

SUSTAINABLE GROWTH AGREEMENTS (SGAs)

SGAs - What are they?

SGAs are voluntary formal agreements between an organisation (or organisations) and SEPA that focus on practical action to deliver environmental outcomes and help achieve One Planet Prosperity. Many SGAs will be signed with individual businesses, but we hope some will also be with groups of businesses, trade bodies, local authorities, Non-Government Organisations and others.

For those we regulate, SGAs are an important tool to encourage organisations to embed compliance (a minimum requirement) and help set their own 'beyond compliance' targets which hopefully will also improve profitability; for example by driving reductions in water, energy and materials use and all forms of waste.

Under an SGA, SEPA can help organisations collaborate with experts, innovators and stakeholders on different approaches that could improve environmental performance and also create commercial success (e.g. innovative technologies or redesigning processes) and help create social success (e.g. community regeneration support). New opportunities for growth can also be explored, for example through new product lines, synergies with other businesses, or enhanced reputation and improved market position. An organisation may also decide to work more with supply chains (e.g. suppliers, transport, distribution or customers) to achieve better environmental compliance and outcomes.

Through the SGA, we hope these organisations will become leaders, championing the benefits of environmental excellence.

SGAs – Guiding principles

Principle 1 – SGAs will be built on strong senior level relationships

Building good relationships at boardroom and senior executive level is key to a successful SGA. It is an opportunity to gain understanding of the issues an organisation faces, the prevailing market conditions or the context they are working in, their goals and ambitions, so the benefits of setting their own 'beyond compliance' agenda can be identified and realised. Senior executive/owner sign-off is required from each partner. Either party can pull out of the SGA if dissatisfied with implementation progress.

Principle 2 – SGAs will be flexible

SGAs are flexible in content, scope and timescale so that they can best support the most promising 'beyond compliance' opportunities. They can cover a single project lasting a few months through to a range of commitments delivered over many years. They can be for any size of organisation from an SME to a large multi-national corporation.

Principle 3 – SGAs will be ambitious and stretching

The SGA should set ambitious but achievable goals for improving environmental performance. It should drive practical action by the organisation with supporting action from SEPA (and others) that will make a real and measurable difference in terms of environmental, economic and social success.

Principle 4 – SGAs will be transparent

The SGA is a public commitment to action and regular review of progress by the organisation and SEPA should be undertaken.

Principle 5 – SGAs will augment, not replace, SEPA's regulatory work

The SGA in no way replaces any legal environmental obligations by the signatories, nor does it in any way preclude SEPA from taking appropriate enforcement action if it is needed to ensure regulatory compliance.

SGAs – The potential for substantial benefits

We anticipate that:

- Organisations will increasingly see improving their environmental performance as an opportunity for success, rather than a problem.
- They will gain strengths in resource efficiency and environmental innovation which will become increasingly valuable in global markets.
- Enhanced reputation and publicity from the commitment a business makes to the SGA may open up new market opportunities and improve profitability, resilience and long term viability.
- New opportunities for growth can be explored, for example through new product lines, synergies with other businesses, or enhanced reputation and improved market position.
- For the people of Scotland, more profitable and resilient businesses will mean more jobs and jobs that last.
- SGAs help to exemplify and spread the word about the success that can be achieved from improved environmental performance, influencing others to follow suit. Through this, Scottish society can benefit from wider stewardship of our environment and natural assets.

What does an SGA look like?

There is no template for what an SGA should contain. They are deliberately flexible to help to make the most of opportunities and encourage as wide a range of organisations as possible to be involved. These examples offer some ideas on what the SGA could include:

- SGAs may help a business develop innovative technologies that, for example, reduce carbon emissions and other waste discharges. SEPA's role could be to facilitate, through its regulatory role, the trial of a new technology.
- For a business that is already compliant and trying to go beyond that, an SGA might seek collaboration with SEPA to focus data requests on those areas that enable the business to go 'beyond compliance'.
- SGAs may help an organisation to try out an innovative approach to help them and others in their sector to achieve compliance. SEPA could help facilitate trials.
- An SGA could encourage and facilitate synergies and links with other businesses, for example where one business' waste may become another's raw material. SEPA can help to facilitate this type of partnering.
- An SGA may identify opportunities for growth where the environment is best able to accommodate it. For example, SEPA could advise on where there is environmental capacity for a sector such as agriculture.



A business could explore how to reduce transport emissions and transport costs in the way it moves materials in and goods out.



Food waste from one business could be used by a company that is generating electricity from anaerobic digestion.

Next Steps

If you would like more information about our plans for SGAs, please contact Cath Preston, Head of Innovation on catherine.preston@sepa.org.uk.