

Scotland's Draft Climate Change Plan: 2026–2040

Annex 1 – Supporting Content

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Annex 1A - Delivering a Just Transition

A just transition to net zero is both the outcome – a fairer, greener future for all – and the process that gets us there, in partnership with those who will be affected by the necessary changes. It describes our determination to take advantage of the huge opportunities of the transition, while reducing negative impacts to a minimum, wherever possible.

Crucially, our approach recognises that government does not have all the answers. This is why, for example, the Scottish Government established the world’s first Just Transition Commission in 2019, with the role of advising us on how Scotland can achieve net zero fairly, and in a way that maximises its benefits. The Commission’s recommendations led directly to the [National Just Transition Planning Framework](#); that framework, and the advice of the Commission, continues to inform our work on dedicated Just Transition Plans for specific sectors, sites and regions, as well as the development of this Climate Change Plan. We are grateful to the Commission for their work to date. It is the Scottish Government’s intention to renew the Commission for the next Parliamentary term – with a refreshed remit to scrutinise delivery and support progress.

Just Transition Principles

Through the Climate Change Act (Scotland) 2009, we have ensured that just transition considerations are central to our planning for net zero. Specifically, the Act requires us, when developing the policies and proposals in this Climate Change Plan, to have regard to, and set out the extent to which the plan takes account of, just transition principles. These principles are defined as “the importance of taking action to reduce net Scottish emissions of greenhouse gases in a way which—

1. supports environmentally and socially sustainable jobs,
2. supports low-carbon investment and infrastructure,
3. develops and maintains social consensus through engagement with workers, trade unions, communities, non-governmental organisations, representatives of the interests of business and industry and such other persons as the Scottish Ministers consider appropriate,
4. creates decent, fair and high-value work in a way which does not negatively affect the current workforce and overall economy,
5. contributes to resource efficient and sustainable economic approaches which help to address inequality and poverty.”

As a result, we are required to:

- explain how proposals and policies are expected to affect different sectors of the economy and different regions in Scotland, including their effect on employment in those sectors and regions, and
- set out the Scottish Ministers’ proposals and policies for supporting the workforce, employers and communities in those sectors and regions.

The sector annexes of this plan assess the key impacts of our policies and proposals by considering what they mean for people and communities, the workforce and

employers. This includes highlighting where policies or proposals have a particularly concentrated regional impact. The sector annexes also outline the Scottish Government's efforts to support people in meeting the challenges and seizing the opportunities of the transition.

There are, however, key actions and considerations that underpin our approach. The following sections highlight our general approach to supporting communities, workers and employers.

Communities

Participation

A just transition will only be possible if people are empowered to participate in and shape Scotland's journey to net zero. First and foremost, it is a simple matter of fairness that individuals and communities should be given a say in changes that will affect them. However, this is also essential to ensuring that we bring people with us and build social consensus for the changes required.

Under the Climate Change (Scotland) Act 2009, the Scottish Government has a statutory duty to engage the public on Scotland's climate change targets, how climate change affects them and how they can contribute to the achievement of those targets. Our [Public Engagement Strategy for Climate Change](#) is designed to help people across our country recognise the implications of the global climate emergency, fully understand and contribute to Scotland's response, and embrace their role in the transition.

We have engaged over 1,000 schools per year through [Climate Action Schools](#), and, since 2023, our [Climate Engagement Fund](#) projects have worked with over 15,000 people to build knowledge and skills, enabling audiences new to climate action to play their part in the transition. Moreover, we reach over 70,000 people per year through our digital engagement on the [NetZeroNation.scot](#) website.

We also focus on ensuring the public can participate in shaping the policies that will get us to net zero, through engagement and co-design. This commitment is central, for example, to our [Climate Change Participation Programme](#). In 2023/24, the programme engaged with over 2,000 people from communities across Scotland. To make sure we were reaching people across our society – particularly those at most risk of climate impacts – we partnered with organisations that have trusted relationships with groups, such as young people, minority ethnic communities, people from low-income households and single parents. This engagement has informed our just transition planning for the transport, land use and agriculture, and construction sectors, our National Adaptation Plan and the development of this Climate Change Plan. We are very grateful to those who have taken part in this process so far.

Alongside participation in the policy design process, our approach also encourages Participatory Budgeting. Participatory Budgeting places power in the hands of people, by giving them control over how part of a public budget is spent in their community. Through our Just Transition Fund for the North East and Moray, we have

ringfenced £1 million per year since 2022 specifically for community projects that support a just transition. Since the Fund's inception, nearly 50,000 people have voted through this process, distributing £3.5 million to 145 successful projects. This has resulted in new, locally-led solutions to tackle the climate emergency – from the retrofitting of local buildings to the purchase of e-bikes.

Community Benefits and Community Energy

For many communities, one of the most visible signs of this transition will be the installation of renewable and low carbon energy projects, or new transmission/distribution infrastructure. As the number of these developments increases, we continue to encourage developers to offer community benefit and shared ownership opportunities as standard on all renewable energy projects.

The power to mandate community benefits of this kind is reserved to the UK Government. In Scotland, all arrangements remain voluntary, supported by our [Good Practice Principles](#) for community benefits from onshore and offshore renewable energy developments. Communities were offered around £30 million in community benefits last year. We are currently reviewing the Principles, guided by public consultation, to ensure these voluntary schemes deliver lasting, meaningful outcomes. We continue to call on the UK Government to take action to mandate community benefits for mature onshore renewables.

The Scottish Government is also focussed on ensuring that communities can develop, and benefit from, their own energy projects. Since its inception, our Community and Renewable Energy Scheme (CARES) has advised over 1,300 organisations and provided over £67 million in funding to communities across Scotland. In 2025/26, the Community Energy Generation Growth Fund, launched through CARES, is providing up to £8 million to boost community energy in Scotland.

Empowerment

Another key element of our approach is empowering people to take action individually and as part of their communities. We support a network of 24 Climate Action Hubs, which are designed to help and encourage communities to take climate action in their area. The Hubs programme raises awareness of the climate emergency and the impact of climate change locally; ensures communities are aware of the actions they can take in response; and enables them to design and implement initiatives that will deliver for their local places. It provides a framework for communities to come together, share ideas, and take collective climate action. In 2024/25, they:

- delivered over 1,500 workshops reaching at least 34,000 people,
- provided 1-1 support to over 1,200 community groups,
- distributed seed funding to 700 projects,
- gathered over 1,000 climate stories showing the impact of climate change of their local areas,
- supported the planting of more than 8,000 trees, and

- undertook engagement on a number of consultations at a local and national level on issues such as Local Heat and Energy Efficiency Strategies and active travel.

Workforce

The Scottish Government is committed to ensuring a fair and just transition for Scotland's workforce. We know that workers' experience and expertise will be essential in helping us deliver the aims of this Plan. However, we also recognise that the transition – like any period of economic change – has the potential to create uncertainty and anxiety for workers and their families. Our approach is therefore focussed on supporting our skilled workforce and helping them adapt to any impacts, in keeping with our international human rights obligations.

