractor* creates plans to achieve its targets, the *contractor* must document and maintain:

- what will be done;
- what resources are needed;
- who is responsible;
- when it will be completed;
- how the results will be evaluated. This includes the method(s) used to verify the improvement in energy and CO_2 performance.

The *contractor* must demonstrate annually, with *regular frequency*, the level of the CO_2 *Performance Ladder 4.0 Award Criterion* specified in a procurement. This applies to the various sections described in this explanation unless a higher *regular frequency* suits the specific organisational processes better (for example, if there is otherwise insufficient time for adjustment).

7 SUPPORT

7.1 RESOURCES

The *contractor* must establish and make available for the *project* the resources necessary to establish, implement, maintain and continuously improve energy and CO_2 performance, the *energy and CO_2 management system* and the achievement of targets. These resources minimally consist of:

- Capacity and budget for setting up, maintaining and implementing the *energy and CO_2 management system*;
- Capacity and budget for the annual external *audit*;
- Capacity and budget to implement the *CO_2 Project Plan*, including measures to be taken;
- Capacity and budget to participate in required initiatives and collaborations.

7.2 KEY PERSONS AND THEIR COMPETENCE

The *contractor* must identify the *key person* or *key persons* for the *project* and ensure that they have the necessary competencies for their role and required level of CO_2 awareness. This is when the person knows and can explain why and how they are (partly) responsible for the *project*'s *energy and CO_2 policy*.
Key persons should:

- be informed about their specific role and their specific influence, or what it could be, on the *project*'s *energy and CO_2 policy*, on its *energy consumption* and CO_2 emissions, and on the use, storage or generation of renewable energy;
- know what is expected of them appropriate to the level of CO_2 awareness, distinguishing the following levels (higher levels include those below it):
  - Insight: be familiar with the *project*'s energy and CO_2 policies and understand the important energy and CO_2 aspects in their work;
  - Support: actively provide ideas and information for action, monitoring and policy;
  - Feel engaged: participate in developing and realising elements of policy, the *project*'s *energy and CO_2 management system*, savings measures, monitoring, communication and/or reporting;
  - Feel responsible: feel responsible for developing and achieving elements of policy, the *project*'s *energy and CO_2 management system*, savings measures, monitoring, communication and/or reporting.
- know the consequences of not complying with *energy and CO_2 management system* requirements

The *contractor* must:

- identify these *key persons* at all levels of the *contractor*'s organisation based on their position or job profile;

When establishing competence, the *contractor* must:

a. be able to demonstrate that *key persons* are educated, trained and have the necessary skills or experience;
b. take actions to enable *key persons* to acquire the necessary competence, and evaluate the effectiveness of these actions, as appropriate.

7.3

WHAT THE CONTRACTOR MUST DOCUMENT

A summary of the mandatory documented information of the *project* is listed below. For a detailed explanation of the content of the documented information, refer to the specific paragraph or requirement. Part 1 is required for all CO_2 *Ambition Levels* of the CO_2 *Performance Ladder 4.0 Award Criterion*, Part 2 contains the requirements for each CO_2 *Ambition Level*.

PAR. / REQ.	DOCUMENTATION	REQUIRED PROJECT DOCUMENTATION	SHARING WITH CLIENT
Part 1			
7.2	*Key persons*	**YES**	
9.2	Data quality management plan	**YES**	
9.4	*Internal audit* report	**YES**	
9.5	*Management review* report	**YES**	
10.1	Action plan for *corrective actions*	**YES**	
Part 2 CO_2 Ambition Level 1			
1.A.1	*Energy balance* of *energy consumption* on the CO_2 *Performance Ladder Project*	**YES**	
1.A.2	Quantitative estimation of *emissions due to energy consumption on the* CO_2 *Performance Ladder Project*	**YES**	
1.B.1	CO_2 *Project Plan*	**YES**	**YES**
1.B.2	Evaluation/progress report for the measures on the CO_2 *Performance Ladder Project*	**YES**	**YES**
1.D.1	Analysis of knowledge and collaboration needs for the *project*	**YES**	

PAR. / REQ.	DOCUMENTATION	REQUIRED PROJECT DOCUMENTATION	SHARING WITH CLIENT
Part 2 CO_2 Ambition Level 2			
2.A.1	*Energy balance* of *energy consumption on the CO_2 Performance Ladder Project*	**YES**	
2.A.2	Quantitative estimation of *emissions due to energy consumption on the CO_2 Performance Ladder Project*	**YES**	
2.A.2	Quantitative estimate of the *upstream* and *downstream emissions* on the *CO_2 Performance Ladder Project*	**YES**	
2.B.1	'Maximum reduction' analysis	**YES**	
2.B.2	*CO_2 Project Plan*	**YES**	**YES**
2.B.3	Evaluation/progress report for the measures on the *CO_2 Performance Ladder Project*	**YES**	**YES**
2.D.1	Analysis of knowledge and collaboration needs for the *project*	**YES**	
Part 2 CO_2 Ambition Level 3			
3.A.1	*Energy balance* of *energy consumption on the CO_2 Performance Ladder Project*	**YES**	
3.A.2	Quantitative estimation of *emissions due to energy consumption on the CO_2 Performance Ladder Project*	**YES**	
3.A.2	Quantitative estimate of the *upstream* and *downstream emissions* on the *CO_2 Performance Ladder Project*	**YES**	
3.B.1	'Maximum reduction' analysis	**YES**	
3.B.2	*CO_2 Project Plan*	**YES**	**YES**
3.B.3	Evaluation/progress report for the measures on the *CO_2 Performance Ladder Project*	**YES**	**YES**
3.D.1	Analysis of knowledge and collaboration needs for the *project*	**YES**	
3.D.4	Dialogue on 'zero emissions' analysis	**YES**	**YES**

The *project*'s *energy and CO_2 management system* must contain documented information for which:

- the *contractor* is free to determine the form and bundling of information;

- reuse of (parts of) existing documented information in subsequent audits is always permitted, as long as the content is still usable;
- the frequency of updating or renewal is prescribed in §6.2;

8 IMPLEMENTATION

See Part 2 of the requirements of the CO_2 *Performance Ladder 4.0 Award Criterion* for implementation requirements per specific CO_2 *Ambition Level*.

9 MONITORING, MEASURING, ANALYSING AND EVALUATING

9.1 GENERAL

The *contractor* must determine the following for the *energy and* CO_2 *management system*:

a. what must be monitored and measured to attain sufficient insight, including minimally whether the targets in the CO_2 *Project Plan* will be met;
b. the methods for monitoring, measuring, analysing and evaluating to get valid results;
c. when to monitor and measure;
d. when to analyse and evaluate the results of monitoring and measurement.

The *contractor* must investigate and respond to significant *nonconformities* in the performance of the *energy and* CO_2 *management system*.

9.2 DATA QUALITY MANAGEMENT PLAN

The *contractor* must prepare a data quality management plan for the *project*.

A data quality management plan details two aspects: firstly, how energy and emissions data will be reported as accurately as possible. Secondly, the plan also states how the *contractor* systematically strives to improve, broaden and refine its data.

In the data quality management plan, the *contractor* describes how it strives for *continual improvement* of data, if:

- the data is needed to be able to manage the effect of energy and/or CO_2 reduction measures;
- that data concerns material or relevant emissions or material *energy use*.

DATA QUALITY ROADMAP

1. Establish a quality person/team.
2. Develop a data quality management plan.
3. Perform generic data quality checks based on the data quality checks.
4. Carry out specific data quality checks.
5. Review the *energy balance* and *emissions inventory* and related reporting.
6. Establish formal feedback loops to improve data collection, handling and documentation processes.
7. Draw up reporting, documentation and archiving procedures.

For *energy use* and emissions from *energy use*, the method of calculation is mostly fixed (see §9.3). For *upstream emissions*, *downstream emissions* and *OIE*, there is more freedom and calculations will be partly based on assumptions. This increases the importance of properly recording the calculation method and the assumptions in the data quality management plan.

