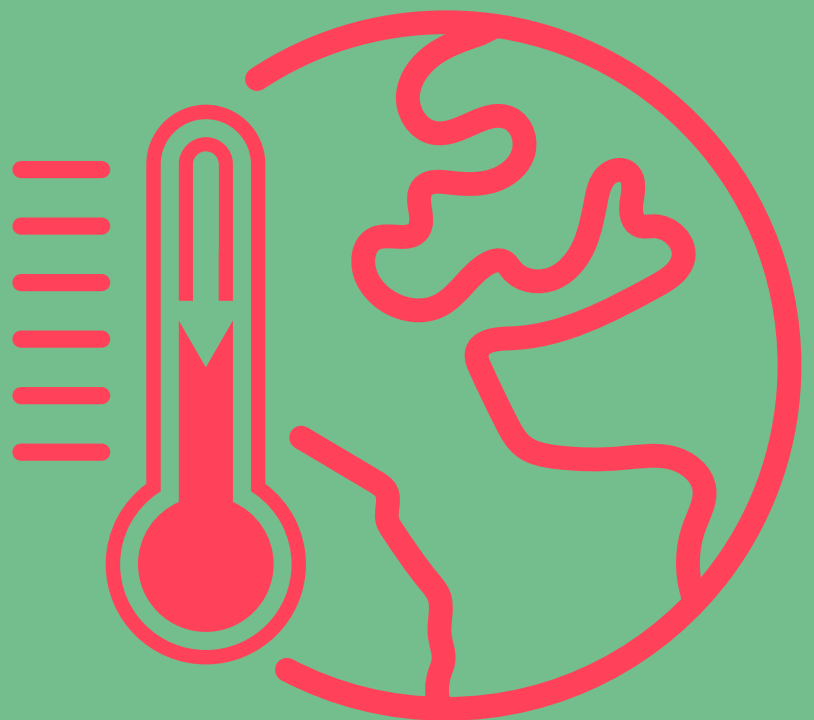


Sustainability and Climate Change Strategy 2024 Update



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Introduction

Our **Sustainability and Climate Change Strategy 2021-2026** ('SCCS') was published in September 2021. Within that strategy we:

- Set ourselves the main goal of achieving net zero direct emissions by 2040 and net zero emissions by 2045
- Identified annual targets of 11% carbon reduction
- Outlined 7 key themes to aid progression towards net zero between 2021 and 2026; and
- Committed to annual progress reports

We are now in year three of our strategy. This progress report will:

- Advise on action delivery over the past financial year.
- Set out the latest delivery plans
- Revise some of the original SCCS commitments relating to carbon reduction

To achieve this, we have:

- Set out our recent achievements and supporting actions during 2023-24
- Assessed the outcome of these actions in relation to the central goal of carbon reduction
- Clarified the carbon reporting boundary and carbon emissions targets for the year ahead
- Set a strategic direction for the future, with a particular focus on demonstrating how our journey to net zero will progress
- Described how future monitoring and reporting will be undertaken

Our Sustainability Work to Date

Previous Progress Reports

Our first progress update was made available internally in September 2022.

Our Year 2 progress report, covering September 2022 – September 2023 is available on our [website](#).

New Approach

After Year 2, the SCCS's carbon-related commitments were reconsidered and improvements were identified in relation to boundary definition, targeting, action planning, monitoring and reporting. The timing of reports was also reconsidered, and it was agreed that reporting periods will now cover financial years rather than September – September. We announced in our Year 2 Report that these improvements would be made from year 3 onwards, in reports titled 'SCCS Updates'. As well as providing an update on delivery against the original SCCS commitments, these reports will also provide an update on future delivery plans and, where appropriate, they will update the commitments themselves, especially where they relate to carbon reduction and where there are opportunities for improved accuracy.

Review of Progress 2023-24

This section summarises the progress made during 2023-24 in relation to the themed action areas set out in the SCCS. Due to the change in reporting periods some of these achievements were also covered in the Year 2 Report.