Clearly, these impacts will be particularly significant in the more carbon-intensive sectors. However, there is strong evidence that the skills of workers from these industries are often transferable to other, more sustainable sectors. For example, research has identified that over 90% of the UK's oil and gas workforce have medium to high skills transferability into sustainable energy sectors.¹ This vital expertise gives Scotland a critical advantage as we expand our economy into low carbon energy production. For those in other sectors, such as transport, agriculture and construction, the skills needed for a particular job may change as a result of new technologies and processes being introduced.

To ensure a just transition, the Scottish Government is engaging closely with trade unions and workers across our economy. The sector annexes of this plan set out what our policies mean for workers in different industries, and the support that we are providing. There are also a number of overarching issues and elements of our approach that are critical to people across our economy. These are: skills for jobs; fair work; and workplace equality, diversity and inclusion.

Skills for Jobs

Scotland's net zero ambitions depend upon us maintaining and building on the strengths of our highly-skilled workforce. Ensuring that workers can learn new skills, or use existing skills in a new context, is also central to a just transition. Our approach to skills is therefore driven by a focus on supporting people into fulfilling, good jobs that also help deliver our net zero ambitions. As this Plan sets out, there are a range of interventions underway to address transition skills needs in specific sectors. In addition, two overarching actions the Scottish Government continues to take, include:

- Support for the Energy Skills Partnership (ESP), the college sector agency for net zero and the energy transition, with a particular focus on energy, zero carbon transport, engineering, construction and wider STEM education. ESP helps colleges develop their capacity and capability in emerging technologies – for example, through the upskilling of college staff and the provision of shared

¹ [UK Offshore Energy Workforce Transferability Review](#), Robert Gordon University, May 2021

equipment. This is key to ensuring that colleges can meet the needs of the current and future workforce.

- Reform of Scotland’s post-school education and skills system, in order to make it more flexible and better able to meet our country’s current and future skills requirements – including the net zero transition. The programme includes the Scottish Government leading skills planning at the national level while strengthening regional approaches.

Fair Work

Fair Work is intrinsic to a just transition, and a key focus of our Just Transition Principles. Our vision is for Scotland to have a workforce employed in good, green jobs, with fair work practices built in to support greater equality, diversity, security and an effective voice for all workers. While employment law currently remains reserved to the UK Parliament, the Scottish Government will continue to do what we can to promote fairer work practices across the labour market.

Already, we have ensured that [Fair Work First criteria](#) are applied to public sector grants, contracts and other public funding. More stringent grant conditionality was introduced in July 2023, making it a requirement for public sector grant recipients to pay at least the real Living Wage and provide appropriate channels for effective workers’ voice. It is estimated that over £6 billion worth of public sector grants has been awarded with Fair Work First criteria attached between 1 July 2023 and 31 March 2025.

We recognise that providing appropriate channels for effective workers’ voice is vital to ensuring that workers are appropriately consulted, and able to contribute to the decision-making process, as Scotland makes the transition to net zero. To that end, the Scottish Government has provided annual funding of £100,000 to the STUC since 2021, to support just transition capacity within the trade union movement – helping workers to shape the transition in their own workplaces and sectors. The STUC has developed specific training for their affiliates on collective bargaining powers, and how these can be used to address workplace climate impacts.

We have also ensured that Fair Work is at the heart of Scotland’s Green Freeports – zones which are designed to boost innovation, promote growth and contribute to our net zero ambitions.

Businesses in Green Freeport tax sites are asked to sign up to each Green Freeport’s own Net Zero Charter and Fair Work Charter. The Fair Work Charters are based on the principles of our [Fair Work First guidance](#) and the [Fair Work Framework](#), and seek commitment to a number of dimensions of fair work. Embedding Fair Work First principles (including payment of the Real Living Wage) into their operations on the tax sites supports the creation of high-quality employment and training opportunities, encouraging local recruitment and maximising the social impact of the Green Freeport.

Workforce Diversity, Inclusion and Equality

The changes necessary for the transition create an opportunity to address a lack of equality, diversity and inclusion in key transition sectors. One example is our energy sector, where it is estimated that just 25% of people (aged 16+) employed are women.²

We need the talents and skills of every demographic to meet the demands of the low carbon economy that we are creating, and we must address the systemic barriers in order to recruit this talent. The Scottish Government is therefore taking broader action to tackle these issues across our economy. One example is the ongoing implementation of our national strategy to improve the teaching of science, technology, engineering and maths (STEM) in schools, colleges and universities – with a particular focus on encouraging more women and girls to pursue STEM subjects.

We are also taking action to address labour market inequality and inactivity, and to promote fair work– advancing human rights and equal employment opportunities in the process. Our continued investment in funded early learning and childcare is one example. Another is our funding for three Fair Work pilot projects to help address economic inactivity, by helping people – particularly disabled people and those with long term health conditions – remain in and progress at work.

Employers

As Scotland progresses towards delivering net zero it is vitally important that organisations continue to take action to decarbonise their operations. Organisations across the private, public and third sectors are already showing important leadership in this effort, whether by adopting more sustainable practices, reducing their emissions, or innovating products and services that support a net zero economy. We know, however, that the transition will continue to create new priorities, opportunities and levels of challenge for employers.

Businesses/Maximising Economic Opportunities

The sector annexes of this plan outline our support for employers in making the necessary changes and seizing these opportunities. They also reflect the importance we place on collaboration with business, as we deliver on our net zero ambitions. Our broader, cross-sectoral support for businesses includes the following:

- Policy and strategic planning: presenting a clear and stable policy environment, removing regulatory or policy barriers and engaging business in the development and delivery of net zero and economic strategy,
- Funding and financial support: such as the SME Loan Scheme for energy efficiency upgrades via Business Energy Scotland and the Green Jobs Fund to support businesses creating low carbon products,
- Advice and expertise: including bespoke advice from Enterprise Agencies, Business Energy Scotland, Energy Savings Trust and Zero Waste Scotland,

² Annual Population Survey, Jan-Dec 2024, ONS

- Workforce development: including Green Jobs Workforce Academy helping workers and employers upskill for green jobs, and
- Tools and resources: including a Net Zero Accelerator Tool for businesses to develop net zero plans.

Alongside this support, the Scottish Government is taking a strategic approach to ensuring that our country can secure the maximum possible economic benefit from the transition. In 2024, we published our Green Industrial Strategy, which identifies five key ‘opportunity areas’ for Scotland, based on our existing strengths and potential for growth. These are:

- Wind,
- Carbon Capture Utilisation and Storage,
- Professional and Financial Services,
- Hydrogen, and
- Clean energy-intensive industries (decarbonised traditional industries such as chemicals, paper, steel, and emerging industries such as datacentres).

The strategy sets out our commitment to support businesses, and their workers, in seizing these opportunities. The sector annexes of this plan outline some of the relevant actions we are taking to deliver on that commitment – from the £500 million over five years we are investing to create a highly productive, competitive offshore wind economy, to the £35 million we have invested so far in support of our Hydrogen Action Plan.

In line with the New Deal for Business principles, the Scottish Government has partnered with business to deliver the Green Industrial Strategy. The New Deal for Business Wellbeing Economy Subgroup has produced a description of [what the wellbeing economy means for business](#), setting out how private enterprises can contribute by being fairer and greener as they grow. The description recognises the importance of promoting the interests of employees, suppliers, communities, society, and the environment, as well as customers and investors. It contains examples of practical actions that businesses can take, such as: transparency in finances, social and environmental impacts; using resources sustainably; and being actively involved in their communities.

