

# Accelerating SME net zero action: Call for collective action

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# Accelerating SME net zero action: Call for collective action

- Small Business Climate Action: Barriers & Bridges
- Financial innovation for SME net zero transition: Key Insights
- Banks, MNCs and SMEs Taking Action: A Panel Discussion
- Audience Q&A
- Closing



Session Overview

# With you today



**Giulio Berruti,**  
Director, climate



**Julie Dugard,**  
Manager, climate



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Head of Strategy and  
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**Claire Mccarthy,**  
Manager Net Zero



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# Small Business Climate Action: Barriers & Bridges

SME Climate Hub Community Survey



# Participant Map

- Countries participating in survey
- Countries not participating in survey



Small businesses are driving change in their communities. **60%** of respondents have encouraged other businesses to make the SME Climate Commitment.

Businesses across region, industry, size and valuation are represented in the data.

**344** BUSINESS LEADERS  
**40** COUNTRIES  
**8/10** AVERAGE RATING FOR CLIMATE PRIORITIZATION

**18%**

CONSULTING

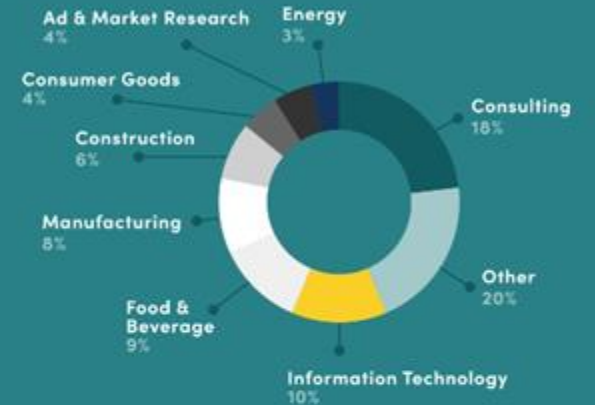
Over 20 industries shared their climate insights.

**10%**

INFORMATION TECH

**9%**

FOOD & BEVERAGE



**66%**

≤ 25 Employees

**22%**

26-100 Employees

**12%**

≥ 100 Employees



# Motivators & Progress

According to our survey, SMEs are already taking action.

- 60% have an emissions reduction plan in place
- 79% use a calculator to measure emissions
- 32% have seen a reduction of emissions.

The top 3 actions already taken by SMEs to reduce their emissions are:



Reducing waste



Reducing energy consumption



Educating employees so they can provide solutions & change their behaviors

## Reasons to take action

**80%** IT'S THE RIGHT THING TO DO

**73%** ENHANCE THE REPUTATION OF MY BUSINESS

**65%** DIFFERENTIATE MY BUSINESS FROM COMPETITORS

## Barriers to action

However, small businesses need additional resources to effectively reach net zero targets.

They cannot be expected to take on the transition alone.

Surveyed SMEs consistently reported needed additional funds and tools to take more robust action.

Top reasons preventing SMEs from taking action on climate change:



Skills and knowledge



Lack of funds



Lack of time

To take greater climate action, SMEs need:



Tools for measuring and monitoring emissions



Financial support



Network of peer companies to reach out to and learn from

Community Survey

# Funding for SME Action

66% of surveyed SMEs report low or no comfort in securing the funds required to reduce emissions.



How much do small business owners believe it will cost to achieve net-zero?

**22%** < \$10,000

**25%** \$10,000 - 100,000

**12%** \$100,000 - \$500,000

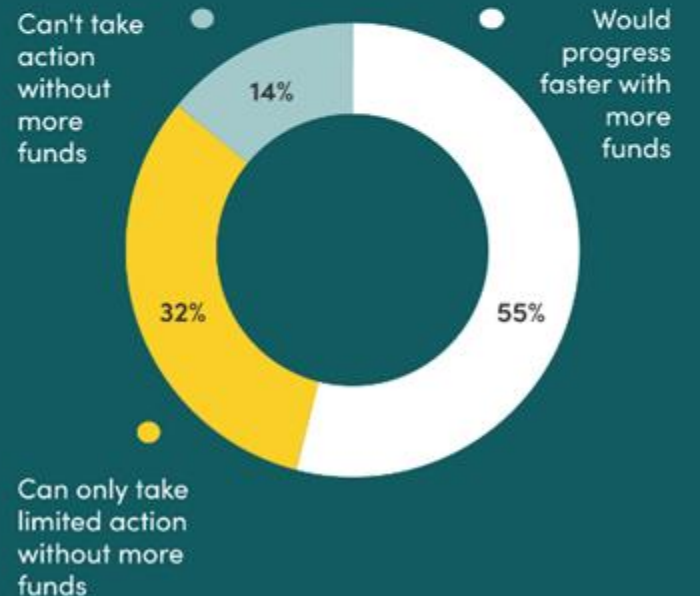
**8%** > \$500,000

**33%** Unsure

All amounts in USD.