9.3

EMISSIONS INVENTORY PROJECT REPORTING REQUIREMENTS

At every CO_2 *Ambition Level*, the direct emissions from the *project* fall within the *project scope* for which the *contractor* is required to report. The *project scope* for the indirect emissions and *other influenceable emissions* (*OIE*) on which the *contractor* must report differs for each CO_2 *Ambition Level*. This is detailed in Part 2 of this document.

The following topics should be included in the *project emissions inventory* reporting:

a. Description of the *project* and the organisation(s) involved;
b. Person or entity responsible for reporting;
c. Period reported on;
d. Documentation of *project* delineation (*project* location(s), activities within the *project*);
e. Documentation of the *project scope*, including the criteria by which the *contractor* determines its relevant emissions (*upstream*, *downstream*);
f. Direct emissions, quantified separately for CO_2, CH4, N2O, NF3, SF6 and other relevant groups of *greenhouse gases* (HFCs, PFCs, etc.) in tons of CO_2 *equivalents*;
g. If part of the *project scope* (see Part 2): Descriptions in the *emissions inventory* of how the *contractor* addresses *biogenic* CO_2 *emissions* and biogenic *removals*, and a quantification of the relevant CO_2 emissions and biogenic *removals* in tons of CO_2 *equivalents*;
h. If quantified: direct greenhouse gas removals in tons of CO_2 *equivalents*;
i. A statement that the *contractor* excludes significant greenhouse gas sources or CO_2 sinks from quantification;
j. If part of the *project scope* (see Part 2): Indirect emissions quantified separately by category in tons of CO_2 *equivalents*;
k. A reference to, or documentation of, the chosen quantification methods, including the reasons for this choice;
l. An explanation of any change in the previously chosen quantification methods;
m. A reference to, or documentation of, selected greenhouse gas emission factors or removal factors;
n. A description of the impact of uncertainties on the accuracy of GHG emissions and removals data by category;
o. A description of uncertainty analysis and results;
p. A statement whether the *emissions inventory*, report or statement has been verified, including the type of verification and the level of assurance achieved;
q. The *Global Warming Potential* (*GWP*) values used in the calculation, including their sources. If the *GWP* values are not from the latest IPCC report (IPCC AR6:2021), the *contractor* should include the emission factors or a reference to the database used, including their source.

9.4

USING CO_2 EMISSION FACTORS

When a *contractor* calculates (parts of) its CO_2 *emissions inventory*, it must use CO_2 emission factors. SKAO designates a list of national CO_2 emission factors for each country as a standard list because CO_2 emission factors may differ internationally[10]. At the time of publication of this document, this is for:

- Netherlands: **www.co2emissiefactoren.nl**
- Belgium: **www.co2emissiefactoren.be**

If SKAO designates lists for other countries, this will be mentioned on the **CO_2 Performance Ladder website**.

The following principles apply to the use of emission factors for the CO_2 Performance Ladder:

1. The emission factors on the national list designated by SKAO are the default values;
2. If no list is designated for a particular country, the *contractor* must select an accurate list itself. Is this not available? Then the *project* organisation can use the list designated by SKAO for the Netherlands;
3. If the designated list is (partially) updated, the new emission factors should only be used when the *contractor* reports on the period in which the update occurred;[11]
4. The *contractor* may use other (officially recognised) factors in the following situations.
    a. If this results in a more accurate outcome. For example, this applies to emissions that are highly dependent on the local context[12].
    b. If there is no appropriate emission factor in the national list for a particular fuel, mode of transport, etc.
5. If the *contractor* deviates from the national list of emission factors, the assumptions used to establish this list and the calculation method must remain the same.
6. If a *contractor* deviates from the national list for one or more factors, it must clearly indicate the origin of the alternative factor(s) and make a plausible case for why their use leads to a more accurate outcome.

To determine *upstream* and *downstream emissions*, the above principles also apply, and the *contractor* must use the national list of emission factors as much as possible for energy carriers and coolants. With respect to materials, contractors are recommended to use the CO_2 emissions data based on *LCA* data that fits the context of the *project*. If the *contractor* uses *LCA* data, the *LCA* must be drafted according to ISO 14067[13] or EN 15804[14] for building products. The *contractor* can also use data established in an EPD or MRPI certificate. The *contractor* must substantiate *nonconformities*.

10 For example, this might be due to differences in the electricity mix (including more or less generated with natural gas, coal, nuclear or renewable), different blending ratios for fuels or differences in the origin of fuels (including which continent they come from).
11 An example: the update will take place in January 2025. The new factors will be used once reporting for the period January-December 2025.
12 An example would be the fuel mix for electricity production.
13 *Greenhouse gases* – Carbon footprint of products – Requirements and guidelines for quantification
14 Sustainability of construction work – Environmental declarations of products - Basic rules for the building products product group

9.5

INTERNAL AUDIT

The *contractor* must conduct an *internal audit* through which it examines whether the *project*'s *energy and CO_2 management system* meets the requirements of the CO_2 Performance Ladder Award Criterion. This determines whether the *contractor* is ready for the *external audit* and whether the *project* is being carried out in accordance with the arrangements in the *energy and CO_2 management system* (such as targets, procedures, communication, publication, planned measures, etc.). Apart from the actual assessment, the *internal audit* also assesses the possibility of improving the system and/or the execution. In an *energy and CO_2 management system* the *internal audit* is a very important source of information for the *management review*.

Without undue delay, the *contractor* must take all *corrective actions* to eliminate *nonconformities* from requirements and the *energy and CO_2 management system* and their causes within an appropriate time frame. In addition, the *contractor* must verify that sufficient points have been achieved in Part 2 to achieve or maintain its level. To guarantee the execution of the *internal audits*, it is important to properly establish the process, planning/execution and responsibilities.

A *contractor* can combine and/or integrate the *internal audit* and *management review* according to the CO_2 Performance Ladder Award Criterion with the *internal audit(s)* for other management system standards.

The results of the *internal audit* are recorded in an *internal audit* report. This report includes at least the following:

- the date of the *audit*;
- the names of auditor(s) and auditee(s);
- the *audit's* objective;
- the scope;
- the locations visited;
- the *audit's* findings;
- the effectiveness of the system to improve CO_2 and energy performance and meet (reduction) targets.

The *internal audit* should explicitly address the following questions:

- Does the *contractor* find that the activities (on whose basis the *contractor* meets the requirements) are contributing to the progress of the *project*?
- What substantiates this?
- Do the procedures and processes established by the *contractor* contribute to the achievement of the targets?
- What decisions are required of *project management* regarding possible *corrective actions*?

The internal auditor:

a. must be objective and impartial. Among other things, this means that the internal auditor may not audit the content of their own work;
b. must have relevant knowledge and skills;
c. may be an outside party (e.g. a consulting firm), as long as the requirements in a. and b. are met.

9.6

MANAGEMENT REVIEW

Project management must review the *contractor*'s *energy and CO_2 management system* so as to achieve its continuous suitability, adequacy and effectiveness.

The input for the *management review* includes at least:

a. the points in §5.1 on leadership;
b. the status of actions from previous management reviews, *internal audits* and *external audits*;
c. changes in external and internal developments relevant to the *energy and CO_2 management system*;
d. information about the performance and efficacy of the *energy and CO_2 management system*, including:
    a. energy policy and reduction measures;
    b. the energy performance, emissions and the *energy review* (requirement 1.A.1/2.A.1/3.A.1);
    c. the progress towards the reduction targets and the extent to which they have been achieved;
    d. internal and external communications and initiatives;
    e. the concerns of the independent expert (requirement 3.C.4);
    f. the *audit* results of the *internal audit* and *external audit*;
    g. *nonconformities* and *corrective actions*;
e. the effectiveness of actions taken to address reduction opportunities;
f. opportunities to improve.