Public Sector

Public sector action will be vital in allowing Scotland to meet the aims of this Plan and achieve net zero. The Scottish Government is determined to play its part: for example, in July 2023, we became the first Government in the UK to be accredited on the first tier of the Carbon Trust ‘Route to Net Zero’ standard. This accreditation, which was re-certified in May 2025, reflects our efforts to reduce corporate energy usage, greenhouse gas emissions, and business travel, as well as other actions to deliver net zero. In addition, we are currently developing a new five-year Climate Action Plan for our buildings and operations, to ensure they stay on track in supporting net zero and becoming more climate resilient.

Our approach also involves joint working with public bodies. We recognise the critical role that public bodies have to play in the transition, given their service delivery role,

resources, influence and geographic reach. However, we also understand the challenges facing the public sector in helping to deliver the policies in this Plan. To that end, we will work with and support public bodies – including Local Authorities – through:

- [the Climate Delivery Framework](#), a group co-chaired by the Scottish Government and COSLA, which supports the joint shaping of key climate change policies and implementation at the national, regional and local level,
- [the Sustainable Scotland Network](#), which supports the public sector to drive action on climate change, through: building and showcasing leadership on climate change; peer-to-peer knowledge exchange and support; capacity building; and development of case studies, tools and resources,
- [forthcoming revised statutory guidance](#) for public bodies to support them in putting the climate change duties into practice, including a climate change plan template for Local Authorities,
- [sustainable procurement tools](#), which provide detailed guidance to public bodies on including social and environmental requirements in contracts, and
- [the Scottish Climate Intelligence Service](#), funded jointly by the Scottish Government and all 32 local authorities, which helps local authorities use data to plan, monitor and deliver climate action.

Regional perspective

We know that some of the transition’s impacts will have greater implications for particular regions of Scotland. Accordingly, the Scottish Government is working with local government, regional partners and communities to ensure that any negative impacts are addressed, and that new opportunities are seized. This includes our work to support the places where the transition presents the most significant, concentrated impacts: the North East of Scotland and Grangemouth. Our approach also recognises the particular implications that the transition has for rural and island communities.

North East

As the heartland of our energy industry, Aberdeen and the North East are at the centre of our planning for a just transition. As of 2022, 98% of the 23,000 Scottish jobs with offshore oil and gas operators were located in Aberdeen City and Aberdeenshire.³ However, the geological maturity of the North Sea as an oil and gas basin means production will gradually decline over the coming years and decades, which will inevitably mean a decline of jobs in the sector.

At the same time, many of the businesses affected are also diversifying into other types of energy production, as is their supply chain. This reflects the fact that Aberdeen and the North East – long known as Europe’s oil and gas capital – are uniquely placed to seize the opportunities of net zero and become the net zero capital of Europe. The region’s rich renewable resources, its energy infrastructure and, crucially, its highly skilled oil and gas workforce have already established it as an international hub for the energy transition.

³ EY: [Just Transition Review of the Scottish Energy Sector](#)

Different elements of our plan to support workers, communities and businesses affected by the energy transition, and help the region seize new opportunities, are set out in the 'Energy Supply' chapter. Our approach is underpinned by the overarching interventions listed below, which focus on the transition in the North East:

- **The £500 million Just Transition Fund for the North East and Moray** – established by the Scottish Government in 2022, this Fund has allocated £83.4 million to date for projects supporting skills, workforce transition and community engagement across the region. From the £43 million provided in its first two years, initial analysis finds the Fund has so far created and safeguarded over 230 jobs, opened up over 750 training places and attracted over £34 million of additional investment.
- **North East of Scotland Investment Zone** – the Scottish and UK Governments have identified the North East as the location of one of two Scottish Investment Zones. The Zone will be delivered by the North East Scotland Regional Economic Partnership (REP), and will deploy a range of interventions to attract investment, boost innovation and create jobs in the region, through UK Government funding of up to £160 million over ten years. The Investment Zone in the North East also includes a plan for tax sites in Peterhead and the Energy Transition Zone in Aberdeen. The Scottish Government will provide a package of Non-Domestic Rates Retention at these sites which the REP can use to further invest in the Zone and associated economic infrastructure.
- **Aberdeen City Region Deal** – the Scottish Government is investing £125 million over 10 years in the Aberdeen City Region Deal, matched by the UK Government. This is helping to develop a more diverse and resilient regional economy through investment in innovation, digital connectivity and infrastructure. It is building on the region's strengths, supporting businesses to start and grow in the renewable energies, life sciences and food and drink sectors. All this is paving the way for technological advances that reduce energy sector emissions; additional private sector investment; increases in productivity and more high-quality jobs.

Our Deal investment is also complemented by £254 million made available to the region over the same period, to allow for further improvements in transport, digital and housing infrastructure, making the region a more attractive place to live, work and visit, supporting a just transition to net zero.

Grangemouth

Beyond the North East, **Grangemouth** is among the places facing the most concentrated impacts from the period of transition. The industrial cluster at Grangemouth comprises multiple large operators focused on finished fuel imports, port operations and logistics as well as petrochemicals, fine chemicals and pharmaceuticals manufacturing. In 2025, it is supporting 2,600 direct employees with a further 1,570 employed in the cluster's immediate supply chain and 1,180 jobs supported through employee salary spend. Most employees working at the cluster live within the immediate local area.

However, Grangemouth currently faces a period of unprecedented change. A decision was made by Petrolneos to cease refining in April 2025. In addition, while there is significant potential for Grangemouth to develop further into a hub for low carbon manufacturing and refining, the cluster continues to face the impact of global market volatility, as well as sector specific market conditions.

The Scottish Government is committed to ensuring a sustainable, prosperous future for Grangemouth. To that end, we have taken a range of steps aimed at supporting the workers, communities and businesses affected, as set out in the 'Energy Supply' and 'Business and Industrial Process' chapters. More overarching interventions include:

- **the Grangemouth Industrial Just Transition Plan**, which was published in June 2025, is the Scottish Government's first regional, place-based Just Transition Plan, that works to support a decarbonised industrial cluster whilst embedding positive outcomes for the workforce and wider community of Grangemouth. Delivery of the Plan is the responsibility of the Grangemouth Future Industry Board, a group that comprises membership from local industry, the public sector, academia, unions, and community;
- **our £25 million Grangemouth Just Transition Fund** to support industry, the workforce and community throughout this period of transition. This supplements the £7.8 million in our budget for 2025/26, providing the Just Transition Plan with up to £33 million from the Scottish Government immediately;
- **our continued support for Project Willow**, which considered and identified a number of alternative developments for the existing Refinery site;
- **the Falkirk and Grangemouth Growth Deal**, which underpins development of Grangemouth Sustainable Manufacturing Campus, the Greener Grangemouth Programme and a £4 million Skills Transition Centre; and
- **the Forth Green Freeport**, which we are delivering in partnership with the UK Government. Businesses locating in tax sites within the Green Freeport, including the tax site in Grangemouth, are offered a package of tax reliefs. The Green Freeport also has access to up to £25 million seed capital funding and other incentives aimed at supporting businesses to create of high-quality, well-paid new jobs; promote regeneration; and make a significant contribution to achieving our net zero ambitions.
- **the Grangemouth Jobs Prioritisation Scheme**, which ensures that workers made redundant following the refinery closure will be prioritised for roles created through the Grangemouth Just Transition Fund.

