

Sustainability Report 2025-2026

May 2026

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1. Introduction

This report outlines SDS's carbon footprint from 2019/2020-2025/2026, with a breakdown of key components - Energy, Business Travel and Commute Travel – and reviews the progress towards the organisation's 2030 emissions reduction target.

In addition to this emissions data, it highlights examples of current actions underway across the four workstreams of the Climate Change Strategy 2020-2030: Supporting a Green Economy, Digital Capability, Business Processes and Organisational Culture.

2. Our Carbon Footprint

In SDS, the main parts of our carbon footprint currently in scope are commute travel, business travel, managed office energy use and energy associated with home working. Waste, water, fugitive emissions from air conditioning and hotel stays collectively accounted for only 1% of our carbon footprint in 2025/26 and are therefore not covered separately in this report.

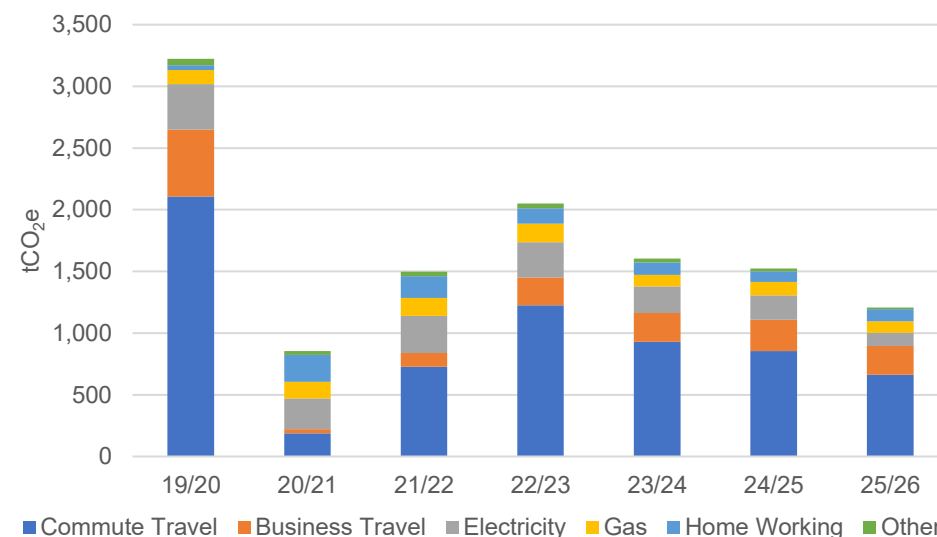


Figure 1: annual carbon footprint

SDS's carbon footprint is 61% lower in 2025/26 compared to the 2019/20 baseline, with an annual reduction of 18% compared to 2024/25. The drivers of these reductions will be explored in Section 3.

2.1. 2030 Reduction Target Progress

Within the Climate Change Strategy 2020-2030, SDS set a target to achieve a 67% reduction of our carbon footprint by 2030 on a 2019/20 baseline. Figure 2 illustrates the progress to date and the future trajectory required over the next four years to achieve this target.