Themed Action Areas

Energy Use and Water Management

AIM: to manage and reduce energy and water consumption through improved efficiency

During 2023-24, we:

- Completed an LED lighting installation programme at our Meadowbank House ('MBH') office to reduce electricity consumption
- Introduced a Building Utilisation Strategy at MBH to support efficient electricity and gas use
- Improved heating, air conditioning and ventilation controls at both offices
- Undertook a network equipment refresh and decommissioning of VDI servers, reducing electricity consumption at MBH

Waste and Circular Economy

AIM: to minimise waste and maximise recycling by purchasing smarter and engaging with our staff

During 2023-24 we:

- Re-used, refurbished, or recycled 2,602 kg of IT equipment and 10,391 kg of office furniture via ongoing partnerships with Restore Technology and Kinross Wooden Products, creating environmental, social, and economic benefits
- Recorded an average recycling rate of 68% at MBH and 57% at our St Vincent Plaza ('SVP') office

Digital Innovations

AIM: to minimise our use of paper and utilise digital technology

During 2023-24 we introduced a new system for monitoring paper use to provide more accurate, detailed insights and allow better impact assessment

Sustainable Travel and Staff Commuting

AIM: to encourage active and sustainable travel for commuting and business travel

During 2023-34 we:

- Maintained our status as 'Cycling Friendly Employer' and received an enhanced award of 'Cycling Friendly Employer Plus' for Meadowbank House
- Designated on-site Cycling Champions at both offices
- Continued to strengthen support for cyclists via enhanced on-site storage facilities and collaborated across the organisation to plan a new online Cycle Forum
- Updated our Green Travel Policy to align with wider organisational and national ambitions more clearly

Sustainable Procurement

AIM: to measure and reduce the environmental impact of our supply chain by working with suppliers and contractors

During 2023-24 we:

- Commenced three new or renewed contracts which include sustainability requirements
- Embedded sustainability requirements into four further contracts due to commence in the year ahead
- Worked with Mitie, our hard services contractor, to agree arrangements for measuring and reducing emissions associated with service delivery
- Revised our Sustainable Procurement Policy to enhance future contract-related sustainability benefits

Biodiversity

AIM: to protect and enhance biodiversity on our estate and contribute further afield

During 2023-24 we:

- Enhanced wildflower coverage at MBH's sedum roof and installed nesting and habitat boxes for birds, bats, and insects
- Produced a Biodiversity Duty Report for the 3-year period between 1 July 2021 and 31 December 2023, detailing wide-ranging measures taken by RoS to further the conservation of biodiversity

Green Recovery: Hybrid Working

AIM: to capture emissions associated with hybrid working and identify opportunities for reduction

During 2023-24 we:

- Collaborated with Home Energy Scotland to share a home energy efficiency eLearning tool with colleagues and to run an online workshop
- Engaged with the Sustainable Scotland Network to assess options for future approaches to home working emission calculations

Supporting Actions

To support and extend delivery under these themed action areas, a variety of additional actions have been carried out. During 2023-24, we:

Engaged with Colleagues and Tenants

- Ran a programme to engage colleagues online and in person including events in both offices, an online workshop, website improvements, regular Environmental Working Group meetings and a refresh of our Recycling Champions network. Our website improvements also help to publicly communicate our sustainability work.
- Held quarterly Environmental Management Group meetings to provide strategic oversight and support for sustainability
- Worked with our tenants in both offices to explore opportunities to collaborate on sustainability

Engaged Externally

- Signed a Social Impact Pledge to investigate opportunities for us to use our unique position within Scottish society to help others achieve net zero
- Undertook a Climate Change Advisory Review with the Scottish Government's Directorate for Internal Audit and Assurance, assessing current and potential future climate change and sustainability governance measures
- Contributed to national policy-making by participating in Scottish Government's Heat in Buildings Bill consultation

Improved Processes

- Developed a 'benefits realisation' process to record and learn from our carbon reduction interventions
- Updated our Environmental Policy to align with wider organisational and national ambitions more clearly and to clarify strategic ambitions and planned practical activity
- Continued to investigate opportunities to embed sustainability considerations more fully into organisational decision-making
- Continued to engage in the national agenda for climate resilience, to support our development of a Climate Risk and Adaptation Plan

Secured Investment

- Secured future investment in decarbonisation of MBH by feeding 2022 Net Zero Feasibility Study recommendations into a 10-Year Capital Plan

Outcomes of Action Delivery

Various positive outcomes have resulted from the delivery of the actions described above. As set out in our [Year 2 Report](#), we have undertaken resource efficiency and nature conservation actions in a way that promotes wellbeing and equity; this has demonstrated and advanced our commitment to sustainability. This includes progress in terms of carbon reduction; in particular, the electricity and gas usage reduction measures described have led to our carbon footprint being lower than it would otherwise have been.