The output of the *management review* includes at least decisions and actions related to:

a. opportunities to improve;
b. the need to change the *energy and CO_2 management system*, reduction targets, reduction measures and (participation in) collaborations;
c. conclusions about how likely it is to meet previously internally/externally published reduction targets;
d. efficacy of the *energy and CO_2 management system*, including an explicit statement about the extent to which it functions as intended. This statement is based on the results of the *internal audit*;
e. the need for resources.

The *contractor* must maintain documentation as evidence of the results of the *management review*.

9.7

EXTERNAL AUDIT

The *contractor* must have an annual *audit* performed to verify compliance with the requirements for a particular level of the *CO_2 Performance Ladder 4.0 Award Criterion*.

During each *audit*, the *contractor* itself is responsible for communicating with the auditor. If an external party (e.g. a consulting firm) is present during the *audit*, their role should be limited to that of a passive prompter.

10 IMPROVEMENT

10.1 NONCONFORMITIES AND CORRECTIVE ACTIONS

There may be *nonconformity* with the requirements for the CO_2 *Performance Ladder 4.0 Award Criterion*.

If a *nonconformity* is identified, the *contractor* must:

a. Respond to the *nonconformity*, and as applicable:
   i. Take measures to manage and correct the *nonconformity*;
   ii. Address the consequences;
b. Evaluate the need to take measures to eliminate the cause(s) of the *nonconformity* so that the *nonconformity* does not recur or occur elsewhere, by
   i. Assessing the *nonconformity*;
   ii. Identifying the causes of the *nonconformity*;
   iii. Determining whether similar *nonconformities* occur or could occur;
c. Implement the necessary measures;
d. Assess how effective the *corrective actions* taken are;
e. If necessary, make changes to the *energy and* CO_2 *management system*.

Corrective action should be appropriate to the effects of the *nonconformities* that have occurred.

The *contractor* must maintain documented information of:

- The nature of *nonconformities* and subsequent actions taken;
- The outcomes of *corrective actions*.

For significant *nonconformities* found by the auditor during an *external audit*, the *project* organisation must take *corrective action* within three months. For minor *nonconformities*, the *contractor* must develop within 3 months a plan for *corrective actions*, which must be implemented before the next *audit*.

PART 2

CO_2 AMBITION LEVEL 1

PROJECT SCOPE

The scope for **energy use and emissions of the project** covers the following **project life stages**:

- Transportation to and from the *project* (including transportation of persons) (A4);
- Equipment deployment and *energy use* at *project* locations (A5).

This applies regardless of who performs the work for the *project* and regardless of who owns the land, buildings, equipment and vehicles, vessels or tools used.

BRIEF EXPLANATION OF THE CO_2 AMBITION LEVEL 1 REQUIREMENTS

The *contractor* must implement energy and CO_2 reduction measures within the stated *project scope* that complement the *project* requirements. This includes environmental performance (e.g., based on Environmental Cost Indicator) if the *contractor* has offered such performance and any commitments based on other quality-criteria. Based on these measures, the *contractor* must set an energy and CO_2 reduction target for the *project*.

The *contractor* is obliged to implement the measures included and/or to achieve the energy savings and CO_2 reduction targets.

REQUIREMENT 1.A.1

1.A.1

THE CONTRACTOR HAS QUANTITATIVE INSIGHT INTO THE ENERGY CONSUMPTION OF THE PROJECT

CRITERIA FOR REQUIREMENT 1.A.1

1. The *contractor* understands the opportunities to contribute to *flexibility in the energy system*.
2. At the start of the *project*, the *contractor* shall have one forecast of the *energy balance* for the *project* according to the above *project scope* without additional measures for energy and CO_2 reduction, and one forecast with additional measures.
3. Upon completion of the *project*, the *contractor* shall have an *energy balance* of the *project* according to the above *project scope*, including the additional energy and CO_2 reduction measures realised.
4. The *contractor* shall have an *energy review* of the *project*.
5. For a multi-year *project*, the *contractor* must prepare an interim report at least annually. This includes two aspects: the *energy balance* achieved up to the time of reporting and a forecast for the remainder of the *project*.

REQUIREMENT 1.A.2

1.A.2

THE CONTRACTOR HAS QUANTITATIVE INSIGHT INTO THE PROJECT'S EMISSIONS

CRITERIA FOR REQUIREMENT 1.A.2

1. At the start of the *project*, the *contractor* shall have one forecast of the emissions for the *project* according to the above *project scope* without additional measures for energy and CO_2 reduction, and one forecast with additional measures.
2. Upon completion of the *project*, the *contractor* shall have an *emissions inventory* for the *project* according to the above *project scope*, including the additional energy and CO_2 reduction measures realised.
3. For a multi-year *project*, the *contractor* must prepare an interim report at least annually. This contains the emissions realised up to the time of reporting and a forecast for the remainder of the *project*.

REQUIREMENT 1.B.1

1.B.1

THE CONTRACTOR HAS PREPARATORY ACTIONS, MEASURES AND TARGET(S) AND HAS ESTABLISHED THESE IN A CO_2 PROJECT PLAN

CRITERIA FOR REQUIREMENT 1.B.1

1. The *contractor* has a CO_2 *Project Plan*, with an energy and CO_2 reduction target for the *project*. There is also a renewable energy target for the *project*.
2. The plan includes measures within the stated *project scope*, which complement the *project* requirements, on any agreed upon ECI performance and on any commitments by the *contractor* based on other best price quality ratio (BPQR) criteria, which will enable the *contractor* to achieve the targets.

REQUIREMENT 1.B.2

1.B.2

THE CONTRACTOR SUCCEEDS IN ACHIEVING THE TARGETS AND/OR PREPARATORY ACTIONS AND MEASURES IN THE 1.B.1 CO_2 PROJECT PLAN

CRITERIA FOR REQUIREMENT 1.B.2

1. The *contractor* must demonstrate upon completion of the *project* that it has achieved the targets and/or implemented the measures.
2. In addition, if it is a multi-year *project*, the *contractor* documents the progress of the measures at least annually.

REQUIREMENT 1.C.1

1.C.1

THE CONTRACTOR ENSURES THAT KEY PERSONS ARE DEMONSTRABLY AWARE OF THEIR ROLE IN THE CO_2 PROJECT PLAN

CRITERION FOR REQUIREMENT 1.C.1

1. The *contractor* must designate *key persons* for the realisation of the CO_2 *Project Plan*. These *key persons* must be demonstrably aware of their role in the CO_2 *Project Plan*.

REQUIREMENT 1.C.2

1.C.2

THE CONTRACTOR COMMUNICATES INTERNALLY AND EXTERNALLY (INCLUDING THE CLIENT) ABOUT ITS 1.B.1 CO_2 PROJECT PLAN, INCLUDING PROGRESS. THE GOAL IS TO CREATE ACCOUNTABILITY AND COLLABORATIVE OPPORTUNITIES

CRITERIA FOR REQUIREMENT 1.C.2

1. Internal communication: the *contractor* must regularly (at least at *project* start and after completion of the *project*) discuss the selection and implementation of measures, as well as the progress and trends of *energy consumption* and emissions for the *project* at internal *project* meetings;
2. External communication: the *contractor* must discuss (at least at the start and after completion of the *project*) two things with *project* partners (including subcontractors) and the client of the *project*: the choice and implementation of measures and the progress and trends of *energy consumption* and CO_2 emissions for the *project*.

REQUIREMENT 1.D.1

1.D.1

THE CONTRACTOR ANALYSES ITS OWN KNOWLEDGE AND COLLABORATION NEEDS RELATED TO THE CO_2 PROJECT PLAN

CRITERION FOR REQUIREMENT 1.D.1

1. The *contractor* analyses what the knowledge and collaboration needs are for the *project* in relation to the measures in the CO_2 *project plan* that can contribute to:
   - accelerated or more extensive implementation of measures;
   - realisation of more ambitious targets in a subsequent *project*.

