

Scottish Sustainable Development Goals Reporting Working Group Climate Change Action

Meeting Note (draft for discussion) – October 2019

On Wednesday 23rd of October, the Scottish Sustainable Development Goals (SDGs) Reporting Working Group held its third working meeting focusing on the SDGs under the “Climate Emergency” theme.

The meeting’s purpose was to inspire participants to think about how they might integrate SDG considerations into their business decision-making particularly when *considering SDG 7 Affordable and Clean Energy and SDG 13 Climate Action*. Over 30 people attended (see Annex 1). This meeting note provides a summary of discussions by meeting attendees.

A panel session with members from five organisations; Association of British Insurers, SSE, The Bay Fish and Chips, Aqualution and Farne Salmon and Trout, provided the following key messages on critical factors as to why and how you would build sustainability and climate change into your business model (see Annex 2 for panel questions):

- Demand from customers and the public who want to see action is often the main driver in building sustainability into your business.
- Being able to attract investment is another driver. By using the SDGs you are setting your business apart, as more and more investors are looking for businesses to be meeting sustainability goals.
- The business recognised that their waste is a valuable resource and managing it can be profitable.
- The business turned building sustainability into their business into a key challenge making it their focus.
- Businesses acknowledged that building sustainability into their model was a way of future-proofing their business.
- In terms of knowing if building sustainability in your business had worked it could be shown through metrics and reporting to show action along the supply chain.
- Qualitative results are just as important as quantitative when measuring progress against the targets.

The SDG Compass Framework (see Annex 3) was used to guide a workshop session on SDG 7 and SDG 13. Targets considered relevant to Scottish business were identified for each SDG and workshop case study businesses were asked in advance to identify the relevant targets to their business and identify the risks and opportunities associated with implementing that target. During the workshop attendees built on the pre-work and the groups were asked:

How can Scottish business use SDG targets to identify climate change action (risk and opportunity) for their business and supply chain and measure return on investment (ROI)?

The following key messages came from workshop discussions (more detail is given in Annex 4):

Actions

- To ensure your business has an Emergency Preparedness and Response Plan which includes a section for flood risk mitigation and what to do in case of severe weather warnings.
- Put systems in place to allow staff to work from home in adverse weather.
- Encourage other parts of your supply chain to become more resilient and signpost to grants available to support these changes.
- Increase public awareness of waste problems, for example, creating a work of art from waste of packing of goods.
- To educate other SMEs on effective actions your business has taken and encourage others to take similar actions
- Invest in hybrid/electric car fleet (includes transport vehicles)
- Invest in more efficient packing for your products

Return on Investment (RoI)

- Take the long view – need to agree longer period for return, solar is 9-10 years for RoI.
- Make the case for RoI social/wellbeing – use ecosystem services to make non-economic case to invest in on-site biodiversity measures.
- Staff retention and getting the best people into the job are really valuable metrics
- Renewable sources of energy are becoming increasingly cheaper than fossil fuel based, but need to shop around for suppliers. Return on investment can be that the business is committed to climate action.
- Increasing share of market and new customers by being climate conscious.
- Social benefit – warm/cool homes of the future as council is responsible for affordable homes. Maintenance costs of windows is much lower because PCV is easier to maintain than wood.
- Competitors do not have green credentials, they might be able to undercut but business needs to make the case that they have better products and that their core values are about the environment.
- Financial - Preventative spend on damage to premises from surface water flooding
- Financial – extended market opportunities
- Environmental – reduced carbon emissions through whole supply chain

Next steps

The next meeting of the Scottish SDG Reporting Working Group will take place on World Day of Social Justice on the 20th February in Edinburgh (venue TBC) and the theme will be “Peace and Partnership”. Further details will be sent to all working group members in advance of the meeting.

In the meantime, work on implementing practical action, including bringing together, simple tools and guidance for Scottish businesses will continue.

If you would like to volunteer to take part in the SDG tools sub-group please get in touch with Anne (Anne Adrain aadrain@icas.com).

