Sustainability and Finance Teams

Finance teams are linked to all departments at your institution, as it is common for budgets and expenses to go through the Finance Department for approval. Working closely with Finance teams can open up links to other departments, and can potentially spread sustainability further in areas of your institution that have traditionally been challenging to engage due to the wide mandate and reach of the Finance team.

Collaborative Project Suggestions

**Finite resources** will increase in costs as they become scarcer

The UK agreed to limit global temperature rises to 2°C in the Paris Agreement, meaning potential regulatory change on carbon emissions with cost implications

Fossil fuel reserves may be stranded as stricter measures are taken to limit GHG emissions

Students care about sustainability and believe public institutions should lead by example

Taking strong action for sustainability will attract more students and help your institution grow

Green business provides a growing and profitable investment opportunity

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**Communication**

*With finance teams*

Finance departments work primarily with data that comes from familiar, trusted sources. In many cases sustainability data isn’t viewed as robust enough for finance teams to use. Finance departments also prefer transparent information that outlines both the positive and negative impacts of sustainability measures. >> Getting Started: Consider both positive and negative impacts of your work and communicate them honestly.

Finance teams have no problem trusting information from their sustainability departments when they have worked together to create that information. Investigate the potential to work with your finance departments to compile data that both parties are comfortable with; this will also help each team to be a more “familiar” source of information and build relationships. >> Getting Started: Engage with your finance team to define robust and tested data that you can both work and report with.

Finance teams work in a culture of risk aversion, and communicating points with demonstrative case studies is an effective way to make a case for action. This could be examples from other sectors where sustainability efforts have had a positive financial impact, or where inaction has led to negative impacts (for example, to an organisation’s reputation). >> Getting Started: Use case studies to demonstrate that sustainability does not present a long-term risk but ‘business-as-usual’ could.

Often sustainability teams attempt to “speak the language” of Finance by attaching a financial value to natural capital. However, research has shown that Finance Directors will not necessarily dismiss a sustainability initiative on the grounds that the costs outweigh the financial savings. Sustainability cases therefore do not always have to be made in strictly “financial” terms when speaking to finance teams. >> Getting Started: Consider what language you find useful when conveying sustainability issues and what works with your institution.

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Contact [EAUC-Scotland](https://www.eauc.org.uk) for more support communicating sustainability.
Integrated Reporting

- Integrated reporting is a method of linking sustainability into a finance department’s everyday work. It reports on the past and current performance of the 6 capitals – financial, manufactured, intellectual, social and relationship, human, and natural – with a look to the future as well as past.
- It is accessible and appealing to a wide stakeholder audience and communicates what an institution is doing to build value in line with the institution’s vision and strategy. It creates a clear message for the institution’s senior management that sustainability is part of the value model the institution operates within.

>> Getting Started: Discuss with the finance team how you can be reporting on these 6 capitals. You may already have examples of your own reporting which you can start with.

Business Travel

- Business travel and staff commuting make up a significant portion of institutions’ carbon emissions and are much harder to track and reduce compared with energy efficiency measures.
- Actively encouraging rail over air travel could significantly reduce your institution’s environmental impact and save you money. As internal flights considerably increase individual and institutional carbon emissions, offering discounts on rail travel could be an welcomed incentive.

>> Getting Started: Analyse available travel data from your institution to best understand how staff are travelling - this can give you an initial idea of the most impactful areas to try to influence for both financial and environmental benefits.

Sustainable Investment

- There has been an increase in stakeholder and wider community scrutiny of where money is invested. Investments in fossil fuels are likely to rapidly decrease in value in coming years, as their assets are likely to become “stranded” i.e. legislation will not allow reserves held by oil and coal companies to be burned.
- With endowment funds often making the headlines, switching to sustainable investments will have a positive impact on an institution’s reputation, with not switching presenting a significant reputational risk.

>> Getting Started: Make yourself familiar with the multiple benefits of sustainable investments before approaching this conversation with the Finance Department

Environmental Gearing

- Finance teams tend to split costs into “fixed” and “variable” in order to meaningfully analyse their organisation’s spending. They do this with finances and operations, and presenting the ratio of fixed against variable is called “gearing”. A concept of “environmental gearing” can also be used to gauge the “fixed” and “variable” carbon emissions, water consumption, waste production etc. of your institution.
- Gearing can help to identify where reductions can be made in detail. For example, professional staff offices and student unions may have “fixed” energy or heating (since they will be open regardless of how many people are there), whereas dorms or classrooms might have “variable” energy or heating (as electricity and heating will be off when no-one is in the building).
- High “fixed” energy usage might lose your institution favour with suppliers, stakeholders, and donors, whereas high “variable” energy usage might mean your institution is running inefficiently. Borrowing a financial way of thinking can present data in new ways that reveal opportunities for sustainability.

>> Getting Started: Use knowledge in your Finance Department to utilise the concept of environmental gearing to apply it to your estates. Asking them to help you may help build future collaborations!

Contact [EAUC-Scotland](http://example.com) for Finance Department engagement workshops