

Sustainable Development Business Summit (Scotland)

Presented in Glasgow on May 16th 2006 by the BCSD-UK in association with EnviroCentre Ltd; sponsored by The Scottish Executive, Scottish Enterprise, Sustainable Development Commission (Scotland), Highlands and Islands Enterprise, Glasgow City Council, Envirowise and ENVIRON, and supported by the Institution of Civil Engineers, the Scottish Council for Development and Industry, Sustainable Scotland Network and Forward Scotland.

Summit Report

This Report is in the form of a summary of the outcomes of the Summit and is a guide to the CD audio coverage of the event (copies available on request).

Reactions to the Summit

"I can quite honestly assess the day as the most interesting conference I have attended on the subject of business and SD. The presentations were all very different but all uniformly interesting. I found the focus on integrating sustainable development into the business as opposed to "spinning" it extremely encouraging. The consensus that we are at, or close to, a tipping point, and the message that SD must be at the core of business were particularly powerful for me." Malcolm Stephenson, Shell UK Exploration and Production

"You have demonstrated that BCSD-UK can organise and deliver a truly top quality event which we can build on. A good showcase for BCSD-UK with really excellent speakers." Barry Greig, The Scottish Executive

"Excellent speakers – good range of topics – the message urgently needs to be relayed to businesses and more importantly the policy makers." Business Environment Partnership

"Great event – reached beyond the usual suspects (very hard to achieve). Interviewer did a great job. Passion and opportunity came across well." Liz Bogie, Scottish Enterprise

Case Studies

For ease of identification, references in this summary to case studies are shown in red. There were more than 20 case study examples of sustainable development implementation during the Summit.

Headlines from Summit

◎ Change.

The issue of change as a stimulant to business opportunity was a major theme of the Summit – "we need to believe that radical change is desirable and possible and that means huge opportunities for the business world".

◎ Construction and Build.

There was concern that the construction and build sectors still have much to do to improve their contribution including "not enough thought on why we build infrastructure in certain places".

◎ Energy.

Many challenges related to energy were identified – "Without mindset and behaviour change about energy we are in very bad shape and technology is not going to bale us out of the hole" and "there is something like 12 GW worth of projects waiting to get onto the system with indicative dates of 2015/2016 for connection. It is a huge problem". It was suggested – "We need an "Energy Bank of England" to consider what the base rate should be to keep the whole energy industry going in the right direction".

◎ Finance.

The question was asked - Do sustainable companies attract finance? Answer – yes, if you can categorise and put a price on risk and can control it.

◎ Procurement

Procurement was seen as a major market influencer but "We need to be honest about how we procure and get away from lowest price wins".

◎ Resources

Resources were much discussed including – "We need to draw together the links between wealth creation and resource management" - "We need to think of waste as a resource" – "Mining landfills to recover energy value and bio nutrients etc and windfarms on contaminated land to create seed capital that can be leveraged to unlock development potential"

🕒 **Strategy and Policy**

There were many pleas for strategy and policy to be more helpful – “We need less strategy overload and more clarity from policy makers” and “there is still uncertainty and tinkering with the Renewables Obligation. The finance community wants stability otherwise they will withdraw funds and stand back and wait for it”.

🕒 **Tipping Point**

There was frequent reference to the “tipping point” . We seem to have gone past the point of thinking about sustainable development and are now widely implementing its values. “Language of SD a couple of years ago was there’s no demand. Now it’s where can I get it – how much – and will it work”.

🕒 **Waste re-use laws**

Waste re-use laws came under much attack – “The definition of waste has caused more problems than it has solved” and “we have a badly written directive being badly interpreted”

Individual Speaker Presentations & Panel Discussions

Conference Chairman’s Introduction – Prof. Paul Jowitt, Vice-President, Institution of Civil Engineers and Executive Director, Scottish Institute of Sustainable Technology/Heriot Watt University.

