Your clean growth sustainability audit guide

By the side of business
Why conduct a sustainability audit?

Most businesses know the benefits that being more sustainable can bring: lower carbon footprint, improved efficiency and productivity, cost savings, engaged staff and improved reputation, to name a few. But what can be trickier is knowing where to start in pinpointing which sustainability changes are best for your business.

This is where a sustainability audit comes in. Taking a closer look at every area of your business allows you to more accurately assess how they compare to sustainable best practice and what opportunities are available, helping you effectively plan the changes you’d like to implement over the coming months and years. The process itself isn’t complicated, however, it’s something that often gets forgotten about amidst the day-to-day challenges of running a business. Improvements, big and small, can help your company reap the benefits of being more sustainable as well as having a positive impact on your bottom line.
Getting started

To make sure you get maximum value from your sustainability audit, before you get started, we’d recommend you:

**Look through the audit checklist in advance.**
The audit covers a wide range of areas and requires some specific information to complete it fully. Reviewing it before you get started can help you identify what you’ll need. It may be that there’s a particular person whose input you’ll need, or a certain area of the business you’ll require access to.

**Assemble an audit team.**
Ideally this should involve different people from various areas of your business to ensure you have access to all the information you need to complete the audit accurately. This team will also be crucial in supporting you on any projects you embark on as a result of the audit.

**Pick the right time.**
To get the most out of the audit, it’s best to conduct it when you’re in a position to implement some real changes. Perhaps when you’re preparing to upscale or launch a new product set, or make some updates to your premises, or as part of your annual planning cycle?

**Set a clear timeline.**
How long the audit will take will depend on your business size and how many people you have supporting. Break down the various tasks you’ll need to conduct as part of the audit so you can get a better idea of the scale of the job and how long it might take overall and then schedule them in. It’s also worth booking in the subsequent meetings with your audit team to review the findings, discuss areas where improvements can be made and put plans in place for any projects you identify. Having this set up in advance will help you maintain momentum.

**Approach the audit with an open mind.**
You may already have some thoughts about what areas of your business are the most, or least, sustainable or which green improvements will bring the biggest benefits. For the purposes of conducting an audit, try to put them out of your mind, otherwise you may find yourself interpreting your results in a certain way or being swayed towards projects regardless of your audit findings.
The audit checklist includes six sections, each covering a different area:

- **Transport**
- **Waste and recycling**
- **Supply chain and procurement**
- **Energy**
- **Water**
- **Social**

Using the audit checklist

Each section contains a number of questions relating to sustainability best practice within your business, with the option to answer ‘Yes’, ‘No’, ‘Don’t know’ and ‘Not applicable’. Once you’ve completed each section, you’ll be given a coloured rating – Green, Yellow, Orange or Grey for that area.

- **Green** = You’ve already made significant sustainability progress in this area.
- **Yellow** = There are some opportunities for you to make sustainability improvements in this area.
- **Orange** = There are significant opportunities for you to make sustainability improvements in this area, or further research is required to understand your sustainability credentials.
- **Grey** = This area isn’t relevant to your business.

When you’ve mapped the areas that have the biggest opportunities for improvements, you can refer back to this guide for example projects within each area.
Using your audit findings

When you have completed your audit, you will have a rating for each area, giving you an insight into where you have opportunities to focus your sustainability efforts. What’s possible for your individual business will depend on your current circumstances and this is where your audit team comes in. Review the audit findings together – are there any quick wins which you could implement and start reaping the rewards of straight away? Are there any opportunities which fit in with your plans for the coming months i.e. if you’re making any building updates can you incorporate any energy or water-saving projects? Has the audit flagged any areas which have so far been overlooked in terms of sustainability and where you need to brainstorm what changes you could make?

Over the coming pages, we take a look at a number of suggested sustainable projects which could make a difference to both your carbon footprint and bottom line.
Making your fleet low emission

Upgrading your fleet to be more sustainable is a big commitment, but one which can reap benefits in terms of reduced emissions and lower ongoing running costs. In terms of deciding which low-emission vehicles are right for you, it’s worth considering what vehicles are most practical for your business needs i.e. do they have sufficient range, payload and load volume to meet your needs and what is their whole lifetime cost as well as the upfront cost?