In October 2025, the First Minister announced the launch of the Grangemouth Jobs Prioritisation Scheme. The Scheme will give workers made redundant from the Grangemouth refinery priority consideration for the new jobs which will be created through the £25 million Grangemouth Just Transition Fund. It has been developed jointly with UNITE the Union, in order to ensure that eligible workers who meet the minimum job criteria and applicant cap can secure new opportunities. It will ensure that their experience, skills and knowledge are not lost to Grangemouth and to Scotland.

Rural and Island Areas

As well as its specific regional impacts, we know the transition has distinct (albeit varying) implications for rural and island communities. The changes required for net zero have the potential to bring benefits to many of these communities – for example, through new economic opportunities. However, the issues already facing some rural and island communities – from rural, fuel or transport poverty, to a general lack of connectivity – could also be compounded by the challenges of the transition. In addition, some of these communities – for example, in the North East, the Highlands, Moray, Shetland and Orkney – have longstanding connections with the offshore oil and gas industry, and face changes as production declines with the geological maturity of the North Sea basin. The fact that rural and island areas are more likely to be vulnerable to the impacts of climate change, and require particular adaptation measures, presents a further set of challenges.

The sector annexes set out more detail on how we are responding to rural and island implications of our policies. These sit alongside cross-sectoral actions, such as our commitment to the Carbon Neutral Islands project, which is supporting six islands – Hoy in Orkney, Barra, Yell, Raasay, Islay, and Great Cumbrae – to become carbon neutral by 2040. Further examples, and information on our overall approach to supporting rural and island communities, will be set out in the following:

- Our upcoming Land Use and Agriculture Just Transition Plan, which will take a wider look at how people who live and work on Scotland's land can be supported through the transition, focussing on the livelihoods, skills, health, and wellbeing of people in Scotland's land and agricultural sector, and our commitment to support thriving rural and island communities,
- Our forthcoming Rural Delivery Plan, which will set out how all parts of the Scottish Government are delivering for mainland rural Scotland – including the breadth of action we are taking to support a just transition for our rural communities, and
- The new National Islands Plan, which will outline how we are supporting a transition to net zero that is fair, inclusive and place based for islands communities, recognising their distinct social, economic and environmental contexts.

Annex 1B - Lifestyle and Consumption

Introduction

This section sets out Scotland’s approach to reducing consumption emissions in parallel with our ongoing efforts to reduce territorial emissions. It will outline the policies and proposals Scottish Ministers have and will put in place during the plan period to transition to a circular, resource-efficient and low carbon economy.

Consumption emissions (otherwise referred to as ‘Carbon Footprint’) are greenhouse gas emissions which are associated with the spending of Scottish residents on goods and services, wherever in the world these emissions arise, together with emissions directly generated by Scottish households, through private heating and transportation.⁴

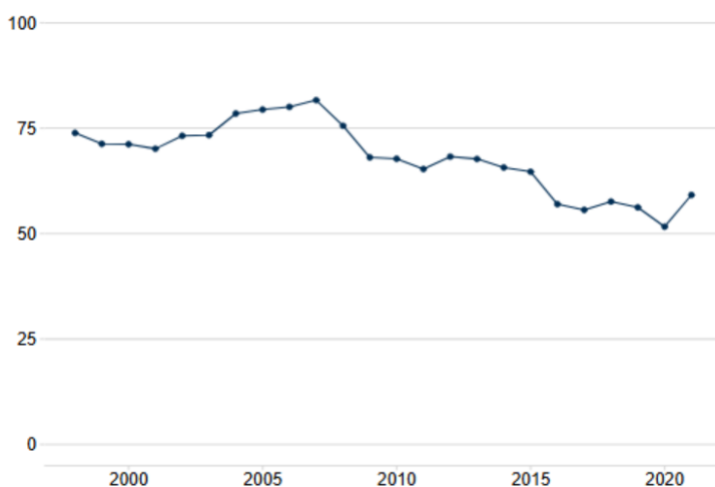
The impact of our consumption emissions is influenced by the food we eat, how we heat our homes, the clothes we wear, the water we use for drinking, washing and cooking, the materials used in construction and the technology we rely on in our daily lives. It is vital that Scotland, as a global climate leader, does what we can to limit the emissions impact of the choices made in Scotland, both at home and abroad.

Scotland’s Carbon Footprint: 1998-2021

The most recent publication of Scotland’s Carbon Footprint, for 2021, was released in April 2025. It showed that since 1998, Scotland’s carbon footprint has decreased by 19.9% from 73.9 MtCO₂e in 1998 to 59.2 MtCO₂e in 2021.

This shows that Scotland is reducing its carbon footprint impact in the longer term. However, progress in recent years has slowed which may be due to a UK-wide shift from manufacturing leading to a greater reliance on imported goods and services.

Figure 1: Scotland’s Carbon Footprint, 1998-2021; MtCO₂e



⁴ Scottish Government: [Scotland’s Carbon Footprint 1998-2021](#)

Our Vision

To fully address the impact of consumption in Scotland, it is necessary to have a comprehensive understanding of the entire lifecycle of the products and services that we use. This includes examining how goods and raw materials are produced and used in the process of manufacturing, how they are distributed to and used by consumers here in Scotland, and finally how they are disposed of once they have served their purpose. By addressing emissions at each stage of the lifecycle process, we can make more effective and targeted interventions to reduce emissions.

Product Lifecycle: Manufacturing

The manufacturing stage of the product lifecycle involves the extraction of raw materials and the production of goods. Emissions here are generally generated through mining, farming, processing and industrial manufacturing – which are often energy-intensive in nature. Reducing emissions in this stage requires innovation in material efficiency, low-carbon manufacturing and circular design principles.

Scotland has limited direct control over the manufacturing processes of goods and services produced abroad, however, we do have influence through research and development of low-carbon manufacturing processes here in Scotland, as well as encouraging producer responsibility during the manufacturing stage.

For example:

- The Scottish Government and its agencies have invested £75 million in the National Manufacturing Institute Scotland (NMIS), a high performing industry-led research and development group with a mission to make Scotland a global leader in advanced, sustainable manufacturing. NMIS have led several innovative projects which recognise the need for sustainable manufacturing processes as part of reaching broader net zero emissions goals.
- ReMake Glasgow is shaping a green industrial transformation in the Glasgow City Region by embedding circular manufacturing and digital product passports, aligned with the city's Circular Economy Roadmap. The initiative has generated over £15 million in annual revenue growth, attracted £4.2 million in investment, and positioned Glasgow as a national hub for circular manufacturing.

Circular Economy

Responsible production is a vital part of Scotland's efforts to build a more circular economy, ensuring the maximum life and value from the natural resources used to make products. This recognises the complex way that material flows around the economy and is influenced by everyone in the supply chain. Considering the whole system – including our global footprint – is essential for identifying priorities and implementing measures that support more responsible production and enable meaningful, widespread shifts in consumption behaviours.