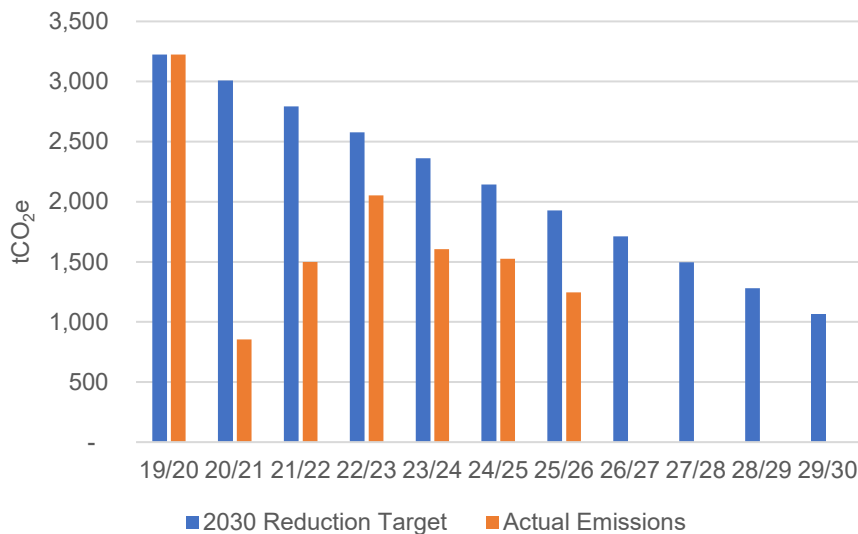


Figure 2: emissions reduction target progress

The COVID-19 pandemic resulted in a notable decrease in SDS's carbon footprint in 2020/21, driven by widespread office closures during lockdown and significantly reduced travel by colleagues. Emissions then increased over the following two years with the return to a new normal way of working. However, since 2022/23 the carbon footprint has been on a downward trajectory, with 2025/26 emissions 61% lower than the 2019/20 baseline. This exceeds the 40% reduction required by the end of 2025/26 to meet the 2030 target, indicating that SDS is currently on track.

3. Energy

Energy-related emissions from SDS managed offices fell by 32% in 2025/26 compared to 2024/25, largely due to SDS's estate rationalisation under the Transform 27 Programme. A shift towards a model of co-location and community-based delivery, led to an overall reduction in the estate footprint.

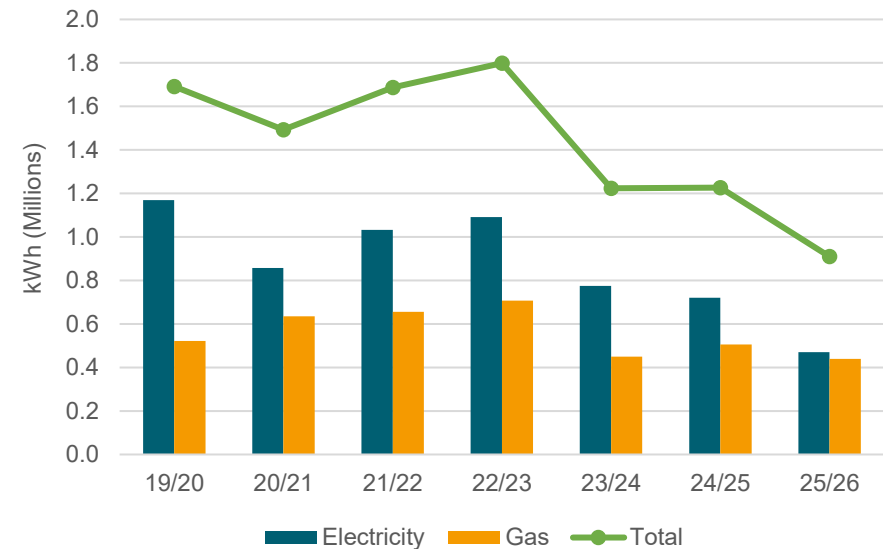


Figure 3: annual energy use

Gas consumption saw a 12% annual increase in 2024/25, primarily due to issues with the heating/cooling system in Monteith House which accounted for 72% of SDS's total gas use that year. Following an engineer's assessment of the Building Management System in

August 2025 to optimise settings and resolve faults, gas use decreased by 35% in the second half of 2025/26 compared to the same period in 2024/25.

The emissions intensity of the national grid, i.e. the amount of carbon released per unit of electricity generated, also impacts SDS's carbon footprint. This factor decreased by 11% between 2024/25 and 2025/26, largely due to increased use of renewable energy sources and a decline in fossil fuel-based power generation, therefore amplifying the reductions achieved.

4. Travel

4.1. Business Travel

Prior to 2020, SDS colleagues travelled over 2.5 million miles annually for business purposes. This reduced significantly in 2020/21 due to the COVID-19 pandemic. Over the following two years, there were notable increases in mileage, with consecutive doubling in 2021/22 and 2022/23, although the figures remained well below pre-pandemic levels. Travel levels then stabilised in 2023/24, with a minimal increase compared to 2022/23. The shift to hybrid and digital working has resulted in sustained reductions in both business and commute travel. In 2025/26, 1.1 million miles were travelled for business purposes – 57% lower than the 2019/20 baseline.