Carbon footprint is a measure of the total tonnage of carbon emitted from organisational operations. In 2023-24 this was 825 tonnes. This represents a 58% drop compared to our baseline year (2012-13). However, when compared to last year (2022-23) this represents a 1% increase.

Year	Tonnes of carbon
2012 -13 (baseline)	1,963
2022-23	815
2023-24	825

The overall increase of 1% in our 2023-24 carbon footprint compared to last year is due to a small increase in emissions from our largest emission source (home working emissions), combined with a more significant increase in emissions from our third-largest emission source (office gas use).

It is important to note that an increase of more than 1% is likely to have been observed if the gas and electricity reduction measures introduced had not been taken. More detail on what makes up our carbon footprint is below.

Largest Carbon Contributors

Our carbon footprint is made up of three emission sources which collectively account for 99% of the 825 tonnes: home working, office electricity use, and office gas use.

Carbon emission source	% of total footprint in 2023/24	Tonnes of carbon in 2023/24	% change on last year
Home working	47%	388	1% increase
Office electricity	33%	270	3% decrease
Office gas	19	155	9% increase

The decrease of 3% in office electricity reflected efficiencies resulting from the LED lighting installations and ICT equipment improvements.

The increase in office gas use emissions reflects a slight increase in Meadowbank House temperature set points. This followed a temporary steep reduction during the previous year in the initial trial phase of a Winter Heating Strategy; the adjustment was made in two areas to improve operating conditions in support of RoS' stretch goal.

Meeting the 11% Annual Reduction Target

In 2020-21 we started to include home working in our measurements. This change allowed a more accurate picture of our carbon footprint. However, it also meant that we were short on our original target. The next section of the report will outline how we are reframing our pathway to net zero, with revised targets.

2024-25 Carbon Commitments

Reporting Boundary

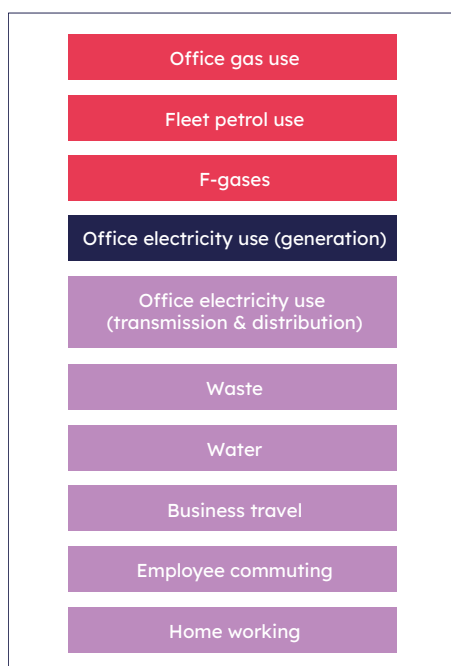
As a starting point in setting out our approach to carbon reduction in the year ahead, it is important to clarify our 'reporting boundary', i.e. the emission sources that will constitute our carbon footprint.

Carbon emissions are arranged into three categories, or 'scopes':

- Scope 1: direct emissions from sources owned or controlled by an organisation
- Scope 2: indirect emissions from the purchase and use of electricity, steam, heating and cooling
- Scope 3: all other indirect emissions that occur in the upstream and downstream activities of an organisation

The SCCS commits to an expansion of our reporting boundary during the 5-year lifespan of the document. This allows us to influence a wider range of emissions, and is in line with Scottish Government advice. It is important for the addition of new emission sources to be done in a practical and meaningful way; we will therefore only introduce new emission sources when we are able to measure them accurately and take action to reduce them.

In 2024-25, we will add employee commuting (Scope 3) as well as Fluorinated greenhouse gases, or 'F-gases' (Scope 1) to our carbon footprint. Our new reporting boundary will therefore be as follows:



In our Year 2 Report, we identified purchased goods and services as another key emission source that we planned to add to our reporting boundary. We now intend to begin this in 2025-26 and for the process to be incremental over the subsequent four years; this will provide the required time to insert requirements into contract documentation as opportunities arise, and to work with contractors to establish the necessary data-gathering arrangements. Taking this staged approach will help to ensure that we are measuring emissions accurately and that we are able to influence them.