The Low Carbon Vehicle Partnership suggests the four-year cost saving for a small panel Battery Electric Van is £3,688, or £19,938 if used in the London Congestion Zone five days a week – considering the initial vehicle cost, fuel, tax and maintenance. For plug-in hybrid and extended range electric vehicles, the expected savings across four years are £1,768 or £14,768 if used in the London Congestion Zone.

The four-year cost saving for a small panel Battery Electric Van is £3,688.
**Waste and recycling**

**Investing in machinery to help recycling efforts**
Cardboard is a significant waste stream for many small to medium-sized enterprises. Investing in machinery like balers can help flatten and compress cardboard, making it easier to transport it to recycling facilities and helping reduce often costly collection fees.

**Shifting to lightweight packaging**
Eco-friendly packaging has the potential to reduce your carbon footprint, minimise overheads and boost your green credentials with customers increasingly looking for sustainable options. Shifting to a lightweight design is one way to reduce your packaging’s environmental impact while also reducing shipping costs. This could be as simple as always using boxes that fit the product rather than being too big. This would not only cut down on wasted material, but also transport costs. Experts suggest that between 20% and 25% of packaging-related expenses can be saved if companies ditch oversized packaging.¹

<table>
<thead>
<tr>
<th>Experts suggest that between 20% and 25% of packaging-related expenses can be saved if companies ditch oversized packaging</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>25%</strong></td>
</tr>
</tbody>
</table>

¹ Packsize research
Engaging with suppliers on sustainability

Making contact with your suppliers on sustainability can bring numerous business benefits, including reducing reputational risk through greater transparency, and cost and emissions savings through increased collaboration in areas like packaging and transport. Ways to encourage engagement between you and your suppliers could include regular meetings — virtual or face-to-face — for sharing experiences and best practice. You could also introduce supplier score cards which can be completed annually to help identify which suppliers are meeting your green requirements and, particularly with critical suppliers, can also be used as a starting point for discussions about sustainability.

Supply chain and procurement

Ways to encourage engagement between you and your suppliers could include regular virtual or face-to-face meet-ups for sharing experiences and best practice.
Energy

Making the switch to LEDs
It may seem like a simple change but switching out traditional incandescent bulbs for LEDs can significantly reduce both your carbon emissions and your energy bills. For example, in a 120 sq ft office, swapping out 20 60-watt lights for LEDs could result in cost savings of around £240 a year and emissions savings of 1,039.64kg - the same amount of CO2 generated by driving 2,571 miles.

Insulating your office space
Typically, two-thirds of heat generated in a building is lost through the building’s fabric. According to the Carbon Trust, insulation is one of the most cost-effective methods of increasing a building’s energy efficiency. Using natural and low-embodied carbon insulation materials such as sheep wool, cellulose, hemp blanket or boards, or cork is preferable as there is less need to offset the emissions generated during production. In particular, the Carbon Trust highlights cellulose as a cost-effective means of loose insulation, with very low embodied carbon, and cork as a low cost, low embodied carbon option for rigid insulation.

Renewable energy technology
There are a number of renewable energy options open to businesses, from signing up to a green energy tariff with your supplier to going a step further and producing your own energy using wind power, solar panels, ground source heat pumps or combined heat and power. If opting to produce your own renewable energy, it’s important to consider both the upfront cost and also how long it will take for you to recoup your investment through energy cost savings. Solar PV panels are a popular option for businesses as they are suitable in urban environments.
Installing efficient devices
Making water-saving adaptations to your taps, toilets and showers could help you cut down water usage significantly. Tap adaptors which fit on existing taps combine water with air to lower output by as much as 50%, while switching to sensor or spray taps cuts tap water use by as much as 70%. If your workplace has showers, or is looking to install them, aerating showerheads can cut water flow by as much as 50%. ‘Save-a-Flush bags’, which you place in the toilet cistern, can cost less than £2 each but save 1.2 litres of water for every flush.