In 2025/26, SDS's business travel carbon footprint decreased by 8% compared to 2024/25. As shown in Figure 4, private vehicle use remained the dominant source, accounting for 83% of business travel emissions in 2025/26, highlighting an opportunity for SDS to reduce the business travel footprint further by switching to lower carbon options where possible.

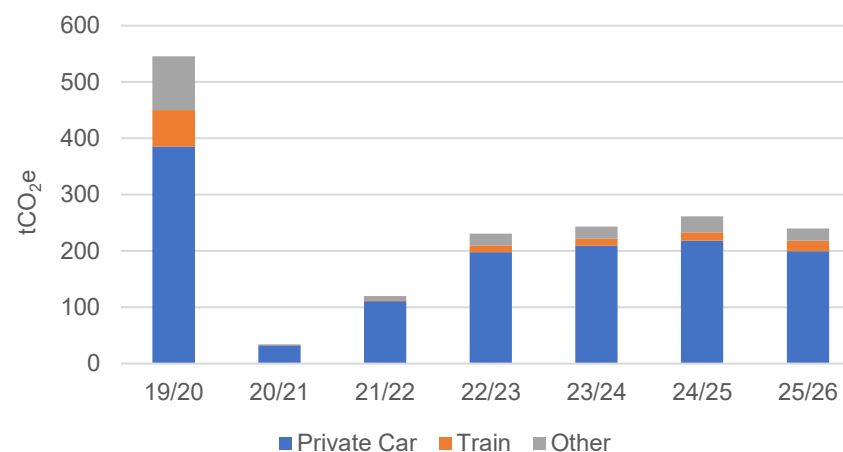


Figure 4: annual business travel emissions by mode

4.2. Commute Travel

In 2025/26, commute travel accounted for the largest share of SDS's carbon footprint at 55%. The first commute travel survey was undertaken in 2021/22, using a Zero Waste Scotland tool to establish a 2019/20 baseline. The survey has since been repeated annually at the end of each financial year.

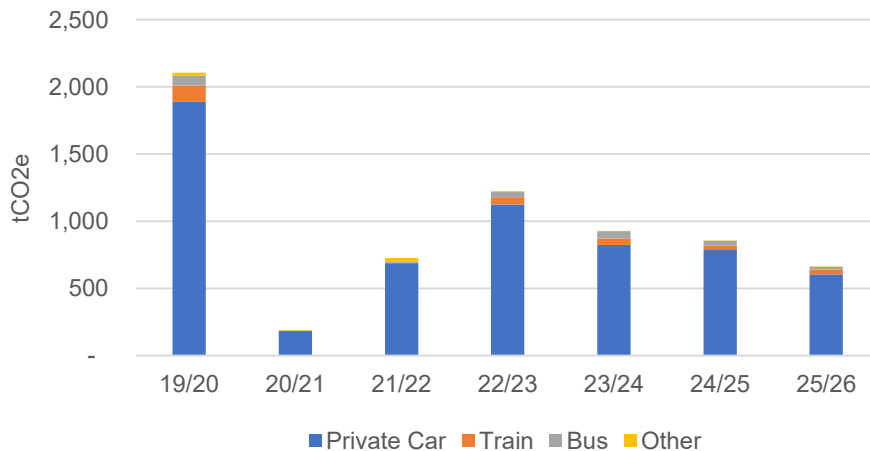


Figure 5: annual commute travel emissions by mode

The 2025/26 survey results showed a 64% reduction in commute travel mileage compared to the 2019/20 baseline, reflecting continued uptake of hybrid working. However, as with business travel, most commute travel mileage (74%) is undertaken in private vehicles, which is more carbon intensive than active travel or public transport.

As commuting has decreased, there has been a corresponding increase in energy use from home working. However, in 2025/26 emissions from this energy use were equivalent to 15% of those from commuting, resulting in an overall emissions reduction benefit from hybrid working.