REQUIREMENT 1.D.2

THE CONTRACTOR IDENTIFIES OPPORTUNITIES BY WHICH IT CAN MEET THE KNOWLEDGE AND COLLABORATION NEEDS OF 1.D.1

CRITERIA FOR REQUIREMENT 1.D.2

1. The *contractor* shall designate a *key person* responsible for retrieving and maintaining knowledge already available (within or outside the *project* organisation) that may meet the knowledge needs of requirement 1.D.1.
2. The *contractor* shall investigate whether there are *partnerships* (e.g., local, *sector* or *value chain*) that can play a role in energy saving and CO_2 reduction. The *contractor* also explores what added value a collaboration could bring to the *project*.

CO_2 AMBITION LEVEL 2

PROJECT SCOPE

The *project* **energy use** scope includes the following **project life stages**:
(according to *LCA* methodology):

- Transportation to and from the *project* (including transportation of persons) (A4)
- Equipment deployment and *energy use* at *project* locations (A5)

The scope for *project* **emissions** includes the following **project life stages**:
(according to *LCA* methodology):

- Production of materials and components (A1-3)
- Transportation to and from the *project* (including transportation of persons) (A4)
- Equipment deployment and *energy use* at *project* locations (A5)
- Use stage (B)
- End of life (C)

This applies regardless of who performs the work for the *project* and regardless of who owns the land, buildings, equipment and vehicles, vessels or tools used.

BRIEF EXPLANATION OF THE CO_2 AMBITION LEVEL 2 REQUIREMENTS

The *contractor* must implement energy and CO_2 reduction measures within the stated *project scope* that complement the *project* requirements. This includes environmental performance (e.g., based on ECI) if the *contractor* has offered this and any commitments based on other BPQR criteria. Based on the measures, the *contractor* must set a CO_2 reduction target for the *project*.

- When considering possible measures, the *project* organisation should at least examine the CO_2 impact of various activities or work packages over the different *project* life stages: in this way, it will be able to identify where it can realise the most impact.

The *contractor* is obliged to implement the measures included and/or to achieve the energy savings and CO_2 reduction targets.

REQUIREMENT 2.A.1

2.A.1

THE CONTRACTOR HAS QUANTITATIVE INSIGHT INTO ENERGY CONSUMPTION FOR THE PROJECT

CRITERIA FOR REQUIREMENT 2.A.1

1. The *contractor* understands the opportunities to contribute to *flexibility in the energy system*.
2. At the start of the *project*, the *contractor* shall have one forecast of the *energy balance* for the *project* according to the above *project scope* without additional measures for energy and CO_2 reduction, and one forecast with additional measures.
3. Upon completion of the *project*, the *contractor* shall have an *energy balance* of the *project* according to the above *project scope*, including the additional energy and CO_2 reduction measures realised.
4. The *contractor* shall have an *energy review* of the *project*.

5. For a multi-year *project*, the *contractor* must prepare an interim report at least annually. This includes two aspects: the *energy balance* achieved up to the time of reporting and a forecast for the remainder of the *project*.

REQUIREMENT 2.A.2

2.A.2

THE CONTRACTOR HAS A QUANTITATIVE INSIGHT INTO THE PROJECT'S EMISSIONS

CRITERIA FOR REQUIREMENT 2.A.2

1. At the start of the *project*, the *contractor* shall have one forecast of the emissions for the *project* according to the above *project scope* without additional measures for energy and CO_2 reduction, and one forecast with additional measures.
2. Upon completion of the *project*, the *contractor* shall have an *emissions inventory* for the *project* according to the above *project scope*, including the additional energy and CO_2 reduction measures realised.
3. For a multi-year *project*, the *contractor* must prepare an interim report at least annually. This contains the emissions realised up to the time of reporting and a forecast for the remainder of the *project*.

REQUIREMENT 2.A.3

2.A.3

THE CONTRACTOR HAS INSIGHT INTO THE CO_2 EMISSIONS OVER THE VARIOUS PROJECT LIFE STAGES AND THE IMPACT IT HAS ON THEM. IT KNOWS HOW THE EMISSIONS ARE DISTRIBUTED OVER DIFFERENT ACTIVITIES OR WORK PACKAGES OF THE PROJECT, AND IT KNOWS IN WHICH ACTIVITIES OR WORK PACKAGES IT CAN REALISE THE MOST IMPACT

REQUIREMENT 2.A.4

2.A.4

THE CONTRACTOR HAS INSIGHT INTO THE VALUE CHAINS THAT ARE RELEVANT TO THE PROJECT

CRITERIA FOR REQUIREMENTS 2.A.3 AND 2.A.4

1. The *contractor* has insight into the impact of the *project* organisation on CO_2 emissions and how they are spread across different activities or work packages. The *contractor* also reviews them across *project* life stages.
2. The *contractor* has insight into the possibilities for maximising the reduction of CO_2 emissions from the various activities or work packages in future *projects*, including through measures in the chain. The *contractor* considers this across the various *project* life stages. If possible, the *contractor* will use relevant sectoral plans and transition paths with which it aspires to limit global warming to 1.5°C.

3. The *contractor* knows which activities or work packages will have the greatest impact (= amount of CO_2 reduction x influence) and knows which direct relationships are involved. To do this, the *contractor* must conduct an impact analysis that includes the following elements:

    a. an estimate (quantitative) of the amount of CO_2 emissions from the activity (across the whole *value chain*);
    b. an estimate (quantitative) of the reduction opportunities for the *project* and in the *value chain* that is in line with the *transition scenario*;
    c. the influence that the *project* and the organisation(s) involved in the *project* can have in the *value chain*.

4. Based on the impact of each individual activity, the *contractor* should rank each activity in order of importance for the overall impact of the *project*. For example, the *contractor* can assign a score to the various components of the impact analysis.
5. From this ranking, the *contractor* determines the most important activities by selecting a number of activities from the top of the ranking that together represent more than 50% of the *project*'s emissions.

In a multi-year *project*, this ranking (at 4) should be redetermined at least every two years.

REQUIREMENT 2.B.1

2.B.1

THE CONTRACTOR CONDUCTED AN ANALYSIS FOCUSED ON 'MAXIMUM REDUCTION' FOR THE PROJECT'S MOST IMPORTANT ACTIVITIES OR WORK PACKAGES

CRITERIA FOR REQUIREMENT 2.B.1

1. The 'maximum reduction' analysis includes:

    a. a description of current activities or work packages;
    b. an analysis of current CO_2 emission sources associated with these activities or work packages, both for the *project* as well as in the *value chain*;
    c. an estimate of the reduction opportunities, by activity or work package, and what total CO_2 reduction could be achieved (compared to the forecast in requirement 2.A.2) if the same *project* were implemented 10 years later with a maximum ambition to reduce CO_2;
    d. conclusions about:

        i. *medium-term* measures and targets that the *contractor* can implement in the current *project*, broken down into CO_2 reduction, energy savings and renewable energy;
        ii. any barriers within the current *project* to implementing reduction measures immediately;
        iii. learning objectives to gain knowledge and experience within the current *project* that will contribute to maximum CO_2 reduction in future *projects*.

2. For *projects* lasting five years or longer, contractors must also set and account for interim targets.

REQUIREMENT 2.B.2

2.B.2

FOR THE MOST IMPORTANT ACTIVITIES OR WORK PACKAGES, AS DEFINED IN REQUIREMENT 2.A.4, THE CONTRACTOR HAS TRANSLATED THE UNDERSTANDING FROM REQUIREMENTS 2.A.3 AND 2.A.4 INTO PREPARATORY ACTIONS, MEASURES AND TARGET(S) FOR THE PROJECT AND HAS ESTABLISHED THESE IN A CO_2 PROJECT PLAN

CRITERIA FOR REQUIREMENT 2.B.2

1. The *contractor* has a *CO_2 Project Plan*, with an energy and CO_2 reduction target for the *project*'s most important activities.
2. In this plan, the *project* organisation has translated the 'maximum reduction' analysis into actions and measures to reduce the *project*'s *energy consumption* and CO_2 emissions that are or will be possible during the term of the *project*.
3. The plan includes learning objectives to gain knowledge and experience so that the *contractor* can take measures in future *projects* that cannot yet be implemented.
4. The plan includes measures within the stated *project scope* that supplement the *project* requirements, including environmental performance (e.g., based on ECI) if the *contractor* is offering this, and any commitments the *contractor* has made based on other BPQR criteria, which will enable it to achieve the targets. The measures should at least address the activities or work packages where the most impact can be realised by *project* organisation. For *projects* with a term of five years or longer, the *CO_2 Project Plan* must be adjusted in the interim to take new developments and insights into account.