- The eight Millennium Goals and the ICE actions to help deliver them
- The threat of climate change exemplified by the threat to the Atlantic Conveyor (Gulf Stream)
- Discounted cash flow and net present value
- The options on energy – change behaviour – change fuel – change technology
- The complexities of the global challenge and the need to think and act holistically

Joanna Young, Director of Sustainable Development, The Scottish Executive – representing Allan Wilson MSP, Deputy Minister for Enterprise and Lifelong Learning

- The vision for Scotland and the role and opportunity for business
- The key programmes of The Executive and the Energy Efficiency Strategy for Scotland to be published later in 2006
- Making the shift from seeing sustainable development as something difficult to something that is interesting, exciting and about opportunity
- Working with organisations such as the BCSD-UK to change hearts and minds
- A Message to Summit from Deputy First Minister Nichol Stephen

Dr. Stewart Davies, Business Commissioner, Sustainable Development Commission (Summit Panel Interviewer))

- The challenge of language – the link between change and opportunity – our rate of consumption – three planet living.
- Transformation – change – opportunity – the tipping point – mainstreaming – a hypothetical supply chain **case study** on Corporate Social Responsibility
- **Case study** examples of sustainable development implementation from 20 years in industry inc ICI and the tube and cement industries
- Pressures in production – logistics – purchasing – finance (climate change levy) – customers – the community – legislation – regulation – and all far more complex
- As Business Commissioner how can we help Government deliver the transformation – legislation being one of the critical roles in bringing about sustainable choices to be delivered by business

David Middleton, BCSD-UK CEO

- An introduction to the BCSD-UK, the UK’s affiliated branch of the WBCSD
- The benefits of cross sector fertilisation of knowledge and experience
- Society has to change the way it behaves – will need a whole array of products and services – adds up to possibly the biggest opportunity for business since the industrial revolution
- Environmental technology sector only part of the story but even that has enormous market statistics
- The unique opportunity for Scotland and its business community and the planned onward BCSD-UK programme of Summits, Outreach Events and Master Classes

Focus Subject – Business Efficiency Management

Speaker: Andrew Bright, Head of Environment, Scottish & Newcastle

- S&N – global beer company. Rapid growth to a global operator – has 3 of top 10 brands in Europe – distribution capability covering about 450 million people – produces 8.7 billion pints of beer in Europe alone
- The challenges of raising awareness in senior management about doing more with less and proving profitability can work hand in hand with resource efficiency
- Business is there to create wealth and sustain and grow economies – but to do so in a responsible way

- BCSD-UK has raised the bar by capturing examples of action by businesses that people wouldn't necessarily acknowledge as being part of the sustainable development agenda
- One size (solution) does not fit all and sustainable development means different things in different organisations and different cultures
- **Case study** evidence of efficiency in energy and waster use; 25 million Euros investment in biogas – micro wind turbines – revitalisation of rail use – long-term contracts with suppliers – minimising packaging.
- Barriers – academic and policy makers creating confusion – strategy overload – only 1% of UK energy from renewables – the need for policy makers to provide clarity, create action plans and support mechanisms – and work with investors to develop more inclusive indicators such as a robust OFR.

Discussion Panel – Andrew Bright (S&N), Peter Braithwaite (Arup); Alan Barclay (Diageo)

- ABar - **case study** example of energy from co-products
- ABri - **case study** example of trying to reuse glass
- PB - **case study** example of businesses doing better than they think they are
- All - **case study** evidence of logistics improvements – use of rail – barriers to use of rail
- PB - in procurement need to be honest about how we procure and get away from lowest price wins

Focus Subject – Construction

Speaker: Professor George Fleming (EnviroCentre Ltd)

- The Scottish SD Strategy – tells us what to do but not how to do it
- The need to draw together the links between wealth creation and resource management and environment and society
- Essential role of construction industry in providing infrastructures but creates 50% plus of waste arising – for every 15 houses built, another could be built from waste produced in building the 15
- **Case study** of canal regeneration
- Cost examples of impact of legislation such as landfill tax.
- Definition of waste has caused more problems than it has solved because we have relied on case law. It's painful not be able to use material effectively because of the waste licensing process. What we need is common sense rules and regulations that help us achieve our sustainable development targets
- The "Demolition Protocol" - on-site resource maximisation
- **Case studies** including Wembley and Glasgow Harbour regeneration – resource maximisation, cost savings and profit enhancement.

Discussion Panel – Prof. George Fleming (EnviroCentre), Steve Dunlop (British Waterways), Nathan Swankie (ENVIRON) – were asked how well they thought UK construction industry is doing in SD?