Rainwater recycling system
Rainwater recycling systems can help reduce mains water consumption by over 50%. How much the initial system costs depends on various factors including the tank capacity, size and shape, where the tank/s will be located and whether a bespoke solution is required. Businesses may also require more sophisticated systems which include leak detection, additional disinfection measures and multiple pumps.
Creating a green space
Following in the footsteps of Amazon and Facebook and establishing a green space in your workplace not only boosts your green credentials it can improve employee wellbeing and productivity. Recent research by Savills found that 55% of employees consider proximity to green space to be important in their ideal work environment. Adding a wildlife garden or pond to any outdoor space can also help boost biodiversity, while planning and developing the area is a great teambuilding activity.

55% of employees consider proximity to green space to be important in their ideal work environment

5 Savills research
Making sustainable changes with the Clean Growth Financing Initiative

Making sustainable changes to your business often comes with an upfront cost. Our Clean Growth Financing Initiative (CGFI) can help you access discounted lending to fund green improvements.

The £2 billion initiative is designed to support a broad range of investments, from small improvements in environmental impact, right through to large-scale renewable energy infrastructure projects. The scheme is open to businesses with an annual turnover of more than £3 million and funding is available across Term Lending (£50k min) and Asset Finance (£25k min).

Examples of eligible green investment could include:

- Reduction in carbon and greenhouse gas emissions for core business processes, properties and infrastructure.
- Energy efficiency, renewables, environmental sustainability improvements or production of related products.
- Investment in low carbon vehicles and transport.
- Investment to improve water efficiency.
- Investment to reduce waste or improve recycling rate.

Loan purpose must be on the eligibility list - please contact us for more information.

Take a closer look at your buildings’ green credentials with our new tool

Our Green Buildings Tool, created in association with sustainability consultancy CFP Green Buildings, can analyse precisely how a range of energy-saving initiatives would affect the energy performance certificate (EPC) rating of your buildings, and allow you to estimate the investment cost, helping you to make a business case for sustainable improvements.

Speak to your Relationship Manager for more information.
A number of companies have already used the Clean Growth Financing Initiative to make sustainable changes within their business. We take a closer look at what some have done with the funds and the benefits they’re seeing as a result.

**Teemill**
Print on-demand t-shirt fulfilment and online store builder Teemill uses circular economy processes, including offering £5 credit to people returning old t-shirts. It borrowed a six-figure sum under the CGFI to purchase land for a factory extension, which is entirely powered by renewable energy.

**Tamar Nurseries**
The plant nursery borrowed £600,000 to support expansion and greenhouse construction using 80% recycled material. The development will include 250 square metres of solar panels, a state-of-the-art battery system which can store 95KW and a drip-feed irrigation system which reduces water consumption by up to 50%.

**Everards Brewery**
Historic Leicestershire-based brewery Everards borrowed £5 million to help fund its new, more efficient brewery. The state-of-the-art facilities include LED lighting, solar panels and a system which reuses brewery water in other areas of the business.

**Newlyns Farm**
The family-run farm borrowed £150,000 under the CGFI to install a combined heat and power (CHP) system to provide energy for the farm shop and café. The new system, which uses sustainably-sourced biomass fuel, runs alongside existing biomass boilers and means the farm shop now predominantly runs on sustainably produced heat and power.
Find out more about the CGFI

To find out more about the CGFI and how it could help your business, speak to your Relationship Manager or take a look at our website.

Important Information

Our service promise
If you experience a problem, we will always try to resolve it as quickly as possible. Please bring it to the attention of any member of staff. Our complaints procedures for businesses with an annual turnover of up to £25m are published at lloydsbank.com/business/contactus and for businesses with an annual turnover of £25m or more they can be found at commercialbanking.lloydsbank.com/contact-us/

Please contact us if you would like this information in an alternative format such as Braille, large print or audio.

If you have a hearing or speech impairment you can use Relay UK. More information on the Relay UK Service can be found at: relayuk.bt.com/

Lloyds Bank plc Registered Office: 25 Gresham Street, London EC2V 7HN. Registered in England and Wales no. 2065. Telephone: 0207 626 1500. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under Registration Number 119278.

We adhere to The Standards of Lending Practice which are monitored and enforced by the LSB: www.lendingstandardsboard.org.uk and apply to businesses which have an annual turnover of no more than £25 million.

Eligible deposits with us are protected by the Financial Services Compensation Scheme (FSCS). We are covered by the Financial Ombudsman Service (FOS). Please note that due to FSCS and FOS eligibility criteria not all business customers will be covered.