While boundary expansion will initially lead to an increase in our carbon footprint, this does not represent a decline in progress; rather, it is a demonstration of our commitment to becoming more transparent and proactive.

Targets

Improved Scoping

Our recent carbon footprint data has provided a better understanding of our likely early stages pathway towards our ultimate targets of net zero direct emissions by 2040 and net zero emissions by 2045. In line with Scottish Government advice, we will also adopt a new way of measuring our home working emissions that assigns higher carbon than the previous method. In addition, as explained above, we will expand our carbon footprint to include emissions from commuting. Both changes will further shape our early stages pathway.

We are committed to creating meaningful, achievable and evidence based interim targets. This is why we will initially create targets which focus on the period to the end of this financial year. We will then review our learning in relation to how the planned introduction of purchased goods and services to our carbon footprint has impacted the organisation.

With these changes in mind, we plan to revise our commitment to annual reductions of 11%.

Improved Evidence Base

In our Year 2 Report, when describing how we would set out our pathway to net zero, we made a commitment to use the best evidence available. We have applied this to our 2024-25 target-setting process by:

- Mapping monthly patterns from existing emission sources over the previous year
- Taking account of the impact of new home working emissions calculation methodology
- Predicting emissions from new emission sources
- Calculating anticipated changes to emissions arising from planned activities during the year

Using this process, we have created annual and quarterly targets:

- Overall carbon footprint for 2024/25: 1,256 tonnes
 - » Carbon footprint for Q1: 309 tonnes
 - » Carbon footprint for Q2: 297 tonnes
 - » Carbon footprint for Q3: 324 tonnes
 - » Carbon footprint for Q4: 326 tonnes

We have also set a target specifically for 'direct' emissions, which are referred to as 'Scope 1' emissions. Scope 1 emissions are less vulnerable to the significant adjustments described previously and therefore allow consistent comparisons over time. They are also easier to influence than Scope 2 or 3 emissions. By focusing specifically on this area, we can therefore track progress towards our 2040 goal and demonstrate where we have been able to exert direct influence.

- Scope 1 emissions target for 2024/25: 150 tonnes
 - » Scope 1 emissions for Q1: 25 tonnes
 - » Scope 1 emissions for Q2: 16 tonnes
 - » Scope 1 emissions for Q3: 52 tonnes
 - » Scope 1 emissions for Q4: 57 tonnes

In line with best practice, we will regularly examine emissions data to review whether we are on track to meet our goals and may reprofile target figures if needed.

Beyond 2030, when our reporting boundary has stabilised and there is a clearer understanding of the wider, more complex emission sources, it is anticipated that we will be able to estimate our distance from net zero and to quantify the annual emissions reductions that will need to be achieved to reach this goal. It is also anticipated that at this point we will be able to resume meaningful year-on-year comparisons of our whole carbon footprint.

