



**EDINBURGH
CLIMATE
COMMISSION**



The Edinburgh Climate Compact

Delivering a sustainable Edinburgh together by promoting and celebrating ambitious Edinburgh business action to achieve net-zero by 2030

Supplementary note for small to medium enterprises

June 2021



Introduction

The Edinburgh Climate Compact is a commitment by leading businesses and employers in Scotland's Capital to take action within their own organisations and sectors to contribute to a green recovery and radically reduce the city's carbon emissions.

The Edinburgh Climate Compact is for those organisations who are committed to being leaders in the race to net-zero and who are dedicated to moving forward, faster, together.

The Compact aims to be accessible to businesses of all sizes.

Therefore, while the Compact is deliberately ambitious and will by nature challenge businesses of all sizes, it has been designed to be flexible enough that businesses with high ambition levels can commit regardless of their starting point.

The Compact recognises that small to medium enterprises (SMEs) may require some additional support when becoming a signatory. This supplementary note therefore aims to provide some useful information to assist SMEs in committing to the terms of Compact and investing in a net zero building a better future for Edinburgh.

Delivering the aims of the Compact will provide significant benefits to signatories. These include:

- Potential cost reductions as a consequence of reducing carbon emissions
- More efficient business processes
- Enhanced knowledge of stakeholders
- A stronger brand differentiation in line with consumers' increasing desire for green options.

This note lays out some of the benefits of signing up to the Compact, outlines the high-level process of setting and tracking carbon targets, provides some key definitions and highlights specific support available to the SME community.

Setting and achieving carbon reduction targets

What's in it for my business?

The past decade has seen a sharp increase in the value that customers place on the environmental, sustainability and governance aspects of the businesses they choose to support. Setting and achieving reductions in greenhouse gas emissions is a vital way for organisations to authentically show their green credentials. And, in many cases, efforts to reduce organisational emissions throughout organisational value chains will also reduce costs.

How do I set and achieve carbon reduction targets?

The process of setting and achieving carbon reduction targets can seem challenging at first. But, there are support systems available to help SMEs with the process (see **How to access support** below). The process itself will also help you better know and understand your business and enable you to set more ambitious strategies for the future.

Step 1

The first step is to calculate your carbon footprint, by taking stock of the greenhouse gases that your business directly and indirectly emits each year. Organisations tend to begin with Scope 1 and 2 emissions and set a target for these.

Then, once they have confidence in their process and data, they move on to measuring Scope 3 emissions and set a target across their whole value chain. A useful free starting point to calculate your carbon footprint is the [Carbon Trust's SME Carbon Footprint Calculator](#).

For many businesses, the majority of Scope 1 and 2 emissions will come from gas heating and/or diesel or petrol fleet vehicles as well as the emissions related to the electricity the business consumes.

Stage 2

The next step is to set reduction targets. The aim is to be as ambitious as possible, however as some emissions may be harder to remove than others, you may wish to test out some scenarios for how achievable the proposed target may be for your business.

Delivering the targets may require changes to the way in which your business operates. Therefore we recommend that you ensure buy-in and support for the targets from the senior leaders within your organisation.

When you set your targets, it can help to highlight the reputational value of being ambitious – sustainability is climbing in importance for customers.

You may wish to sign up to the [SME Climate Commitment](#), or set a Science Based Target through the route offered to SMEs to set robust carbon reduction targets, though this is not essential for the purposes of the Edinburgh Climate Compact. See **Definitions** below for more

information about the Science Based Targets initiative.

Stage 3

The next stage is to develop an action plan for achieving the target. This could mean identifying opportunities to reduce energy or fuel use or making plans to decarbonise your electricity tariff or heating systems.

It could also mean looking at material usage and resource consumption in your operations. Better resource management and adoption of circular economy strategies can reduce emissions.

Use the mitigation hierarchy when you develop your plan:

1. Avoid and Prevent
2. Minimise
3. Restore and Rehabilitate
4. Offset.

For example, you might start by looking at how you can use less energy, fuel or materials by making your buildings more energy efficient, consolidating driving routes to reduce fleet journey lengths or reusing materials.

You may need to prioritise some big-hitting actions to happen sooner, or set some actions to happen in future, for example when vehicle leases renew or offices are refurbished. You also may not know how you will achieve all of the reductions you want to at this stage, as some solutions may not yet be available.

Some examples of action plans for reference:

- [Advanced Clothing Solutions Circular Economy Ambitions](#)
- [City of Edinburgh Emissions Reduction Plan](#)

Engagement with support networks (see '*How to Access Support*' below), other businesses and your customers or stakeholders can help you to identify and prioritise the actions which will deliver the most benefit.

Stage 4

The final stage is to transparently report on your activities and reductions and keep continually reviewing and improving your actions to deliver more carbon reductions.

It can help to engage and collaborate with other similar businesses or members of your supply chain to share case studies and best practice. Businesses signing up to the Compact will have access to a platform for reporting progress and sharing best practice.

Do I need to have developed a carbon footprint and targets before signing the Compact?

Whilst it's ideal that you have measured your carbon footprint and set targets before signing up to the Edinburgh Climate Compact, we recognise that this might not be possible for all SMEs.

If you are not able to measure your footprint and set a target before signing the Compact, you are still able to sign up to the ambition, as long as you provide information about your timeline for foot printing and target setting and any carbon reduction activities you have planned.

Definitions

Absolute Zero: Eliminating all emissions across Scopes 1-3 without the use of carbon removal or offsetting.

Capital Carbon: Emissions associated with the creation, construction and end of life treatment of entire assets such as buildings or infrastructure.

Carbon: 'Carbon' is often used as a shorthand for all greenhouse gases as carbon dioxide is the primary greenhouse gas.