REQUIREMENT 2.B.3

2.B.3

THE CONTRACTOR SUCCEEDS IN ACHIEVING THE TARGETS AND/OR ACTIONS AND MEASURES IN THE CO_2 PROJECT PLAN (REQUIREMENT 2.B.2)

CRITERIA FOR REQUIREMENT 2.B.3

1. The *contractor* must demonstrate upon completion of the *project* that it has achieved the targets and/or implemented the measures.
2. In addition, if it is a multi-year *project*, the *contractor* documents the progress of actions and measures at least annually.

REQUIREMENT 2.C.1

2.C.1

THE CONTRACTOR ENSURES THAT KEY PERSONS ARE DEMONSTRABLY AWARE OF THEIR ROLE IN THE CO_2 PROJECT PLAN

CRITERIA FOR REQUIREMENT 2.C.1

1. The *contractor* must designate *key persons* for the realisation and implementation of the CO_2 *Project Plan*. In doing so, the *contractor* must also explicitly consider the activities and work packages where it can realise the most impact. *Key persons* may include, for example, buyers or designers.
2. These *key persons* must be demonstrably aware of their role in the CO_2 *Project Plan*.

REQUIREMENT 2.C.2

2.C.2

THE CONTRACTOR ENSURES THAT KEY PERSONS ARE ACTIVELY ENGAGED IN IMPLEMENTING AND IMPROVING THE ENERGY AND CO_2 POLICY OF THE PROJECT, APPROPRIATE TO THEIR ROLE

CRITERION FOR REQUIREMENT 2.C.2

1. The *contractor* shall ensure that *key persons*, appropriate to their role, actively engage in identifying and realising CO_2 reduction and energy savings opportunities for the CO_2 *Project Plan* (requirement 2.B.2)

REQUIREMENT 2.C.3

2.C.3

THE CONTRACTOR COMMUNICATES INTERNALLY AND EXTERNALLY (INCLUDING WITH THE CLIENT) ABOUT ITS CO_2 PROJECT PLAN (REQUIREMENT 2.B.1), INCLUDING ITS PROGRESS. THE GOAL IS TO CREATE ACCOUNTABILITY AND COLLABORATIVE OPPORTUNITIES

CRITERIA FOR 2.C.3

1. Internal communication: the *contractor* should regularly (at least at the start and after completion of the *project*) discuss the selection and implementation of measures and the progress and trends of *energy consumption* and CO_2 emissions for the *project* at internal *project* meetings;
2. External communication: the *contractor* must discuss (at least at the start and after completion of the *project*) two things with *project* partners (including subcontractors) and with the client of the *project*: the choice for and implementation of measures and the progress and trends of *energy consumption* and CO_2 emissions for the *project*.

REQUIREMENT 2.D.1

2.D.1

THE CONTRACTOR ANALYSES ITS OWN KNOWLEDGE AND COLLABORATION NEEDS RELATED TO THE 'MAXIMUM REDUCTION' ANALYSIS AND THE CO_2 PROJECT PLAN

CRITERION FOR REQUIREMENT 2.D.1

1. The *contractor* analyses what the knowledge and collaboration needs are for the *project*, based on the learning objectives in requirement 2.B.2 for maximum reduction and the activities or work packages of the *project*. This should explicitly include possible collaborations locally, in the *sector* or in the *value chain*.

REQUIREMENT 2.D.2

2.D.2

THE CONTRACTOR IDENTIFIES OPPORTUNITIES BY WHICH IT CAN MEET THE PROJECT KNOWLEDGE AND COLLABORATION NEEDS OF 2.D.1

CRITERIA FOR REQUIREMENT 2.D.2

1. The *contractor* shall designate a *key person* responsible for retrieving and maintaining knowledge already available (within or outside the *project* organisation) that may meet the knowledge needs of requirement 2.D.1.
2. The *contractor* investigates whether there are *partnerships* (for example, local, *sector* or *value chain*) that can play a role in energy conservation and CO_2 reduction and what added value a collaboration can bring to the *project*.

REQUIREMENT 2.D.3

2.D.3

THE CONTRACTOR ACTIVELY FULFILS ITS OWN KNOWLEDGE AND COLLABORATION NEEDS IN THE PROJECT

CRITERION FOR REQUIREMENT 2.D.3

1. The *contractor* actively fulfils its own knowledge and/or cooperation needs that are relevant to the *project* by working with the client and/or other *project* partners to find opportunities to test promising potential measures relevant to this type of *project* and to share results with *project* partners and the client.

REQUIREMENT 2.D.4

THE CONTRACTOR CONSULTS RELEVANT ORGANISATIONS ON ITS 2.B.1 'MAXIMUM REDUCTION' ANALYSIS FOR ITS MOST IMPORTANT ACTIVITIES FOR THE PROJECT

CRITERION FOR REQUIREMENT 2.D.4

1. The *contractor* organises a dialogue with the client about obstacles and opportunities for achieving the 'maximum reduction' analysis in the current *project* as well as for similar *projects*.

The purpose of the dialogue is to seek further reduction opportunities within the current *project*, to define learning objectives, and to gain mutual understanding and insight into improving *projects* and procurements containing the same type of activities or work packages.

CO_2 AMBITION LEVEL 3

PROJECT SCOPE

The *project* **energy use** scope has the following **project life stages**:
(according to *LCA* methodology):

- Transportation to and from the *project* (including transportation of persons) (A4)
- Equipment deployment and *energy use* at *project* locations (A5)

The scope for *project* **emissions** has the following **project life stages**:
(according to *LCA* methodology):

- Production of materials and components (A1-3)
- Transportation to and from the *project* (including transportation of persons) (A4)
- Equipment deployment and *energy use* at *project* locations (A5)
- Use stage (B)
- End of life (C)
- Opportunities for reuse and recycling (D)

This applies regardless of who performs the work for the *project* and regardless of who owns the land, buildings, equipment and vehicles, vessels or tools used.

BRIEF EXPLANATION OF THE CO_2 AMBITION LEVEL 3 REQUIREMENTS

The *contractor* must implement energy and CO_2 reduction measures within the stated *project scope* that complement the *project* requirements. This includes environmental performance (e.g., based on ECI) if the *contractor* has offered such performance and any commitments based on other BRQR-criteria. Based on the measures, the *contractor* must set an energy - CO_2 reduction target for the *project*.

- When considering possible measures, the *contractor* should examine the CO_2 impact of various activities or work packages over the different *project* life stages, including opportunities for *avoided emissions* through reuse and recycling.
- The *contractor* should also identify and explore opportunities for further reduction measures for the *project*, even if they differ from the *project* requirements. It should enter into dialogue with the client about this.
- The *contractor* is obliged to implement the measures included and/or to achieve the energy savings and CO_2 reduction targets.

REQUIREMENT 3.A.1

3.A.1

THE CONTRACTOR HAS QUANTITATIVE INSIGHT INTO ENERGY CONSUMPTION FOR THE PROJECT

CRITERIA FOR REQUIREMENT 3.A.1

1. The *contractor* understands the opportunities to contribute to *flexibility in the energy system*.

2. At the start of the *project*, the *contractor* shall have one forecast of the *energy balance* for the *project* according to the above *project scope* without additional measures for energy and CO_2 reduction, and one forecast with additional measures.
3. Upon completion of the *project*, the *contractor* shall have an *energy balance* of the *project* according to the above *project scope*, including the additional energy and CO_2 reduction measures realised.
4. The *contractor* shall have an *energy review* of the *project*.
5. For a multi-year *project*, the *contractor* must prepare an interim report at least annually. This includes two aspects: the *energy balance* achieved up to the time of reporting and a forecast for the remainder of the *project*.