Environmental policy is devolved to Scotland, and we are taking action on policy measures that lie within devolved competence. That includes our clear commitment

to seek to maintain or enhance the environmental standards in place when we left the EU and to maintain at least alignment with developing EU standards where possible and meaningful to do so. However, we recognise that certain powers relating to the circular economy are reserved to the UK Government, and that the production of our products, services and materials involve supply chains that go beyond Scotland, spanning the UK, European Union, and the rest of the world. The Scottish Government works constructively with the other UK governments to collaborate on both devolved and reserved matters.

Through our focus on product stewardship, we are giving attention to the products that businesses place on the market in Scotland and their impact on the circular economy and environment. This enables a more targeted approach that considers the specific responsibilities of producers, retailers and consumers across the full supply chain for a particular product type. Product stewardship is an approach that means whoever designs, produces, sells or uses a product takes responsibility for minimising its environmental impact throughout all stages of that product's lifecycle.

Our existing priorities for product stewardship are packaging, waste electrical and electronic equipment (WEEE), batteries, end-of-life vehicles (ELVs) and end-of-life fishing gear. These priorities are reflected in recent and ongoing policy reforms in Scotland, and in partnership with the other four governments of the UK.

We also remain committed to the delivery of a successful Deposit Return Scheme (DRS) for single-use drinks containers to increase recycling rates for such containers to at least 90%. We continue to work closely with the UK Government, DAERA and the Welsh Government to launch respective schemes across the UK in October 2027.

Building on this, the Circular Economy and Waste Route Map⁵ established the Scottish Government's commitment to develop and publish a Product Stewardship plan. This will set out our framework for prioritising products based on their environmental and economic impact, our ambitions for these products to 2030, and the actions we will take on at least three additional priority products over the next five years.

Construction

Construction and demolition accounts for up to half of all waste produced in Scotland. To tackle construction waste in Scotland, we must shift focus further up the waste hierarchy, aiming to reduce waste and reuse resources. To help achieve this, we will support the development of a model for regional Scottish hubs and networks for the reuse of construction materials and assets, with investment-ready models to be developed between 2025 and 2027, supporting the development of regional platforms. These platforms will help address industry-wide challenges such as supply-demand imbalances, geographical dispersion of resources, and cost biases favouring new, carbon-intensive materials.

⁵ Scottish Government: [Scotland's Circular Economy and Waste Route Map](#)

This measure is accompanied by a suite of policies and proposals tailored to embedding circular economy approaches in construction (see the Waste chapter for more).

Product Lifecycle: Distribution

The distribution stage of the product lifecycle involves the transportation of goods before they reach shops or Scottish homes. Global freight is a major source of global carbon emissions, particularly from shipping and aviation.⁶ Whilst the Scottish Government has limited levers at its disposal to influence the global shipping sector, it can encourage and promote the sourcing of local goods with the aim to reduce these emissions.

Where local manufacture and distribution is not possible, the Scottish Government will support the development of our ports to ensure that goods entering Scotland from abroad are supported by an interconnected low-carbon transport system that produces the least amount of emissions possible. Further, work is underway to support Scottish logistics and haulage firms to move goods by rail where that is possible and to transition to zero emission vehicles for the remainder of their journeys.

The Scottish Government has encouraged modal shift with regulatory targets for the industry to work collaboratively to grow rail freight. This has been supported with investment of over £40 million in recent years in rail freight specific projects and over £421 million in wider projects with benefits for rail freight.

Whilst responsibility for the regulation of international trade is reserved to the UK Government, there are opportunities for the Scottish Government to use trade to support climate ambitions, as set out in Scotland's [Vision for Trade](#). This includes:

UK Carbon Border Adjustment Mechanism

The Scottish Government is supportive of measures that aim to reduce the risk of carbon leakage and carbon-intensive production moving to third countries with less stringent climate policies. A UK Carbon Border Adjustment Mechanism (CBAM) on specific emissions-intensive industrial goods aims to address the risk of carbon-leakage, ensuring imported carbon-intensive goods face a comparable carbon price to those produced in the UK. This aims to provide a global incentive to decarbonise industries. The Scottish Government has consistently urged the UK Government to link the UK and EU Emissions Trading Scheme (ETS), which could enable mutual exemptions for exporters from the respective UK and EU CBAMs.

The Scottish Government recognises the UK CBAM may present challenges for businesses in Scotland importing products that are in scope. We engage with the UK Government to ensure that it considers the interests of those businesses, in line with Scotland's objectives on trade, so unnecessary trade barriers and costs are avoided.

⁶ Transport Scotland: Scottish Transport Statistics 2024; [Chapter 13](#)

Environmental Goods and Services

We continue to develop our understanding of the opportunities presented by Scotland's Environmental Goods and Services sectors. To do so, we engage with the UK Government to support the liberalisation of Environmental Goods and Services sectors as a key offensive interest in Free Trade Agreements (FTAs) and to play an active role in the UK Government's participation on trade and environment within the World Trade Organisation, which facilitates discussion and action on Environmental Goods and Services. We also consider that UK Tariff structures should aim to support and further facilitate trade in environmental goods and incentivise greener production mechanisms and materials to help progress towards a global green economy.

Trade Promotion Support for the Fossil Fuel Energy Sector Overseas

In 2022, we met our commitment to end all Scottish Government overseas trade support and promotion activities solely focused on fossil fuel goods and services by COP26. We have since focussed our overseas trade support in this area towards products and services that align with the energy transition. Since the policy's launch, the portfolio of companies supported by Scottish Development International (SDI) has transitioned from fossil fuel energy to those embracing the opportunities of the energy transition. This has helped to open up new markets, giving companies in Scotland a kickstart to participate in global supply chains related to the energy transition.

Product Lifecycle: Consumption

The consumption stage of the lifecycle process covers how products and services are used by individuals, households, businesses and public bodies. Emissions from usage vary by product type – for example, emissions are higher for use of cars and electronics than they are from use of clothing.

This stage of the product lifecycle offers the opportunity to reduce emissions by changing the way we use and value goods. Through making more responsible consumption choices, individuals and organisations can influence demand and in turn, reduce emissions. Examples of these choices include buying fewer new products (and instead buying second hand or buying less), choosing products with a lower environmental impact, travelling more sustainably by shifting from cars to public transport and active travel or supporting brands with sustainable green practices.

We continue working to improve public understanding about the sources of emissions through our annual, nationwide campaign, '**Let's Do Net Zero**'. The campaign runs across multiple media platforms, and reaches millions across Scotland. The campaign seeks to contribute some of the knowledge and motivation people need to effectively change how they consume goods and services.

Circular Economy and Resources

[The Circular Economy and Waste Route Map](#) outlines a suite of measures to challenge the current approach to consumption and production by mainstreaming reuse and repair, incentivising and promoting sustainable choices, and driving a societal shift to reduce the demand for things we use and throw away. This means prioritising reuse, making repair easier, and working with businesses and the UK Government to drive better product design, ensuring producers take responsibility for the environmental impact of what they sell (see Responsible production section above). Further detail on the impact of the route map is set out in the Waste chapter.