Annex 1: Attendees

Name	Organisation
Alastair Ross**	Association of British Insurers
Amy Ledger	CMS Window Systems
Angus Forbes**	Farne Salmon & Trout
Anne Adrain**	Institute of Chartered Accountants Scotland
Anne Conrad	Scottish Environment Protection Agency
Bethan May Freire**	Scottish and Southern Energy
Calum Richardson**	The Bay Fish and Chips
Caroline De Rouffignac	Scotland Food and Drink
Catherine Garner	Scotland's International Development Alliance
Catherine Preston	Scottish Environment Protection Agency
Charlotte Hartley**	2050 Climate Group
Courtney Peyton	Crown Estate Scotland
Emma Waddell	Scottish Environment Protection Agency
Jo Green	Scottish Environment Protection Agency
Kathryn Fergusson**	National Performance Unit, Scottish Government
Kathryn McBeen	EFTS
Katriona Lundberg	Scottish Environment Protection Agency
Kyle Macfarlane	Royal Bank of Scotland Sustainable Finance
Laura Gillan**	Scottish Environment Protection Agency
Linda White**	Scottish Power
Matthew Murray	Scottish Environment Protection Agency
Mike Kelly	Financial Services Expert
Nick Meakin**	Aqualution
Nicola Melville	Scottish Environment Protection Agency
Paul Bradley	SCVO, Scottish SDG Network
Ruchir Shah	Scottish Wildlife Trust
Poul Wend Hansen	Balfour Beatty
Rachel McEwan*	Scottish and Southern Energy
Sandrine Ricard	Chivas Brothers
Steve Kenzie**	UN Global Compact Network UK

*chaired the panel session

** presented or participated in the panel session

If you would like any of the presentations from the day, please contact Innovation at SEPA and we will be able to share these with you.

Annex 2: Interactive panel session

The panellists answered the following questions:

1. Why would a business build sustainability and climate change action into its business model?
2. How would a business know it had been successful, and demonstrate impact?

Annex 3: SDG Compass Framework

The workshop tried out the [SDG Compass framework](#), the guide for business action on the SDGs. The objective of the SDG Compass is for businesses to align their strategies as well as measure and manage their contribution to the SDGs. The guide has five steps but for the purposes of the workshop we focused on the first three steps.

The five steps of the SDG Compass rest on the recognition of the responsibility of all companies to comply with all relevant legislation, respect international minimum standards and address as a priority all negative human rights impacts. The steps are as follows:

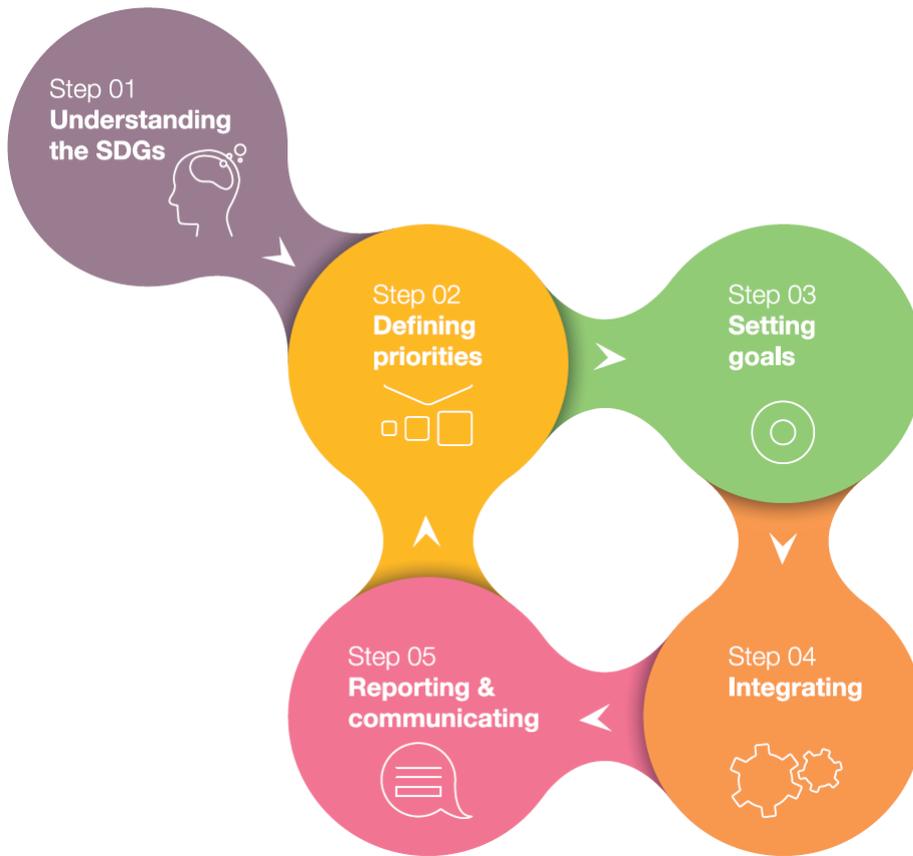


Figure 1: Five steps of the SDG Compass

Annex 4: Climate Change Action Workshop Outputs

The following tables present the discussion points and ideas of the meeting attendees for each of the businesses who presented themselves as case studies for the workshop.

SDG 7 – Affordable and Clean Energy

SDG 7:1 – *By 2030, ensure universal access to affordable, reliable and modern energy services*

SDG 7:2 – *By 2030, increase substantially the share of renewable energy in the global energy mix.*

SDG 7:3 – *By 2030, double the global rate of improvement in energy efficiency.*

SDG 7 – Affordable and Clean Energy	
Risks	<ul style="list-style-type: none"> • Cost of the energy, buying 100% renewable gas and electricity can be more expensive and most users buy on cost not source • Renewable energy is long term investment and public authorities take long time to decide and implement these changes • Planning permission is needed for some energy measures such as turbines and other renewable energy – costly and timely • It is hard to quantify the benefits of investing in renewable energy services. Needs investment to improve energy efficiency and these cost money. Where does the capital come from? • Increased emissions combating adverse weather conditions and increased manufacturing can make it difficult to reach needed energy improvements • Non-compliance with legislation made to increase energy efficiency. • Some energy savings grants are not accessible to larger companies.
Opportunities	<ul style="list-style-type: none"> • Mainstreaming affordable just energy, will create jobs and decrease cost of green energy • Investing in renewable green energy will lead to a cleaner environment • Innovation in energy efficiency can improve productivity, generate new ideas and methods. • Introduce energy efficiency drivers through regulation • Explain the need to be more energy efficient to your supply chain. Also, explain how your product can deliver these savings. • Linking services such as distribution with other businesses in a similar location. (e.g. transport to carry waste). Moving production closer to processing site can reduce carbon emissions from transport. • Looking at local energy developments and partnership opportunities to share resources. Opportunity to link the operation/ process to a renewable source of energy • Emerging products and markets that have a lower carbon footprint can be an opportunity. • Packaging – understand how you can reuse your packaging or look at opportunities to sell. Keeps material out of landfill. • Cutting edge systems can make a remarkable energy saving in emerging markets.

SDG 7 – Affordable and Clean Energy

SDG 7:1 – *By 2030, ensure universal access to affordable, reliable and modern energy services*

SDG 7:2 – *By 2030, increase substantially the share of renewable energy in the global energy mix.*