REQUIREMENT 3.A.2

3.A.2

THE CONTRACTOR HAS QUANTITATIVE INSIGHT INTO THE PROJECT'S EMISSIONS, INCLUDING OIE

CRITERIA FOR REQUIREMENT 3.A.2

1. At the start of the *project*, the *contractor* shall have one forecast of the emissions for the *project* according to the above *project scope* without additional measures for energy and CO_2 reduction, and one forecast with additional measures.
2. Upon completion of the *project*, the *contractor* shall have an *emissions inventory* for the *project* according to the above *project scope*, including the additional energy and CO_2 reduction measures realised.
3. For a multi-year *project*, the *contractor* must prepare an interim report at least annually. This contains the emissions realised up to the time of reporting and a forecast for the remainder of the *project*.
4. The *contractor* shall make a qualitative analysis of the *project*'s *Other Influenceable Emissions* (*OIE*) and examine their relevance in terms of (potential) impact and influence.
5. If the *OIE* analysis shows that one or more *OIE* types are relevant to the *project*, the *project* organisation must also quantify them.

REQUIREMENT 3.A.3

3.A.3

THE CONTRACTOR HAS INSIGHT INTO THE CO_2 EMISSIONS OVER THE VARIOUS PROJECT LIFE STAGES AND THE IMPACT IT HAS ON THEM. IT KNOWS HOW THE EMISSIONS ARE DISTRIBUTED OVER DIFFERENT ACTIVITIES OR WORK PACKAGES OF THE PROJECT, AND IT KNOWS IN WHICH ACTIVITIES OR WORK PACKAGES IT CAN REALISE THE MOST IMPACT

REQUIREMENT 3.A.4

3.A.4

THE CONTRACTOR HAS INSIGHT INTO THE VALUE CHAINS OF ITS MOST IMPORTANT PROJECT ACTIVITIES AND POSSIBLE STRATEGIES TO REDUCE ITS DIRECT, UPSTREAM AND DOWNSTREAM EMISSIONS FOR THESE ACTIVITIES TO ZERO CO_2 EMISSIONS BY 2050

CRITERIA FOR REQUIREMENTS 3.A.3 AND 3.A.4

The *contractor* has insight into:

1. its impact on CO_2 emissions distributed across different activities or work packages and considered over the different *project* life stages;
2. the possibilities of reducing the CO_2 emissions of the different activities or work packages, considered over the different *project* life stages in future *projects*, **to zero**, including through measures in the *value chain*. If possible, use relevant sectoral plans and transition pathways that have the ambition of limiting global warming to 1.5°C for this purpose;
3. the opportunities for further reduction measures for the *project* related to any obstacles in the way of procuring the *project* or requirements and standards used by the client;
4. which activities or work packages will have the greatest impact (= amount of CO_2 reduction x influence) and knows which direct relationships are involved.
5. In a multi-year *project*, the *contractor* must renew this understanding at least every two years.

REQUIREMENT 3.B.1

3.B.1

THE CONTRACTOR HAS A 'ZERO EMISSIONS' ANALYSIS FOR ALL ACTIVITIES OR WORK PACKAGES OF THE PROJECT

CRITERIA FOR REQUIREMENT 3.B.1

1. The 'zero emissions' analysis includes:
    a. a description of current activities or work packages;
    b. an analysis of the current CO_2 emission sources associated these activities or work packages, both for the *project* as well as in the *value chain*;
    c. an estimate of how the *contractor* can reduce these emissions, by activity or work package, toward zero emissions, and what remaining CO_2 emissions are unavoidable (compared to the forecast from requirement 3.A.2) if the *contractor* commits to maximum emission reductions for all parts of the *project*, and
    d. what preconditions are necessary to make this reduction possible, including how the *project* is procured;
    e. conclusions about:
        i. *medium-term* measures and targets that can be implemented in the current *project*, broken down into CO_2 reduction, energy savings and renewable energy;

ii. any barriers within the current *project* to implementing reduction measures immediately;
iii. learning objectives to gain knowledge and experience within the current *project* that will contribute to maximum CO_2 reduction in future *projects*.

2. For *projects* with a duration of five years or longer, the *contractor* must also set and account for interim targets.

REQUIREMENT 3.B.2

3.B.2

FOR ALL PROJECT COMPONENTS, THE CONTRACTOR HAS TRANSLATED THE UNDERSTANDING FROM 3.A.4 AND 3.A.5 INTO PREPARATORY ACTIONS, MEASURES AND TARGET(S) FOR THE PROJECT AND HAS RECORDED THEM IN A CO_2 PROJECT PLAN

CRITERIA FOR REQUIREMENT 3.B.2

1. The *contractor* has a *CO_2 Project Plan* with a CO_2 reduction target, an energy savings target, a renewable energy target and, if relevant, an *OIE* target for the *project*.
2. In this plan, the *contractor* has translated the 'zero emissions' analysis into actions and measures to reduce the *project*'s *energy consumption* and CO_2 emissions that are or will be possible during the term of the *project*.
3. The plan includes measures within the stated *project scope* that supplement the *project* requirements, including environmental performance (e.g., based on ECI) if the *contractor* is offering this, and any commitments by the *project* organisation based on other BPQR criteria, which will enable it to achieve the targets. At a minimum, the measures should address the activities or work packages where the *contractor* can realise the most impact. The measures should apply to all activities or work packages and the entire lifecycle of the *project* and, if relevant, include measures aimed at reducing OIEs.
4. For *projects* with a duration of five years or longer, the *CO_2 Project Plan* must be adjusted in the interim to take new developments and insights into account.

REQUIREMENT 3.B.3

3.B.3

THE CONTRACTOR SUCCEEDS IN ACHIEVING THE TARGETS AND/OR PREPARATORY ACTIONS AND MEASURES SET OUT IN THE CO_2 PROJECT PLAN (REQUIREMENT 3.B.2)

CRITERION FOR REQUIREMENT 3.B.3

1. The *contractor* must demonstrate upon completion of the *project* that it has achieved the targets and/or implemented the measures.
2. In addition, if it is a multi-year *project*, the *contractor* documents the progress of actions and measures at least annually.

REQUIREMENT 3.C.1

3.C.1

THE CONTRACTOR ENSURES THAT KEY PERSONS ARE DEMONSTRABLY AWARE OF THEIR ROLE IN THE CO_2 PROJECT PLAN

CRITERIA FOR REQUIREMENT 3.C.1

1. The *contractor* must designate *key persons* for the realisation and implementation of the CO_2 *Project Plan*. In doing so, the *contractor* must also explicitly consider the activities or work packages of the *project*. *Key persons* may include, for example, buyers or designers.
2. These *key persons* must be demonstrably aware of their role in the CO_2 *Project Plan*.