Heat in Buildings

Changing the way we heat our homes is a critical step in reducing Scotland's consumption-based emissions. While territorial emissions from energy supply have declined due to the decarbonisation of electricity, household heating remains heavily reliant on fossil fuels. Most homes in Scotland still use natural gas boilers, and a significant proportion of rural households depend on oil or solid fuels. Transitioning away from these carbon-intensive systems is essential to align with Scotland's climate targets and reduce the upstream emissions embedded in imported fuels and heating technologies.

We are setting a target to decarbonise Scotland's buildings by 2045 where reasonable and practicable to do so. This will send a clear signal and provide a strong foundation upon which we will continue to build the clean heat transition and its vital part in achieving net zero. Further detail is set out in the Buildings (Residential and Public) chapter.

Food and Food Waste

Greenhouse gas emissions from the food system (including food imports) make up 38% of the UK's GHG emissions.⁷ In Scotland, food waste is one of the largest contributors to Scotland's household waste carbon footprint, accounting for 19% of household waste carbon impacts.⁸ This is due to the high emissions embedded in food production, processing and distribution. Shifting towards sustainable, healthy diets and cutting food waste are key opportunities for reducing emissions and pressure on nature, in Scotland and overseas.⁹ This can go hand in hand with improving our health and easing pressure on our NHS.^{10 11 12}

Sourcing food is only one part of the wider picture of how our food systems impact our carbon footprint. The types of food we choose to consume have an impact not only on our overall carbon emissions, but also on our health and wellbeing, land use, biodiversity and the resilience of our food systems in the face of the impacts of climate change. The [Scottish Dietary Goals](#) have been in place since 2013 and

⁷ UK Government: [A UK government food strategy for England, considering the wider UK food system](#)

⁸ SWEFT: [2023 Household waste results summary](#), Zero Waste Scotland

⁹ IPBES: [Thematic Assessment Report on the Interlinkages among Biodiversity, Water, Food and Health](#)

¹⁰ Food Standards Scotland; [The Eatwell Guide: a More Sustainable Diet](#)

¹¹ [Impact of reducing meat and dairy consumption on nutrient intake, health, cost of diets and the environment: A simulation among adults in Scotland](#)

¹² [The National Food Strategy - The Plan](#)

describe the diet that will improve the health of people in Scotland. Our national diet is currently far from achieving these Goals, leading to a greater incidence of diet-related ill health in Scotland. These existing Dietary Goals include a recommendation to avoid eating more than an average of 70g of red and red processed meat a day to reduce diet-related health risks. Meeting this recommendation can reduce the risk of health issues such as colo-rectal cancer and Type 2 Diabetes,¹³ however, around 28% of Scotland's population consumes more than this existing dietary recommendation.¹⁴

The CCC has recommended a 20% shift away from all meat and dairy consumption in Scotland by 2035.¹⁵ Current advice from Food Standards Scotland (FSS) is that, rather than encouraging an 'across the board' reduction in meat consumption, efforts should focus on encouraging people who exceed the existing health recommendations to limit their consumption of red and red processed meat to no more than an average of 70g per day, in line with the existing Dietary Goal. This is because many population sub-groups in Scotland are already at risk of low micronutrient intakes and these may be worsened by a reduction in meat and/or dairy intakes, if these are not replaced with suitable alternatives (such as vegetables, oily and white fish, eggs, pulses and legumes).

Food Waste

Tackling food waste is one of the most important ways we can reduce the carbon impact of Scotland's waste. If food waste is sent to landfill, it releases methane – a greenhouse gas many times more potent than carbon dioxide. Some of these emissions can be avoided by recycling food waste, but we know that cutting down on wasted food particularly the waste of edible food, reduces the 'upstream' emissions, and costs, associated with growing, harvesting, processing, transporting, and buying food to begin with. UK research has suggested that achieving a 58% per capita reduction in food waste by 2050, would contribute up to 9.1 MtCO₂e to the UK's 6th Carbon Budget 2033-2037 and reduce cumulative global emissions by 143 MtCO₂e by 2050.¹⁶ The volume of food waste produced in Scotland has increased 5% between 2013 and 2021, increasing the need for action.

To tackle this growing problem, Scotland's Circular Economy and Waste Route Map to 2030 sets out a range of actions. This includes a commitment to develop an intervention plan to guide long-term work on household food waste reduction behaviour change. Over one million tonnes of food and drink in Scotland was wasted in 2021, with 59% coming from Scottish households.¹⁷ We aim to reduce food waste and its associated emissions by helping households better understand the impact of food waste and apply practical changes, such as: food planning, storage and portioning. This action focusses on changing consumer behaviours through education, awareness and practical support.

¹³ Scientific Advisory Committee on Nutrition: [Iron and Health Report - GOV.UK](#)

¹⁴ Food Standards Scotland: [Modelling the impact of reductions in meat and dairy consumption on nutrient intakes and disease risk](#)

¹⁵ Climate Change Committee: [Scotland's Carbon Budgets](#)

¹⁶ WRAP: [Net Zero: why resource efficiency holds the answers](#)

¹⁷ Zero Waste Scotland: [2021 Scottish Food Waste Estimate](#)

Business and non-business organisations contributed 427,505 tonnes, or 41%, of total food wasted in Scotland in 2021. This is equivalent to nearly 2.5 MtCO₂e of greenhouse gas emissions. To support business to cut food waste and save money, the Scottish Government has committed to put in place more effective monitoring and management of food waste, by placing duties on businesses to report publicly on food waste and surplus. Reporting and monitoring food waste and surplus can help raise awareness of the issue within a business, and reveal where change is needed. We intend to develop, with stakeholders, effective options for how this reporting by businesses can be fairly and effectively implemented.

Public Procurement

The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015 requires public bodies to report on how their procurement policy and activity has contributed to compliance with climate change duties. The Sustainable Procurement Duty in the Procurement Reform (Scotland) Act 2014 requires public bodies to consider and act on opportunities to improve economic, social and environmental wellbeing within their area.

To support its implementation, the sustainable procurement duty is underpinned by statutory guidance¹⁸ and by a suite of sustainable procurement tools that include a methodology to identify opportunities to address environmental risks and opportunities through procurement, practical guidance, e-learning on Climate Literacy and the Circular Economy and case studies.¹⁹ Public bodies with a procurement spend of more than £5 million in any year are required to publish an organisational procurement strategy and to report on their organisation's compliance with this strategy on an annual basis. The annual reports created form the basis of the Annual Report on Procurement Activity.

Travel and Transport

Personal transport is a significant contributor to both Scotland's domestic and consumption emissions – particularly through the use of private vehicles. In 2021, greenhouse gas emissions generated directly by households through private motoring accounted for 8.3% of Scotland's carbon footprint. As part of its climate change programme, the Scottish Government is working to promote active travel – such as walking and biking – and greater use of public transport where possible. Increased rates of active travel not only reduce emissions but also deliver substantial public health benefits, with existing levels of walking, wheeling and cycling estimated to prevent over 4,000 serious long-term health conditions annually and save the NHS more than £50 million each year.²⁰

As such we are investing in 2025/26 over £188 million to support high quality active travel and bus infrastructure, sustainable travel integration, and behaviour change activity to promote walking, wheeling and cycling for everyday shorter journeys.