- GF - 4/10. Lot of innovation in new materials and energy efficiency. Not enough on why we build infrastructure in certain places. Need major lead from Government to give better explanation of when waste becomes product again.
- NS - The importance of wholelife costing
- SD - tremendous change - but having to go to Sweden to find best practice. What we build today we should be proud to stand next to in 50 years.
- SD - We want long term partnerships and to work over bigger timescales.
- NS – 4 /10. The cost challenge – more waste to energy – enhancing the ability to see synergies in bigger projects and financial modelling that encourages that. The procurement issue is also huge.

Focus Subject – Energy

Speaker: Mark Hope, Special Advisor, Shell Exploration and Production

- Without mindset and behaviour change we are in very bad shape and technology is not going to bale us out of the hole
- Technology is actually driving and leading us - we need to get that responsibility back.
- An analysis of where current oil – gas – coal comes from and their longevity and viability. The nuclear option - no immediate danger of running out of fossil fuels
- We are seriously hooked on fossil fuels. In North America some people use a whopping 55 planets of resources
- We consume about 20/30% of power getting it to where we want it
- We will not get to 50% energy from renewables until about 2060 - which is being hopeful
- Renewables growing very fast – statistical evidence
- If a fraction of the money that has gone into nuclear had gone into renewables we would be in a completely different place.
- We need to believe that radical change is desirable and possible and that means huge opportunities for the business world .
- Cheap energy is a myth.

Discussion panel – Mark Hope (Shell), Rory Tait (Eversheds), John Hill (Converteam), Andrew Jamieson (ScottishPower)

- JH - the need to link energy sources and usage – theoretical **case study** on tidal energy
- JH - the need to see the big picture
- MH - the need to build linkages with other people in other sectors.
- SD - **case study** from white goods industry
- MH - packaging case study in Switzerland
- RT - The urgent need to upgrade the system. There is something like 12 GW worth of projects waiting to get on the system. National Grid giving indicative dates of 2015/2016 for connection. It is a huge problem
- RT - There is still uncertainty and tinkering with the Renewables Obligation. The finance community wants stability otherwise they will withdraw funds and stand back and wait for it.

- AJ - Over-riding everything is the culture in the UK towards renewable energy. We need to talk more about the threat of the lights going out and the potential cut off of Russian gas to put energy at the front of peoples' minds.
- AJ - We need regulation moving with the same Government's objectives
- JH - **case study** - super conductor generator in a river system in Germany
- MH - Information does transform behaviour
- JH - We need an "Energy Bank of England" to consider what the base rate should be to keep the whole energy industry going in the right direction.

Focus Subject – Finance and Investment

Speaker: Andrew Preston, Head of SRI, Aberdeen Asset Management

- Aberdeen Group – do all investments – equities – fixed income investment – something like 1400 employees and offices all around UK and in Far East and States.
- SRI (Sustainable and Responsible Investment) started in 1920s from church origins then in 80s became bigger movement. Market led in size by the US with over two trillion dollars – some 1 in 8 dollars invested in US has some form of screen attached to it. \$330 billion in Europe - most in UK.
- Growth area has been the pension fund market. Revision to Pensions Act says a pension fund which has a board of trustees should have an SRI strategy. Had major impact on industry
- Don't know what the future of OFR is but expect it to be revised so that companies will be expected to forecast where they think their business will be going forward from a non-financial point of view.
- Different approaches to SRI – negative screening – best of sector – engagement
- Globalisation – sub-contracting - US trade deficit (\$68 billion in one month) - the enormous environmental issues of China - who owns what there (900 companies on Shanghai stock exchange most of which are part privatisation and most of which still have government ownership – the legal framework, but investors need confidence it is being properly implemented
- Do sustainable companies attract finance – yes, if you can categorise and put a price on risk and can control it

Discussion Panel – Andrew Preston (AAM), Julie McDowell (Standard Life Investments), James Clunie (Univ of Edinburgh)

- JC - Different people have different takes on what matters. Need global consensus on corporate governance
- JMcD - SRI tends to focus on policy and management systems and risk management and not outcomes. There is a growing need to measure outcomes
- JMcD - plenty of developing countries wanting their turn now to have a lot more of the world's resources – so do not see a global reduction in resource use
- JC - the better we are at calculating issues and assessing risks of water problems and climate change the more we are able to reflect value of investments today.