5. Climate Change Strategy Action Plan

Within SDS's 'Strategic Plan: Skills for a Changing World', 'Goal 5: Impactful Organisation' includes an objective to 'Transition towards becoming a net-zero organisation, through delivery of the SDS Climate Change Strategy 2020-2030'. To ensure compliance with national legislation and delivery against the Strategic Plan, the Climate Change Strategy is being implemented through two-year action plans. Example actions from the current Action Plan are outlined below for each workstream, with a full Progress Report due for publication in Summer 2027 at the end of the plan period.

5.1. Workstream 1: Supporting a Green Economy



Across our work, we will support Scotland's ambitions for a green economy.

Example Action: Hydrogen Workforce Demand Report

[The Hydrogen Workforce Demand report](#) was published in October 2025, led by SDS on behalf of the Scottish Hydrogen Skills Group. The report demonstrates the potential role of hydrogen in Scotland's ambitions for a green economy with a focus on understanding the workforce demand. The report analyses projected job volumes and types, skills requirements and regional considerations across the hydrogen value chain. It identifies where existing energy workforce skills can be transferred to hydrogen, which skills are in demand and highlights potential shortages. Evidence shows that hydrogen offers strong employment potential for Scotland, but its success could be limited by factors such as lack of certainty around hydrogen offtake, investment and cost. The existing energy workforce is a key asset if the timing of projects align with the reduction of oil and gas, and further research is now underway to clarify skill gaps and emerging employer needs.

5.2. Workstream 2: Digital Capability



We will continue to enhance our digital capability to support our wider sustainability ambitions.

Example Action: EIS Partner Strategy Green Ambitions

Enterprise Information Systems (EIS) delivers secure, scalable and cost-effective IT services to SDS and Scotland's enterprise agencies (HIE, SE and SoSE). In the updated EIS Partner Strategy 2026–29, 'Pillar 1: Efficiency and Optimisation' is focussed on reducing carbon emissions through smarter use of technology. This requires embedding clear green ambitions across enterprise services, supported by strong governance, partnership working and effective reporting to drive continuous improvement. Key areas of focus include adopting energy efficient hardware, optimisation of cloud services, employing lower energy software development, improving e-waste management and using ICT tools to monitor and report carbon data. Options for carbon optimisation within Azure will be reviewed to understand potential opportunities to reduce the environmental impact of digital infrastructure.

5.3. Workstream 3: Business Processes



We will continuously improve our business processes so that they better support our environmental ambitions.

Example Action: Digital Footprint – My World of Work website

The Digital Services team in SDS has taken targeted actions to reduce the digital carbon footprint of the [My World of Work website](#). Websites rely on data centres that consume significant energy and water, therefore, to minimise our environmental impact, we must prioritise reducing the carbon footprint of our digital products.

The team used carbon calculation tools and reports to identify web pages with the highest carbon footprint. These tend to be high-traffic pages, popular tools and the home page. To reduce carbon on pages, steps have been taken such as moving to using WEBP images, which are typically 25% to 34% smaller than traditional formats such as JPEG or PNG. Smaller file sizes mean faster page-load times for the user and less data transfer to the server.

Going forward, progress is being made to build carbon-light websites, focusing on digital efficiency. The web-development team, for example, writes streamlined code that requires less processing power and energy, removes digital waste and optimises how

information travels. To ensure these standards are maintained, carbon-conscious website accreditation is being explored.

5.4. Workstream 4: Organisational Culture



We will help our people to consider their existing work practices and embrace more sustainable ways of working.

Example Action: Colleague Engagement

Colleague engagement is important to deliver on our sustainability ambitions, with targeted initiatives designed to build awareness. In 2025/26, we promoted key events such as Scotland's Climate Week and a series of Low Carbon Living webinars delivered by Changeworks to support colleagues to understand and reduce their environmental impact. The quarterly Green Room bulletin, published by a group of Green Champions, provides a round-up of news, inspiring stories, sustainable tips and spotlights on environmental activity across SDS. This helps to maintain visibility of our sustainability ambitions. Colleagues have access to 21 hours of volunteering leave per year which can be used for environmental causes. In 2025/26 environmental related volunteering undertaken by colleagues across SDS included gardening for community organisations, beach cleans and clothes sorting for the charity R:evolve Recycle.