¹⁸ Scottish Government: [Procurement Reform \(Scotland\) Act 2014: statutory guidance](#)

¹⁹ Scottish Government: [Sustainable Procurement](#)

²⁰ Transport Scotland: [Benefits of Active Travel](#)

In relation to public transport, through the Under-22s Scheme and the Older and Disabled Persons Concessionary Travel Schemes, over 3 million bus journeys are made every week. These schemes are helping people across Scotland cut costs for essential everyday and leisure travel.

Product Lifecycle: Disposal

Around 90% of the carbon impact of Scotland's waste is produced before disposal, during resource extraction, manufacturing, and transport.²¹ The measures set out above seek to tackle these emissions, and will also make sure we value our precious resources, and keep materials in use for as long as possible. Measures that tackle emissions from other stages of the product lifecycle focus on waste prevention, repair and reuse, outlined as priorities in the waste hierarchy. To tackle emissions at the disposal stage, Scotland's Circular Economy and Waste Route Map to 2030 includes measures under the Modernise Recycling and Decarbonise Disposal strategic aims that are designed to increase recycling and manage what waste is produced in an environmentally responsible way.

Recycling

Recycling helps to conserve our natural resources, keep valuable materials flowing through our economy, and reduce the amount of waste sent to landfill. Increasing the amount of materials recycled and increasing the proportion of these recycled in Scotland will deliver carbon reductions, reduce the environmental impacts associated with extracting new raw materials, and create a range of important economic opportunities to reprocess and reuse materials in Scotland.

The Waste chapter, alongside the Circular Economy and Waste Route Map, covers the range of actions we are taking to deliver this vision for recycling in Scotland.

Disposal

As we accelerate our move to a circular economy, we will produce less waste. We want to ensure that materials that cannot be avoided, reused, or recycled are managed in a way that minimises environmental and climate impacts, encourages management of materials further up the waste hierarchy, and minimises broader societal impacts.

Key measures to reduce emissions associated with disposal are covered in more detail within the Waste chapter.

²¹ Zero Waste Scotland: [Carbon Metric Publications](#)

Annex 1C - Sustainable Development Goals

Scotland is committed to realising the UN Sustainable Development Goals (SDGs), both within our own communities and in the wider world. The policies and proposals in this Climate Change Plan will contribute to achievement of these goals.

The National Performance Framework (NPF) is designed to localise the SDGs in Scotland's specific political environment. Each NPF outcome has been mapped to an SDG goal where possible. The NPF is undergoing a period of reform but will continue to map its outcomes to the SDGs.

1 No Poverty

A fundamental objective of this Climate Change Plan is to take climate action in a way that addresses, rather than exacerbates, poverty in Scotland. As part of our commitment to a just transition, we have prioritised ensuring that those least able to pay are not burdened. In addition, the actions we are taking across the key sectors, such as transport, energy supply and buildings, recognise existing forms of poverty (e.g. rural poverty, fuel poverty) and are designed, where possible, to help address poverty and inequality.

2 Zero Hunger

This goal relates to tackling the drivers and effects of household food insecurity and increasing sustainable agriculture, working hand in hand to achieve zero hunger. The policies in this Plan are directly relevant to this goal as they seek to deliver climate action in line with our Vision for Agriculture, which focusses on Scotland becoming a global leader sustainable and regenerative agriculture. Our Vision also recognises the need to tackle both the symptoms and the causes of food insecurity.

3 Good Health and Well-Being

The policies and proposals in this Plan offer significant co-benefits in terms of enhancing people's general health and wellbeing. For instance, actions on climate change will lead to cleaner air and water, better transport options, energy savings, and warmer homes – helping to also improve overall life expectancy and reducing the life expectancy gap between the most deprived areas and the national average.

4 Quality Education

This goal focusses on ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all. The approach we are taking to Climate Engagement and Participation will further ensure quality education across our society on the reality of the climate crisis, and how it can be tackled. Our approach to supporting workers, and seizing the opportunities of the transition, is designed to ensure that Scotland's current and future workforce has the skills it needs for a net zero economy, extending opportunity for everyone in our society.

5 Gender Equality

In line with the Scottish Government’s commitment to a just transition, this Climate Change Plan highlights where policies or proposals have particular implications for gender equality, and sets out our approach to addressing these issues. In doing so, it takes into account existing gender inequities that women and girls face – from the particular needs of women in relation to transport, to the underrepresentation of women in key transition sectors, such as energy. The Plan sets out where we have ensured specific interventions to address these issues.

6 Clean Water and Sanitation

This goal focusses on ensuring availability and sustainable management of water and sanitation for all.

7 Affordable and Clean Energy

The Plan’s ‘Energy Supply’ chapter sets out our policies and proposals for decarbonising our energy system. These actions will ensure a supply of energy that is clean and secure, and have the potential to result in lower energy bills in the long term.²² Our Buildings (Residential and Public) and Business and Industrial Process chapters set out our approach to decarbonising Scotland’s residential, public and commercial buildings. This must be achieved in a way that is consistent with our determination to reduce fuel poverty, so that people can heat their homes comfortably and affordably.

8 Decent Work and Economic Growth

Creating decent, fair and high-value work and contributing to resource efficient and sustainable economic approaches are among the five just transition principles that have underpinned the development of this Plan. The Scottish Government’s overall approach to fair work is set out in the ‘Workforce’ section of Annex 1A: ‘Delivering a Just Transition. The ‘Employers’ sections of the that annex outlines our overall strategy for seizing the economic opportunities of the transition, and ensuring that their benefits are distributed fairly; while the sector annexes highlight the industry-specific actions we are taking to support inclusive growth.

9 Industry, Innovation and Infrastructure

This Plan sets out the actions the Scottish Government is taking in line with our Green Industrial Strategy. The sector chapters set out the work we are doing to support a sustainable future for different sectors, including through our support for low carbon and renewables innovation. Supporting low-carbon investment and infrastructure is one of the just transition principles, and is reflected in our approach across different sectors – for example, our investment in transport infrastructure, our support for energy supply infrastructure, and our policies to support energy efficiency and the retrofitting of public and residential buildings.

²² A recent report by Energy UK notes that this effect will “play out over a decade” and that in the meantime international wholesale gas prices will “remain a significant driver of electricity prices. Energy UK (March 2025) [How to cut bills](#)

10 Reduced Inequalities

One of the just transition principles underpinning this Plan is to ‘contribute to resource efficient and sustainable economic approaches which help to address inequality and poverty’. At the heart of our approach is a recognition that, if we fail to manage it properly, the transition has the potential to disproportionately affect those in our society who already face inequalities. Equally, the policies and proposals in the Plan offer benefits that we are determined to ensure are distributed fairly, in order to support equal opportunities and tackle inequality. Key examples are our policies relating to public transport and heat in buildings.

11 Sustainable Cities and Communities

This goal focusses on making cities and human settlements inclusive, safe, resilient and sustainable. The Plan contributes to this goal by setting out policies to reduce emissions and create more sustainable buildings and infrastructure. In particular, our Transport policies are designed to ensure a safe, resilient and inclusive transport system that supports daily travel in communities across Scotland.

12 Responsible Consumption and Production

The plan sets out our ambition to reduce consumption emissions in parallel with our ongoing efforts to reduce territorial emissions. In ‘Lifestyle and Consumption’ Chapter, it outlines the policies and proposals Scottish Ministers have and will put in place during the plan period to transition to a circular, resource-efficient and low carbon economy. Alongside this, the waste chapter sets out our policies and proposals related to reducing emissions, primarily through implementation of our circular economy and waste route map.