SDG 7:3 – *By 2030, double the global rate of improvement in energy efficiency.*

<p>Actions</p>	<ul style="list-style-type: none"> • Install infrastructure to make transition to a low carbon economy e.g. electric charging points, ground source heat pumps • Buy the local public toilets from the council to convert to green toilets • Register of Compliance Obligations related to energy efficiency - updated regularly • Install biomass boilers on site to provide heat. Also, air source heat pumps are more efficient in comparison to using heavy diesel. • Lean stock ordering and designing reduces waste by allowing for accurate material orders and reduces waste created on site from off-cuts. • Zero waste to landfill, increasing circular economy awareness between our suppliers and within our own organisation. • Carrying someone else's waste is hard because of waste carrier license and duty of care concerns. How can that be changed. • Look for partnership to invest in green local energy systems to spread cost and risk e.g. Biomass boiler, solar panels, district heat • Think outside the workplace – encourage staff to deliver energy efficiency and water savings at home. • Move the transport fleet to electric/hybrid (includes HGVs) • Increase biodiversity on site and create greener spaces that staff can enjoy. • Promote the energy and water savings to customers through SDGs especially to major agri-businesses and supermarkets already using SDGs.
<p>Return on Investment</p>	<ul style="list-style-type: none"> • Seeking ROI in 1-2 years, solar is 9-10 years for ROI. Need to agree longer period for return. • Make the case for ROI social/wellbeing – not only economic. • Use ecosystem services to make non-economic case to invest in on-site biodiversity measures. • Encourage workforce home savings through workplace incentives (social return on investment). • Surplus products sold at site to workers at lower price – Fairshare. • Funding needs to build on investment already made (higher return on investment and that should make grants more accessible for exemplar organisations). • Renewable sources of energy are becoming increasingly cheaper than fossil fuel based, but need to shop around for suppliers. Return on investment can be that the business is committed to climate action. • Customers and investors understand your commitment to SDGs and able to promote their business as delivering SDGs through their supply chain. Growing reputation and customer base • Increasing share of market and new customers by being climate conscious. • Investing in communities in developing countries in areas of water scarcity and limited energy availability means these communities are more self-sufficient and are less affected by large agri-businesses activities. This is a social win for the business. • Customers are more resilient to climate change and reducing their resource use, with benefit to local communities

SDG 13 – Climate Action

SDG 13:1 – *Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.*

SDG 13:2 – *Integrate climate change measures into national (business) policies, strategies and planning.*

SDG 13:3 – *Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.*

SDG 13 – Climate Action	
Risks	<ul style="list-style-type: none"> • If you do not invest in adaptive capacity, money will be spent on remediation instead of adaptation. • Not changing your business model to incorporate climate action will mean that your business might not survive. • More severe and extensive adverse weather means staff unable to get to work and business is unable to manufacture. • Supply chain disruption due extreme weather. • If you do not put adaptive technology in housing sector homes will not be fit for purpose in the future (e.g. too hot or too cool) • If you do not improve knowledge around CC you can make uneducated business decisions. • Future generations lacking knowledge to adapt and mitigate • Integrating into national strategies is too slow for business to see a return on investment • If you do not strengthen resilience globally agriculture practices will be affected by extreme events • If procurement policy does not include carbon metrics from 3rd party suppliers business can make carbon negative choices.
Opportunities	<ul style="list-style-type: none"> • More jobs and new ideas, youth coming through with great ideas on mitigation and resilience • Start-ups are flexible and agile to build their business model on climate resilience. • Opportunity to store excess water due to extreme weather. • Low energy and water savings technology take bigger market share
Actions	<ul style="list-style-type: none"> • Encourage vegan options in the food industry and advertise that you can bring your own containers for food • Encouraging other parts of the supply chain to become more resilient, signposting to grants available • Increase public awareness by using your businesses waste to create a new product. (e.g. benches made from chip shop waste) • Link climate action to big days already happening eg Year of the Ocean 2020 (encourage through school visits). Talks with schools on biodiversity, climate resilience, waste and energy efficiency and circular economy. Empowering younger generations to push for green solutions and to challenge outdated practice. • Emergency Preparedness and Response Plan – Section for flood risk mitigation, weather updates weekly and any weather warnings discussed with management on the best course of action. Additional investment in climate adaption measures for assets for extreme events e.g. building overseas and in UK (alternative premises more prepared for addressing surface flooding as business grows).