REQUIREMENT 3.C.2

3.C.2

THE CONTRACTOR ENSURES THAT KEY PERSONS ARE ACTIVELY ENGAGED IN IMPLEMENTING AND IMPROVING THE ENERGY AND CO_2 POLICY OF THE PROJECT, APPROPRIATE TO THEIR ROLE

CRITERION FOR REQUIREMENT 3.C.2

1. The *contractor* shall ensure that *key persons*, appropriate to their role, actively engage in identifying and realising CO_2 reduction and energy savings opportunities for the CO_2 *Project Plan* (requirement 3.B.2)

REQUIREMENT 3.C.3

3.C.3

THE CONTRACTOR COMMUNICATES INTERNALLY AND EXTERNALLY (INCLUDING WITH THE CLIENT) ABOUT ITS CO_2 PROJECT PLAN (REQUIREMENT 3.B.1), INCLUDING PROGRESS. THE GOAL IS TO CREATE ACCOUNTABILITY AND COLLABORATIVE OPPORTUNITIES

CRITERIA FOR REQUIREMENT 3.C.3

1. Internal communication: the *contractor* should regularly (at least at the start and after completion of the *project*) discuss the selection and implementation of measures and the progress and trends of *energy consumption* and CO_2 emissions for the *project* at internal *project* meetings;
2. External communication:
    a. the *contractor* must discuss (at least at the start and after completion of the *project*) the choice for and implementation of measures, and the progress and

trends of *energy consumption* and CO_2 emissions for the *project*, with *project* partners (including subcontractors) and with the client of the *project*.

b. The *contractor* discusses with the client, based on the performed 'zero emissions' analysis, opportunities for collaboration and for further reduction measures for the *project* that are related to any obstacles in the *project*'s method of tendering or to requirements and standards applied by the client.

REQUIREMENT 3.C.4

3.C.4

THE CONTRACTOR ASSESSES ITS UNDERSTANDING OF AND MEASURES TAKEN FOR THE PROJECT DURING A DIALOGUE WITH EXTERNAL INDEPENDENT EXPERT(S) FROM GOVERNMENT, NGOS OR KNOWLEDGE INSTITUTIONS

CRITERION FOR REQUIREMENT 3.C.4

1. The *contractor* shall have the following reviewed by an independent expert: its 'zero emissions' analysis, options for reducing emissions to zero for the *project*'s activities or work packages (3.A.4) and its translation of these into actions and measures to reduce the *project*'s *energy consumption* and CO_2 emissions.

REQUIREMENT 3.D.1

3.D.1

THE CONTRACTOR SHALL ANALYSE ITS OWN KNOWLEDGE AND COLLABORATION NEEDS BASED ON THE 'ZERO EMISSION' ANALYSIS AND THE CO_2 PROJECT PLAN

CRITERIA FOR REQUIREMENT 3.D.1

1. The *contractor* shall analyse the knowledge and collaboration needs for the *project* in relation to the learning objectives set out in requirement 3.B.2 for the 'zero emissions' analysis and the activities or work packages of the *project*. In doing so, the *contractor* should explicitly include possible collaborations locally, in the *sector* or in the chain.

REQUIREMENT 3.D.2

3.D.2

THE CONTRACTOR IDENTIFIES OPPORTUNITIES BY WHICH IT CAN MEET THE PROJECT KNOWLEDGE AND COLLABORATION NEEDS OF 3.D.1

CRITERIA FOR REQUIREMENT 3.D.2

1. The *contractor* shall designate a *key person* responsible for retrieving and maintaining knowledge already available (within or outside the *project* organisation) that may meet the knowledge needs of requirement 3.D.1.

2. The *contractor* investigates whether there are *partnerships* (for example, local, *sector* or chain) that can play a role in energy conservation and CO_2 reduction and what added value a collaboration can bring to the *project*.

REQUIREMENT 3.D.3

3.D.3

THE CONTRACTOR ACTIVELY FULFILS ITS OWN KNOWLEDGE AND COLLABORATION NEEDS FOR THE PROJECT BY PARTNERING WITH ONE OR MORE ORGANISATIONS IDENTIFIED IN REQUIREMENT 3.D.2

CRITERION FOR REQUIREMENT 3.D.3

1. The *contractor* actively fulfils its own knowledge and/or collaboration needs relevant to the *project*, using the *project* as an open testing ground to implement innovations or innovative measures, within the capabilities of the *project*, and shares results with the client.

REQUIREMENT 3.D.4

3.D.4

THE CONTRACTOR ORGANISES A DIALOGUE WITH THE CLIENT ABOUT OBSTACLES AND OPPORTUNITIES FOR ACHIEVING 'ZERO EMISSIONS' IN THE CURRENT PROJECT AS WELL AS FOR SIMILAR PROJECTS

CRITERION FOR REQUIREMENT 3.D.4

1. The *contractor* organises a dialogue with the client about obstacles and opportunities for achieving 'zero emissions' in the current *project* as well as for similar *projects*.

The purpose of the dialogue is to seek further reduction opportunities within the current *project*, to define learning objectives, and to gain mutual understanding and insight into improving *projects* and procurements containing the same type of activities or work packages.

B

APPENDIX B
TEXT FOR THE PROCUREMENT INSTRUCTIONS

It is recommended that the texts below be copied in their entirety. Marked text should be removed and where indicated, replaced with text from the contracting authority, based on its own policy.

PROCUREMENT INSTRUCTIONS

1

CO_2 PERFORMANCE LADDER AWARD CRITERION TEXT

In this procurement, we are applying the CO_2 Performance Ladder as an award criterion.

The requirements that apply to the *CO_2 Performance Ladder 4.0 Award Criterion* can be found in Appendix [...]. [Note: see Appendix A - attach this appendix in full to the procurement]. These requirements consist of Part 1 (General Requirements) and Part 2 (requirements per *CO_2 Ambition Level*). The requirements in Part 1 are general requirements for any *bidder* wishing to meet the *CO_2 Performance Ladder 4.0 Award Criterion*. The requirements in Part 2 are specific requirements per *CO_2 Ambition Level* with which a *bidder* tenders for this contract.

The *bidder* must indicate on the application form at which *CO_2 Ambition Level* it wishes to implement this *project*.

In this procurement, the bid will be rated by *CO_2 Ambition Level* as follows:

[Insert quality value scale (the amount of the award advantage per *CO_2 Ambition Level*) and explanation of award methodology]

If the *contracting authority* applies the *CO_2 Performance Ladder 4.0 Award Criterion*, the following conditions apply:

a. When bidding, the *bidder* must choose between full *project*-specific proof with a *project statement*, or full proof with the *CO_2 Performance Ladder Certificate*. If a choice is made for *project*-specific demonstration at a particular *CO_2 Ambition Level*, then that choice also applies to all underlying *CO_2 Ambition Levels*; mixed proof is not possible.
b. The *bidder* must indicate at the time of bidding at which *CO_2 Ambition Level* it will implement the *project*.
c. This *CO_2 Ambition Level* must be demonstrated within a [deadline determined by client] with a *project statement* or a *CO_2 Performance Ladder Certificate* at the *CO_2 Ambition Level* indicated. For longer durations, the *contractor* must then demonstrate annually during the term of the *project* that it meets the *CO_2 Ambition Level* offered when

implementing the *project*. If the *project* has a duration of less than one year? Then the *contractor* must demonstrate [deadline determined by client/at delivery] that the agreed CO_2 *Ambition Level* has been met.

d. If a *bidder* wishes to demonstrate compliance with a *project statement*, the following applies:

   i. The burden of proof that the offered CO_2 *Ambition Level* is met lies with the *contractor*. This proof consists of documented information about the *project* and a *project statement* from an accredited *certification body*, stating that the *contractor* complies with the CO_2 *Ambition Level* offered, including all underlying CO_2 *Ambition Levels* of the CO_2 *Performance Ladder 4.0 Award Criterion*;
   ii. The requirements of the CO_2 *Performance Ladder 4.0 Award Criterion* must be secured in the management system used by the *contractor* on the *project*;
   iii. On the basis of the documented information and assurance in the *project*'s management system, the *contractor* has a *certification body* (*CB*) verify compliance with the CO_2 Performance Ladder Award Criterion;
   iv. The *contractor* demonstrates two things: first, that the *CB* is accredited for certification at the level of the CO_2 *Performance Ladder Certificate* that corresponds to the CO_2 *Ambition Level* offered, and second, that the person conducting the assessment on behalf of the *CB* has demonstrable experience with certification of companies at the step of the CO_2 *Performance Ladder Certificate* that corresponds to the CO_2 *Ambition Level* offered;
   v. The *CB* tests within [deadline determined by client] after awarding the contract and, in the case of multi-year *projects*, annually, during *project* implementation; in the case of a *project* with a duration of less than one year, the *CB* must review the *project* before [deadline/delivery determined by client] of the *project*;
   vi. When bidding for the tender, the *bidder* must indicate which *CB* will perform the review;
   vii. If the *contractor* has a CO_2 *Performance Ladder Certificate* at a lower CO_2 *Ambition Level*, the organisation can base the burden of proof in part on information from the management system associated with the CO_2 *Performance Ladder Certificate*. However, the proof must be emphatically *project*-specific for the CO_2 *Ambition Level* offered, including all underlying CO_2 *Ambition Levels*; mixed proof is not possible;