2024-25 Priorities

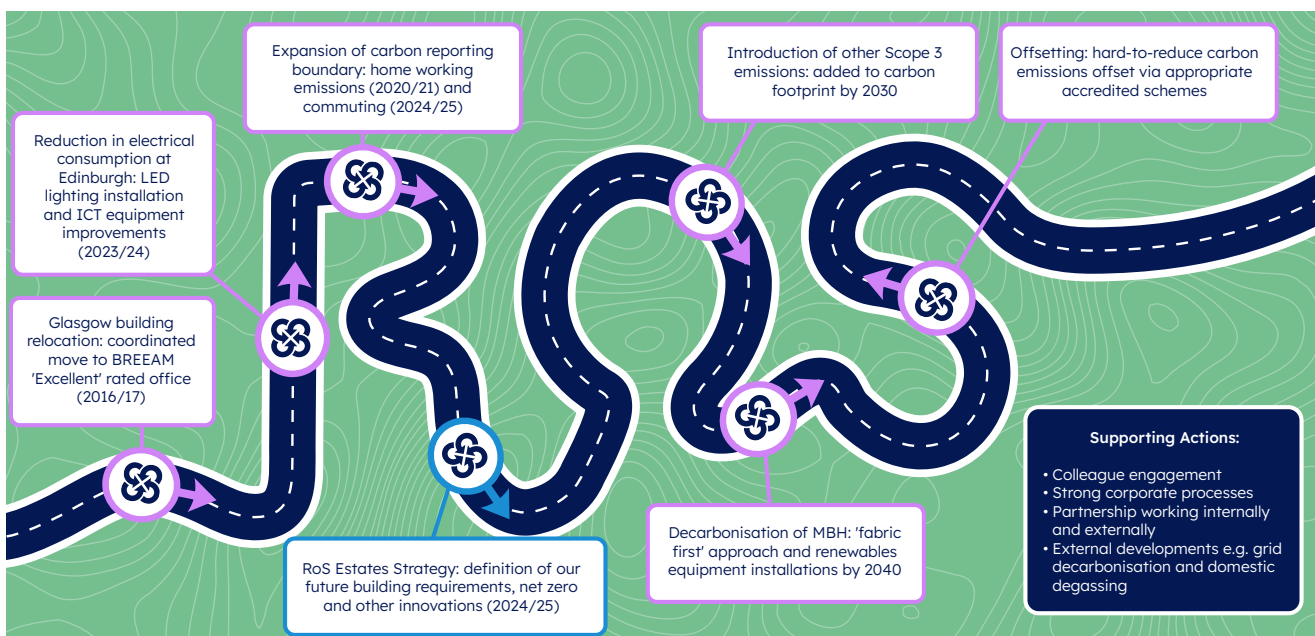
During 2024-25, we will continue to deliver against the seven themed action areas in the SCCS, with a particular focus on how activity in these areas will contribute to our journey towards net zero. Our action-planning is guided by our statutory responsibilities under the Climate Change (Scotland) Act 2009 (as amended by the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019), which states that we must act:

- In the way best calculated to contribute to the delivery of Scotland's national emissions reduction targets (known as 'mitigation')
- In the way best calculated to help deliver Scotland's statutory climate change adaptation programme
- In a way that it considers is most sustainable

Key priorities for 2024-25 include:

- Working with current and future suppliers to prepare for the addition of purchased goods and services to our carbon footprint in 2025-26
- Continuing to support colleagues in reducing emissions at home
- Providing additional help for colleagues' commute by active travel or public transport
- Continuing to prepare for the commencement of significant carbon reduction within our estate from 2025-26 onwards, via our 10-Year Capital Plan
- Developing our Climate Risk and Adaptation Plan
- Ongoing exploration of opportunities for us to help others across Scotland to achieve net zero
- Working with key business areas to consider new opportunities for empowerment and collaboration
- Continuing and enhancing whole-workforce engagement including additional in-person events
- Working with innovation partners to explore new ways to decarbonise, supporting our pathway to net zero

The following graphic illustrates our pathway to net zero:



Monitoring and Reporting

SCCS Updates will be produced and publicly shared annually, after the end of each financial year, and will act as the main mechanism for reporting on delivery against SCCS commitments; monitoring our carbon footprint will be a key aspect.

As noted previously, we will still be able to make meaningful year on year comparison of our Scope 1 emissions. However, the evidence-based improvements we have made to the scope and nature of our targets, as well as any future improvements, mean we can no longer make meaningful year-on year comparisons of our carbon footprint across the board.

Our annual carbon footprint monitoring and reporting will therefore involve quoting the previous year's carbon footprint as an absolute number; this will be assessed against the annual target but there will be no assessment of the percentage change compared to the baseline year or any other year in the past. However, an assessment of percentage change will be carried out for Scope 1 emissions, to measure how this element of the carbon footprint has changed in relation to previous years.

To supplement these annual assessments, we will issue quarterly updates on our carbon footprint. We currently produce quarterly carbon footprint 'health measure' updates internally as part of our KPI reporting process, which are assessed in relation to quarterly targets. These figures will now be shared publicly on our sustainability webpage.

Our annual carbon footprint assessments will also be supplemented by our annual Public Bodies Climate Change Duties Reports. These reports will reiterate the carbon figures quoted in the SCCS Updates and will provide further analysis in relation to certain aspects; they will also provide a detailed account of our climate change adaptation work. These reports are shared online and linked to our SCCS Updates.

Our annual and quarterly carbon footprinting work will be underpinned by a set of mechanisms for gathering, analysing, verifying, and reporting on data; these mechanisms will be set out in an internal procedural document. This document will also set out the timescales involved in this work, specifying a lag period at the end of each quarter to help ensure that data is gathered and recorded accurately.