13 Climate Action

The plan sets out the Scottish Government’s policies and proposals for meeting our net zero target, between now and 2040. It sets out how we intend to support individuals and communities, workers and employers in taking the action to deliver net zero.

14 Life Below Water and 15 Life on Land

The plan is clear on the links between climate change and biodiversity loss, and sets out our commitment to addressing these twin crises. Our efforts to reduce emissions and reach net zero must be supported and reinforced by actions designed to protect and restore nature. This means focusing on opportunities to deliver joint nature and climate benefits, including nature-based solutions.

16 Peace, Justice and Strong Institutions

Our commitment to a just transition underpins this Plan, and is about ensuring that Scotland’s approach to climate action has justice at its core. We recognise that this is vital to maintaining people’s trust in our country’s institutions. The engagement

and co-design that has informed the Plan, and the monitoring and evaluation framework accompanying it, are key elements of our approach to building social consensus and ensuring public accountability.

17 Partnerships for the Goals

The Scottish Government is committed to working with and supporting our international partners to help secure a global transition to a net zero and resilient future in a way that is fair and just for all. This includes our leadership of the Under2 Coalition and Regions4 which aim to strengthen international cooperation and capacity building.

Annex 1D - Assessment of Major Climate Projects

Requirements of the Climate Change Act

The Climate Change (Scotland) Act as amended in 2024 creates a new requirement that 'major capital projects' be defined in the CCP and that it is set out in the CCP how the impact of these projects on our ability to meet our carbon budgets will be assessed. The Act specifies that any assessments of major capital projects carried out during a carbon budget period should be reported on as part of the 'section 33 report' which must be laid in Scottish Parliament at the end of a carbon budget period.

Defining Major Capital Projects

For the purposes of this CCP, a major capital project is a project wholly funded by Scottish Government which involves the creation, acquisition, development or maintenance of a tangible asset which has a total anticipated whole-life cost of £5million or greater (inclusive of fees and VAT) (noting that this threshold value may be amended in future Climate Change Plans).

Assessing the Emissions Impact of Major Capital Projects

There are a number of existing processes which can support the assessment of the impact of major capital projects on carbon budgets.

The annual Scottish Budget, including capital expenditure, and the Infrastructure Investment Plan are each subject to a climate taxonomy assessment. This approach will be extended to the Infrastructure Pipeline when that is published alongside the 2026-27 Budget. A Strategic Environmental Assessment will be carried out for the draft 10-year Infrastructure Investment Plan which will also be published alongside the Budget.

CCP Policy 1: Climate taxonomic assessments will be used to provide a high-level assessment of the total climate impact of capital projects, assessed as major capital projects under the definition set out in the SPFM and this information will be used to assess the total impact of these projects on meeting the carbon budget for the relevant period. This information will be included in the section 33 report for the carbon budget.

In addition, the following policy will be complied with for individual major capital projects.

CCP Policy 2: Each major capital project must follow the processes outlined in the Scottish Public Finance Manual (SPFM). This includes a requirement to produce a business case in accordance with the HM Treasury Five-Case approach which in turn follows the HM Treasury Green Book guidance on appraisal. The Green Book is clear that any project assessment should include a quantitative assessment of any impacts on emissions of greenhouse gases. A quantitative assessment of any impacts on emissions of greenhouse gases will therefore be undertaken for each of

the Scottish Government's major capital projects prior to any approval decisions being made.

Taken together, these new CCP policies based on existing processes provide a comprehensive approach to assessing the emissions impacts of major capital projects and their impact on carbon budgets.

Annex 1E - Glossary

Adaptation – Adaptation to climate change involves the deliberate and systematic adjustment of systems and processes to effectively address both anticipated and actual climate change impacts.

Carbon neutral – Carbon neutrality describes an approach whereby a body reduces and/or offsets its carbon emissions. Unlike net zero, this approach does not prioritise emissions reductions: carbon neutrality can be achieved by simply offsetting 100% of them. Carbon neutrality is a less robust approach to climate change mitigation, and as such is not supported or aligned to the Scottish Government’s approach to climate change mitigation.

Climate justice – Climate justice addresses the disproportionate impacts of climate change on vulnerable communities and systems. Prioritising equitable outcomes ensures that adaptation projects are inclusive and comprehensive. It involves actively seeking input from marginalised communities, who often bear the burden of negative climate impacts and events. This approach can result in more resilient strategies that cater to and accommodate the often very context-specific needs of these communities and reduce the likelihood of future resistance.

Co-benefits – A positive effect that a policy or measure aimed at one objective has on another objective, thereby increasing the total benefit to society or the environment. ([IPCC Glossary](#)) Health co-benefits are benefits to health and wellbeing beyond those intended by the climate action. They are delivered through key pathways including consumption of healthy sustainable diets, promotion of sustainable transport, increase use of nature based solutions, increasing the energy efficiency of homes and reductions in air pollution from replacing fossil fuel with clean renewable energy sources.

Decarbonisation pathway – A decarbonisation pathway sets out the trajectory for reaching **net zero** by a target date. It defines interim emission reductions targets. Whether emissions are cut earlier or later in the pathway has a material consequence on the cumulative carbon emissions over time. A decarbonisation pathway which makes deep reductions in the early years will have significantly less cumulative emissions than a pathway (for the same emission source) that leaves reductions until close to the target year.

Greenhouse Gas Emissions – The release of gases that have a negative impact on the planet’s ability to balance incoming and outgoing energy and therefore altering the climate^[39]. As the most dominant greenhouse gas is carbon dioxide (CO₂), greenhouse gas emissions are sometimes referred to as “carbon emissions”. However, other greenhouse gases are also contributing to global warming, particularly, nitrous oxide and methane^[40].

Just transition – For the Scottish Government a just transition means becoming a net zero, climate resilient economy in a fair way that seeks to tackle inequality and injustice. Just transition is about both the outcome – a fairer, greener future for all – and the way we get there in partnership with those most likely to be impacted by the change.

Mitigation – Actions taken to reduce greenhouse gas emissions or enhance the capture of atmospheric greenhouse gases to prevent climate change. This incorporates a wide range of policies and investment across all sectors, including increasing renewable energy generation, switching to zero emission vehicles, and expanding forests.

Net zero (or net zero carbon) – A situation in which any greenhouse gas emissions put into the atmosphere are balanced out by the greenhouse gases removed from the atmosphere, so that the “net” effect is zero emissions. Scotland has committed to ‘net zero’ emissions by 2045. To achieve this, we must reduce the emissions we produce to a minimum and capture any greenhouse gases we cannot avoid emitting through initiatives like tree planting.

Paris Agreement – The 2015 Paris Climate Agreement is a legally binding international treaty adopted by 196 parties at the United Nations Climate Change Conference (COP21) in Paris. The goal of the agreement is to hold “the increase in global average temperature to well below 2°C above preindustrial levels” and pursue efforts “to limit the temperature increase to 1.5°C above pre-industrial levels.” Under the agreement, countries recognised the importance of ‘averting, minimising and addressing’ loss and damage.



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