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THE ROLE OF SMALL AND MEDIUM ENTERPRISES IN THE FIGHT AGAINST CLIMATE CHANGE

by

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The UN's Intergovernmental Panel on Climate Change (IPCC) report, issued last August, was a loud and clear warning that human action is provoking the increasingly extreme heatwaves, flooding and droughts we are witnessing and that, if no action is taken, the 1.5°C. temperature limit considered for 2100 will be reached in just over a decade. Deeply curbing greenhouse gas emissions is crucial to prevent irreversible phenomena, such as melting polar ice and rising sea levels, with devastating conse-

quences for the planet, the biodiversity and the human population.

While sustainability and ESG concerns have been in the agenda for major corporates around the world for a few years now (even if with varying degrees of real commitment), many small and medium-sized enterprises ("SMEs") have been oblivious. That needs to change. Now.

First, because new guidelines, rules and regulations, ever more demanding in terms of environmental duties imposed on com-

panies, are to be expected worldwide as a response to the climate crisis.

The twenty-sixth Conference of the Parties ("COP26", the UN climate conference), will bring together world leaders, negotiators, government representatives, businesses and citizens of the 197 members of the UN, in Glasgow from 31 October to 12 November. The expectations that COP26 shall deliver bold, large-scale and rapid actions are high.

The European Union is working on a global review of its leg-



islation on climate, energy and transport, aiming to align current legislation with the climate goals agreed by the Council and the European Parliament for 2030: the reduction of net greenhouse gas emissions by at least 55% (the “Fit for 55” package).

Portugal has also set ambitious goals for the horizon 2021-2030 in the National Energy and Climate Plan 2030, which have since been pursued through legislation, rules for public funding, taxation, etc.

Second, because the rise of stakeholders’ awareness and general access to information on-line penalize companies that do not adhere to a more sustainable and environmentally friendly model, making this a business imperative and no longer a “nice to have”.

The challenge is no longer (if it ever was!) for the large companies. SMEs account for the majority (about 90%) of businesses worldwide, so their collective impact is not one to be overlooked.

Sceptics will argue that there are several obstacles to this transition: limited access to finance, lack of knowledgeable human resources, increased costs (of production and distribution), just to name a few.

But the point is: there is no alternative; there is only one planet! SME’s that want to survive and thrive will need to rise to the occasion.

On our side, we propose embracing sustainable management as an opportunity: ensuring compliance with the law while adding value to the organization, namely by limiting environmental liability and increasing customer and employees’ loyalty, which will heighten companies’ recognition and competitiveness.

Each company’s journey to becoming environmentally sustainable will be unique, but there are some actions that most companies can take:

- Allow remote working whenever possible (reducing commute traveling) and/or promote public transport commute;
- Reduce pollution at source - that is, avoid the creation of waste instead of managing it after it is generated - which translates into using less raw material or using it more efficiently and also reusing or recycling the residues produced, preferably at the industrial plant;
- Recycle and reuse equip-

ment (eg. reusable packaging, returnable containers or recyclable packing materials);

- Make the supply chain sustainable, by choosing sustainable products and raw materials and partnering with sustainable companies;
- Invest on renewable energy (eg. solar PV) and become a prosumer;
- Lower your power bill by investing in energy efficiency (more efficient equipment, heating, windows, leds’ lighting and/or automating lights with sensors, etc.).

There is scientific evidence and, more and more, general awareness that, if we want to avoid the destruction of our planet, we are required to make a truly collective effort. No country, government or company, whatever geographic location, importance or size, may be left out.

It is fundamental to replace the classic moto “*the world will change and we have to adapt*” with the one attributed to Gandhi: “*Be the change you want to see in the world*”.