Carbon Neutrality: Making or resulting in no net release of CO₂e into the atmosphere. Targets must cover scopes 1 & 2, whereas Scope 3 is encouraged but optional. Carbon neutrality can apply to specific products or services instead of the whole company and offsetting is allowed.

Carbon Scopes: Carbon emissions are grouped into three categories called Scopes. Scope 1 relates to direct carbon emissions from owned or controlled sources, such as fuel combustion. Scope 2 relates to the indirect carbon emissions from the generation of purchased electricity, steam, heating and cooling. Scope 3 relates to all other indirect emissions within the value chain.

Circular Economy: A circular economy is where products or systems are created with the intention of increasing life span and adding as much value as possible along the way. It's an approach to business where everything has value, and nothing is wasted. In simple terms, it can be explained as 'make, use, remake' as opposed to 'make, use, dispose'.

CO₂ equivalent (CO₂e): Metric used to compare the emissions from various greenhouse gases on the basis of their global-warming potential (GWP) in comparison to the GWP of carbon dioxide. For example, methane has a global warming potential of 28 x carbon dioxide, so methane emissions are multiplied by 28 to indicate their CO₂ equivalent, enabling like-for-like comparison.

Embodied Carbon: Emissions associated with the creation of a product, namely GHG emissions arising from raw materials, energy and industrial processes used in the processing, manufacture and delivery of materials, products and components

Greenhouse Gases: Natural and human-made gases which trap heat in the earth's atmosphere, causing global heating. The primary greenhouse gas is carbon dioxide (c.81% of UK emissions), followed by methane, nitrous oxide and fluorinated gases.

Net Zero: Achieving balance between Greenhouse Gas (GHG) emissions produced and removed from the atmosphere. At time of writing a single global definition of Net Zero has yet to be agreed. This is expected to be clarified by the UN-backed Science Based Targets Initiative in November 2021, but it is expected that the definition may recommend that targets cover scopes 1, 2 & 3, that reported reductions must align with a 1.5°C pathway and that residual emissions must be specifically removed rather than offset.

Science Based Targets: Targets adopted by companies to reduce GHG emissions that are in line with climate change science and the Paris Agreement.

How to access support

Direct support

SMEs who sign up to the ambition of delivering this Compact may be able to access support through the Scottish Business Sustainability Partnership which includes Business Gateway Edinburgh, Scottish Enterprise, Zero Waste Scotland, the Energy Savings Trust and SEPA.

In the first instance, please contact [Business Gateway Edinburgh](#) on 0131 529 6644 and the team will direct you to the information and support you need.

Organisations and Descriptions

Circular Edinburgh: Managed by the Edinburgh Chamber of Commerce, [Circular Edinburgh](#) is working to investigate the opportunities around the circular economy and the support on offer for business. Circular Edinburgh has developed Circular Economy Top Tip information sheets for key sectors and host webinars focussing on Circular Economy.

Business Gateway Edinburgh: [Business Gateway Edinburgh](#) offers professional resources, expert support and guidance to help anyone starting up or growing a business, including workshops, events, news and advice.

SME Climate Hub: The [SME Climate Hub](#) represents a global network of like-minded businesses seeking to improve themselves, their community and the planet'.

The Carbon Disclosure Project (CDP): The [CDP](#) is an international non-profit organisation based in the United Kingdom, Germany and the United States of America that helps companies and cities disclose their environmental impact.

Carbon Trust: [Carbon Trust](#) is an expert partner for businesses, governments and organisations around the world – supporting them in realising ambitious plans for a sustainable, low carbon future. It believes that environmental sustainability and economic prosperity can go hand-in-hand whilst addressing the climate crisis.

Climate Outreach: [Climate Outreach](#) provides resources in climate change communications, aiming to ensure impacts are understood, accepted and acted upon across society.

DEFRA: [DEFRA](#) is the government conversion factors for greenhouse gas reporting are for use by UK and international organisations to report on greenhouse gas emissions.

Edinburgh Social Enterprise (ESE): [Edinburgh Social Enterprise](#) supports the business development and growth of social enterprise in Edinburgh through a wide variety of mechanisms delivered directly or in partnership with a variety of regional and national organisations.

Energy Savings Trust: [Energy Savings Trust](#) is a British organization devoted to promoting energy efficiency, energy conservation, and the sustainable use of energy, thereby reducing carbon dioxide emissions and helping to prevent man-made climate change.

The Goal 13 Impact Platform: [Goal 13 Impact Hub](#) is an initiative led by six partner organisations (CBI, A4S, Chapter Zero, the Met Office, Dell Technologies and Deloitte).

The objective of the initiative is to build an open repository of corporate climate actions to facilitate learning and collaboration in the run up to COP26. Each partner is contributing value in kind, and the repository will be free to access.

Science Based Targets: [Science Based Targets](#) lead the way to a zero-carbon economy, boost innovation and drive sustainable growth by setting ambitious, science-based emissions reduction targets.

Scottish Enterprise: [Scottish Enterprise](#) is Scotland's business advice, support and funding agency.

The Scottish Environment Protection Agency (SEPA): [SEPA](#) is Scotland's principal environmental regulator, protecting and improving Scotland's environment.

Supply Chain Sustainability School: [Supply Chain Sustainability School](#) is a free learning environment, upskilling those working within, or aspiring to work within, the built environment sector, focussing on 17 key topics of sustainability, as well as addressing topics in offsite, digital, procurement, lean construction and management. Membership gives access to thousands of learning resources and CPD-accredited content.

Adaptation Scotland: [Adaptation Scotland](#) help public sector, businesses and communities to understand what climate change will mean across Scotland and identify the best way for them to plan for the impact – taking the opportunities and preparing for the risks.