e. If the *contractor* chooses to meet the CO_2 *Performance Ladder 4.0 Award Criterion* with the CO_2 *Performance Ladder Certificate*, then the following applies:

   i. The *contractor* must have a CO_2 *Performance Ladder Certificate* at least at the CO_2 *Ambition Level* contractually required by [deadline determined by client] and thereafter during the entire *project* implementation period;
   ii. For *projects* with a duration of less than one year, the *contractor* must demonstrably have a CO_2 *Performance Ladder Certificate* at least at the CO_2 *Ambition Level* contractually required within [a deadline determined by the client/ at delivery];
   iii. If the *contractor* intends to demonstrate performance with a CO_2 *Performance Ladder Certificate*, but fails to do so during the implementation of the *project*, then *project*-specific demonstration is possible on two conditions: first, if the *CB* that will perform the assessment has been named in advance in the procurement, and second, if that *CB* has received all the information needed to issue the *project*-specific certificate during the course of the *project*;
   iv. If necessary, the *contractor* can use a CO_2 *Performance Ladder Certificate* with a higher CO_2 *Ambition Level*. Therefore, in order to meet the requirements of the certificate, the *contractor* will have to perform the *project* itself at that higher CO_2

Ambition Level (of the CO_2 *Performance Ladder Certificate*). The *CB* assesses this in the CO_2 Performance Ladder *audit*;

v. If a group of companies or consortium wishes to register, they may do so with a CO_2 *Ambition Level* of their choice. Proof is provided either with a *project statement* for the joint *project* or with the CO_2 *Performance Ladder Certificates* of all participants in the consortium. The CO_2 *Performance Ladder Certificate* with the lowest level determines the CO_2 *Ambition Level* of the group. If one of the parties cannot demonstrate that it meets the offered CO_2 *Ambition Level* with a CO_2 Performance Ladder, or if the consortium wishes to register at a higher level than the organisation with the lowest CO_2 *Ambition Level* allows, the organisation cannot use CO_2 Performance Ladder certificates and will have to demonstrate the CO_2 *Ambition Level*, including all underlying levels, on a *project*-specific basis.

f. If the CO_2 *Ambition Level* offered cannot be demonstrated in time via a *project statement* or a CO_2 *Performance Ladder Certificate*, the *contracting authority* will impose a penalty that exceeds the award advantage enjoyed in the bid as described in the penalty paragraph.

[reference to the penalty paragraph in procurement documents, NB Penalty also included in contract]

g. ***Optional:*** The client asks the *contractor* to provide access to the documented information of the *project*, as defined in the CO_2 *Performance Ladder 4.0 Award Criterion* or in the CO_2 *Performance Ladder 4.0 Handbook*.

h. ***Optional:*** The *contractor* must cooperate in an active dialogue on further CO_2 reduction opportunities at the request of the client during *project* implementation.

PROCUREMENT INSTRUCTIONS

2

PENALTY PARAGRAPH TEXT

Note: This sometimes requires customisation, for example for framework agreements.

Failure to demonstrate the CO_2 *Ambition Level* offered or failure to do so in a timely manner, will result in the client imposing a penalty that exceeds the award advantage enjoyed by the *contractor* when bidding. The level of the penalty is determined in the following manner:

The penalty will be based on the difference in award advantage between the CO_2 *Ambition Level* offered and the CO_2 *Ambition Level* realised in the procurement procedure, and will be awarded based on the CO_2 *Performance Ladder 4.0 Award Criterion*. This difference is multiplied by a factor [x, which the *contracting authority* determines]

C

APPENDIX C

SAMPLE BID FORM

STATEMENT OF CO_2 AMBITION LEVEL CO_2 PERFORMANCE LADDER 4.0 AWARD CRITERION

Project name

Procurement reference

The undersigned declares that in the implementation of this contract it will meet the requirements of the *CO_2 Performance Ladder 4.0 Award Criterion* (Part 1 and Part 2) and that the quality value offered is:

CO_2 Ambition Level **None** / **1** / **2** / **3** *(delete as applicable)*

Method of demonstrating the *CO_2 Performance Ladder 4.0 Award Criterion CO_2 Ambition Level*:

- ☐ *CO_2 Performance Ladder Certificate* *(tick as applicable)*
- ☐ *Project statement*

The verifying *certification body* is *(name of body)*

and is associated with the bid of the undersigned:

Thus truthfully drafted

on *(date)*

in *(place)*

by *(name and initials)*

as director of *(company name)*

who validly represents *(company name)*

for the purpose of this bid. *(signature)*

D

APPENDIX D
SAMPLE CONTRACT TEXTS

1

TEXT TO ESTABLISH THE CO_2 AMBITION LEVEL OFFERED

When bidding, the *contractor* offered a *CO_2 Ambition Level* and indicated how it would demonstrate this *CO_2 Ambition Level*. The *bidder* must demonstrate this *CO_2 Ambition Level* within [deadline determined by client] and annually after award until the conclusion of the contract with a *project statement* or a *CO_2 Performance Ladder Certificate* at the offered *CO_2 Ambition Level*.

2

PENALTY PARAGRAPH TEXT

Note: This sometimes requires customisation, as with framework agreements.

Failure to demonstrate the *CO_2 Ambition Level* offered, or failure to do so in a timely manner, will result in a penalty being imposed by the client. The level of the penalty is determined in the following manner:

The penalty will be based on the difference in award advantage between the *CO_2 Ambition Level* offered and the *CO_2 Ambition Level* realised in the procurement procedure, and will be awarded based on the *CO_2 Performance Ladder 4.0 Award Criterion*. This difference is multiplied by a factor [x, which the *contracting authority* determines]

3

OPTIONAL ARRANGEMENTS TEXT

[optional] The client requests the *contractor* to provide access to the documents containing information about the *project*, as defined in the *CO_2 Performance Ladder 4.0 Award Criterion* or in the *CO_2 Performance Ladder 4.0 Handbook*.

[optional] The *contractor* must cooperate in an active dialogue on further CO_2 reduction opportunities at the request of the client during *project* implementation.

COLOPHON

This CO_2 Performance Ladder 4.0 Award Criterion Procurement Guide was drafted by SKAO in coordination with the Procurement Advisory Council.

DISCLAIMER

The method of procurement using the CO_2 Performance Ladder as described in this Guide has proven itself in practice. Contracting authorities themselves are responsible for how they set up procurements and use the CO_2 Performance Ladder 4.0 Award Criterion in these procurements. In doing so, they must take into account applicable laws and regulations.

Procurement procedures can be complex and often involve significant financial interests, both for contracting authorities and bidders. When procurement documents are unclear, all parties involved run financial and legal risks. What works in one situation may cause problems in another. We recommend that you check that you have the latest version of this document. We also advise you to seek (legal) advice on the incorporation of the CO_2 Performance Ladder 4.0 Award Criterion in specific procurements. SKAO is not liable for problems arising from the application of the CO_2 Performance Ladder 4.0 Award Criterion in tenders.

VERSION MANAGEMENT

This document, the CO_2 Performance Ladder 4.0 Award Criterion Procurement Guide, replaces the Procurement Guide 3.1.

Always check that you have the latest version of this document. For more information, please visit the **CO_2 Performance Ladder website**.

CO_2 PERFORMANCE LADDER

Stichting Klimaatvriendelijk
Aanbesteden & Ondernemen