Focus Subject – Market Opportunities

Speaker: Peter Sharratt, Director of Sustainability, WSP Environmental

- WSP employs plus 6500 people worldwide. \$500 million year global reach. I head up SD offering – special planning - climate change – interests in fundamental business models that will sustain the technology, investments and infrastructure. Very occupied in Asia.
- Commercial opportunities in changing mindset about the way businesses operate. Just staying one step ahead of legislation is the short term view. Reversing mindset creates opportunity
- **Case study** - BMW on self regulation
- One planet living not a model I like. Language of minimise – do less – be more efficient – don't water your lawn – don't drive a car – is a message that won't sell. I prefer cradle to cradle model that challenges production, consumption and disposal – eliminate the concept of waste.
- Need to re-engineer our economies - our industries – our cities so we can have growth but in a sustainable way. Nature as a model - no waste – a proven model that's been around a while.
- **Case study** – aviation inc BAA
- **Case study** example of ground source heating
- Ken Livingstone setting new benchmarks. Not come across one developer that says its rubbish. All up for it. Market has accepted it. Language of SD a couple of years ago was there's no demand. Now it's where can I get it from - how much - and will it work
- Role of carbon finance – key opportunity that can improve the rate of return.
- BCSD sponsored WindSupply project – fantastic
- Mining landfills to recover energy value and bio nutrients etc and windfarms on contaminated land to create seed capital that can be leveraged to unlock development potential
- **Case study** - eco footprint for London
- The Gherkin – a signal that a major reinsurer and weather derivatives in climate change market thinks their corporate headquarters should be a low carbon building.

Discussion Panel – Peter Sharratt (WSP), Alan Speedie (Sustainable Scotland Network), Theo Leijser (Forward Scotland)

- AS – schools – missed opportunity – PPP not been successful in bringing forward sustainable design and construction
- PS – schools always skint - need to create schools as a medium for learning and teaching with demos of small scale micros – worm composting etc.
- PS - technology companies – UK has a lot – but big issue is scale and we will not be able to compete against China. I would challenge us putting our efforts into creating a small supply chain to export around the world. What we should export is skills based. Globalisation is an opportunity
- TL - Eastern European companies have an environmental mess to clean up – opportunity for Scottish companies

AS - public sector procure – big shopping list – seems to be a paradox in central procurement not seeing the benefit to local economy on this spend. **Case study** of Northumberland food contracts and Aberdeen.

Focus Subject – Resource Efficiency

Speaker: Danny Lawrence, National Environment Manager, Lafarge Cement UK

- The origins of the 3 planets measure - Lafarge in partnership with WWF. Must all use resources more efficiently
- Analysis of resources - available assets – natural raw materials from ground – fossil fuels - water - energy – people
- Thinking of waste as a resource
- Cement – an essential material. UK industry produces about 13 million tonnes of cement a year based on 20 million tonnes of raw materials from the ground
- Energy = 30% of our cost.
- Examples of reducing use of raw materials - PFA and slag – waste materials from other industries.
- **Case study** - Walsall – because of doubt on definition of PFA as waste or not, 40,000 tonnes of new sand brought in from 80 miles away. How ridiculous!
- We can recover energy from scrap tyres, liquid fuels, PSB, meat and bone meal, refuse derived fuel – anything that's got a calorific value
- Need to get away from thinking of cement as a single product and get it into the lifecycle of those products it goes into where it can change the resource efficiency of those products
- The thermal mass of good concrete buildings is now proved to be good for long term energy efficiency.
- Best results will come if we can work together. NISP programme – SISP in Scotland – great success. Waste Reduction Group of BCSD-UK.

Discussion Panel - Danny Lawrence (Lafarge), Peter Quinn (ScotAsh), Alan Hendry (Envirowise), Marcel Andrews (Ondeo Industrial Solutions)

- AH - Public sector procurement – **Case study** from NHS in Glasgow – hospital waste analysis – behavioural change needed
DL - **Case study** – Road sweepings in Birmingham
PQ - Debate on use of waste still on-going. What is waste? Badly written directive being badly interpreted. **Case study.**
MA - **Case study** – refinery to effluent treatment
PQ - Too much restraint/overly conservative – need to take a leap of faith with new concept recycled products, many of which are better
AH - Imagination and ambition are restraints – more sharing of best practice
DL - Anomalies of REACH Directive
MA - People don't realise the incentives/opportunities available - enhanced capital allowance scheme and what that means in terms of water use

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