SDG 13 – Climate Action

SDG 13:1 – *Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.*

SDG 13:2 – *Integrate climate change measures into national (business) policies, strategies and planning.*

SDG 13:3 – *Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.*

<p>Actions contd'</p>	<ul style="list-style-type: none"> • Externally located IT systems to allow staff to work from home. • Diversify manufacturing sites (more locations). Sourcing from local suppliers so that goods can reach site in adverse weather. • Drainage checks and maintenance to allow full working condition. Alarm on drainage interceptor to alert when high potential for flood. • Range of windows that adapt to the climate (tinted glass depending on the sun). More expensive range but need to pitch to council that this product is fit for homes in 2030. Need a longer return on investment to make the case attractive • Environmental aspects and impacts brought into all projects and decisions. • Check supplier ISO 14001 management system has provision to reduce carbon footprint from manufacture of components and transport. Ask suppliers if they have a carbon target • Use alignment to SDGs to promote and market energy saving and climate action benefits to customers and investors • Set-out in tenders social benefit. Do the suppliers pay living wage. Do they have a culture looking after staff?
<p>Return on Investment</p>	<ul style="list-style-type: none"> • Social benefit – warm/cool homes of the future as council is responsible for affordable homes. Maintenance costs of windows is much lower because PCV is easier to maintain than wood. • Staff retention and getting the best people into the job are really valuable metrics. Competitors do not have green credentials, they might be able to undercut but need to make the case that they have better products and that their core values are about the environment. • Financial - Preventative spend on damage to premises from surface water flooding • Social – Customer relationships maintained and reputation for customer care grows due to clear SDG commitment and contingency planning • Environmental – Customers better able to adapt to extreme events such as water scarcity • Financial – Extended market opportunities • Environmental – Reduced carbon emissions through whole supply chain

Annex 5: [Scottish SDG Reporting Working Group](#) information

Overall vision of the **Scottish SDG Reporting Working Group** launched September 2018 is to:

- Make the UN global SDGs relevant to local business in Scotland.
- Through effective collaboration ,deliver a better society, both at a local level and globally, through understanding Scotland's role in contributing to the creation of a more sustainable world.
- We will do this by enabling practical, measurable action by Scottish businesses to deliver the SDGs.

The Group has done this by using three events (see below) to work through the [SDG Compass](#) developed by UNGC. The group have focused on different SDGs at each event – building the understanding of the SDGs. We have screened the targets behind the SDGs to highlight the ones most relevant to Scottish business. Done business risk and opportunity mapping against those targets for different Scottish businesses. As well as discussed how we might present those to an organisation's Board or Executive team for action & investment decision.

The Group has a diverse membership that has been built since the launch with different Scottish business joining events as relevant for them. Events have been attended by Scotland's leading businesses, institutions and most influential representative bodies. The steering Group has the following membership Scottish Environment Protection Agency (SEPA), ICAS (Institute of Chartered Accountants of Scotland), Standard Life Aberdeen and Diageo. Mike Kelly is an expert to the steering group.

On December 2018, the Group held it first event focusing on the SDGs under the themes of **People and Prosperity**. This was in recognition of Human Rights Day and that it has been 70 years since the UN adopted the Universal Declaration of Human Rights. Following the People and Prosperity workshop in December 2018 the Group's Terms of Reference was updated with feedback from the members and has been accepted by members.

In March 2019, the Group held its second event with the theme of **Planet**. This was in recognition of World Water Day which is celebrated each year as a means of focusing attention on the importance of freshwater and advocating for the sustainable management of freshwater resources. The Group explored how businesses can use the SDGs and tools such as the [UN Global Compass](#) to inform practical action in an organisation.

The third meeting was held this October on the theme of **Climate Emergency** to show how the SDG framework can help Scottish business take climate change action (risk and opportunity) with business benefit and identify returns on investment in order to measure and report on impact. As well as showcase Scottish business that are already taking climate change action and inspire other businesses to do the same ahead of COP26 in Glasgow 2020.

The Groups last event will be on World Day of Social Justice on the 20 February 2020 around the theme of **partnerships**. The focus will be on the final steps of setting KPIs, measuring success and ways to report on this. In line with "what gets measured gets managed".