Net Zero for SMEs

An Introduction to Net Zero and Understanding Your Carbon Emissions

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Agenda

Why decarbonise?
• The moral and commercial imperative

Understanding your carbon emissions
• How to get started?

Setting and communicating your target
• What useful frameworks are there?

Understanding “offsetting”?
• How can we avoid greenwash?
Why Decarbonise?

Moral Imperative

Business Imperative

• Cutting costs and increasing profits
• Larger companies are decarbonising their supply chains
• Customer Expectation
• Staff recruitment/retention
• Opening New Markets
• Enhancing reputation

Read more at the Carbon Trust’s excellent resource for SMEs [https://www.carbontrust.com/resources/the-journey-to-net-zero-for-smes](https://www.carbontrust.com/resources/the-journey-to-net-zero-for-smes)
Understanding your Carbon Emissions
How to get started?

1. Measure and declare the emissions from your own operations (scope 1 and 2)
2. Set and commit to a “Science Based Target” to reduce them
3. Start reducing your emissions

To go further
1. Include key emissions from your value chain (Scope 3)
2. Pay voluntary “compensation” for your emissions
# Understanding your scope 1, 2 and 3 emissions

**Scope 1**
- Direct emissions from **fuel** eg
  - Gas for heating
  - Fuel for company vehicles
  - Process heat for manufacturing
  - Fugitive emissions (eg methane, refrigerants)

**Your Organisation: you have control**

**Scope 2**
- Indirect emissions from purchased energy, eg
  - Purchased electricity
  - Purchased heat or steam

**Scope 3**
- Indirect emissions in your whole value chain, eg
  - Purchased goods and services
  - Transportation and distribution
  - Business travel
  - Employee commuting
  - Use of sold products
  - Investments

**Your Value Chain: You have influence**

*Scope 3 can be 90% of the total*
Green electricity tariffs (Scope 2)

Beware: “Green” doesn’t mean zero carbon

- **Best**: directly generate, store and use your own renewables, without selling REGOs
- Power Purchase Agreement with generator.
- Green tariff, 100% based on Power Purchase Agreements (eg Good Energy)
- Green tariff based on REGO purchases
- **Worst**: general electricity tariff (especially at peak times)

https://ghgprotocol.org/scope_2_guidance
Any questions?
Setting and communicating your target
Science Based Target Initiative (SBTi)

https://sciencebasedtargets.org/

- Corporations are setting Science Based Targets accredited by SBTi.
- Increasingly, these
  - Target 1.5C
  - Include Scope 3
Company X commits to reduce Scope 1 & 2 GHG emissions in half by 2030 from a 2018 baseline. Company X also commits to measure and reduce Scope 3 GHG emissions and by 2050 Company X will be net zero.

Typical SME Science Based Target

Microsoft’s Science based Target

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Typical SME Science Based Target

Microsoft’s Science based Target
Useful links for calculating and declaring emissions


Some useful calculators and accredited methods:

- [https://smeclimatehub.org/tools/](https://smeclimatehub.org/tools/) (free, fairly new)
- [https://www.carbontrust.com/resources/sme-carbon-footprint-calculator](https://www.carbontrust.com/resources/sme-carbon-footprint-calculator) (free)
- [https://ghgprotocol.org/ghg-emissions-calculation-tool](https://ghgprotocol.org/ghg-emissions-calculation-tool) (Free)
- [https://www.spherics.io](https://www.spherics.io) (not free, but integrates with accounting packages)

Non-accredited (but locally influential)

- [https://cambridgecarbonfootprint.org/charter/](https://cambridgecarbonfootprint.org/charter/) (free)

Useful free Scope 3 estimator for SMEs to help decide where to focus

- [https://ghgprotocol.org/scope-3-evaluator](https://ghgprotocol.org/scope-3-evaluator)
Any questions?
What to do about offsetting?
Understanding “Avoided Emissions”, vs “Greenhouse Gas Removals”

“Avoided Emissions”

Paying someone else to promise not to emit carbon emissions that they hypothetically would have done otherwise under “business as usual”

Cheap. Sometimes beneficial, but carbon impact uncertain.

“Greenhouse Gas Removals (GGR)”

Paying someone else to, in theory, permanently remove your emissions from the atmosphere.


Understanding “Carbon Neutral” vs “Net Zero”

Net Zero (SBTi)
• Reduce emissions in line with 1.5C Science Based Target.
• Optionally pay “compensation” for emissions.
• Only then, neutralise any “hard to decarbonise” emissions with “removals (GGR) only

Carbon Neutral
• Reduce emissions and each year, pay for accredited offsets.
• Often just Scope 1 and 2
• Offsets are usually “avoided emissions, rather than “removals”

https://www.climatecare.org/
Compensating for the “social cost of carbon’

Pay “Compensation” : A voluntary donation eg
• Energy experts Max Fordham donate £100/Tonne for new woodland creation via https://www.forestcarbon.co.uk/
• “Carbon gift” of 10-100% of “guilt inducing expenditure

Buy accredited “offsets”
• Eg via https://www.climatecare.org/ or https://marketplace.goldstandard.org/
• Beware ridiculously cheap near-scams (<£20 /Tonne)
• Try to find “removals” rather than “avoided” emissions.

If holding investments:
• Decarbonise your portfolio
• Invest directly in early stage low carbon businesses, Eg via https://energy4all.co.uk/

The “social cost of carbon’ has been estimated at £100-£400/Tonne CO₂.
Or 1 year of someone’s life / Tonne CO₂.

Thoughtful blog here https://www.maxfordham.com/mf-net-zero/carbon-offsetting-%E2%80%93-friend-or-foe
Any questions?

To watch later and enjoy: “Cheat Neutral” https://www.youtube.com/watch?v=I6zpnWV134k
Concluding recommendations

To start
• Set your 2030 Scope 1 and 2 target.
• Measure, declare and reduce your Scope 1 and 2 emissions.

To go further
• Identify your key Scope 3 emissions and start to reduce them.
• Find exciting projects and support them by paying “compensation” for your unabated emissions

In general
• Be transparent about your approach and assumptions.
• Share what you’re doing and help others
• Buy from low carbon businesses (i.e. decarbonise your own supply chain)
Thank you

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