Nearly 70% of respondents need funds to take action or speed up progress of their emissions reduction efforts.

Respondents in need of additional funds indicated the a range of impacts



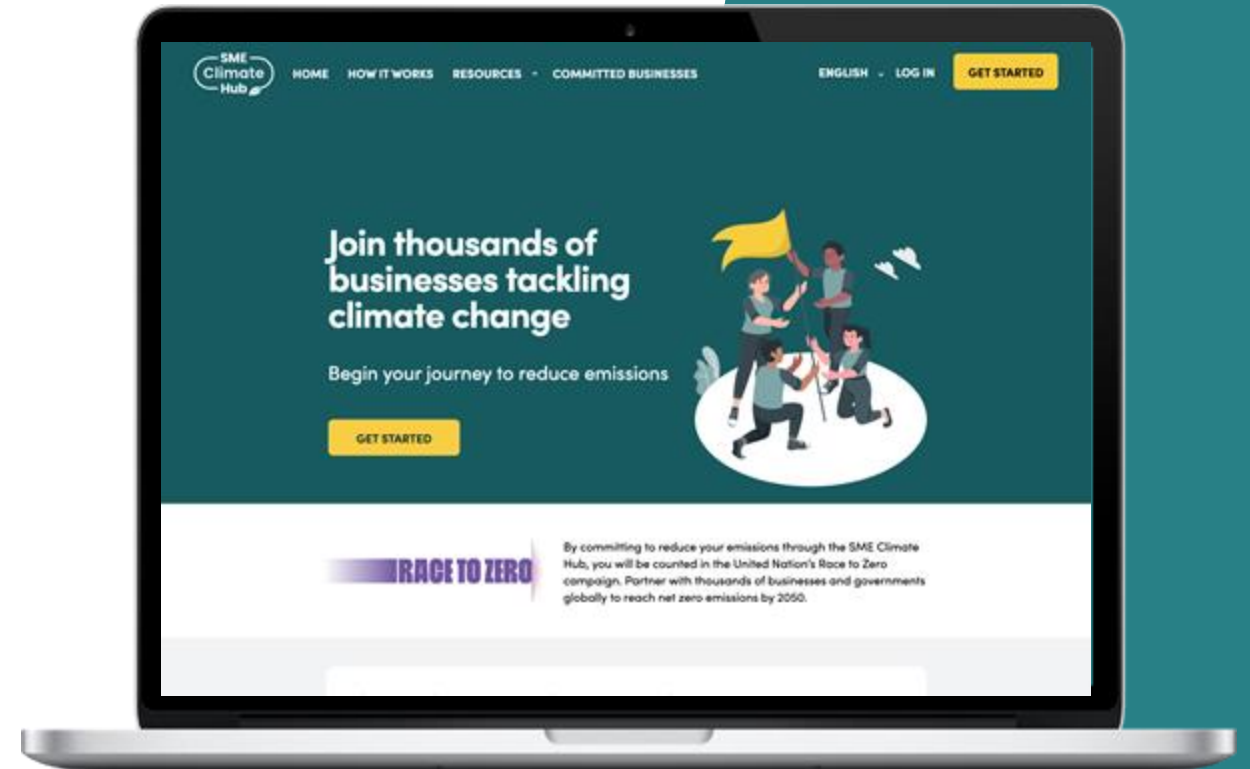


# What is the SME Climate Hub?

The SME Climate Hub provides small and medium sized enterprises (SMEs) with a one-stop-shop to:

- 1 Commit to climate targets aligned with 1.5°C
- 2 Access free, best-in-class tools to measure emissions, act & report progress
- 3 Benefit from incentives to reduce emissions

The initiative is the official pathway for SMEs to join the UN Race to Zero campaign. Over 5,400 SMEs from 110+ countries, have made the commitment.



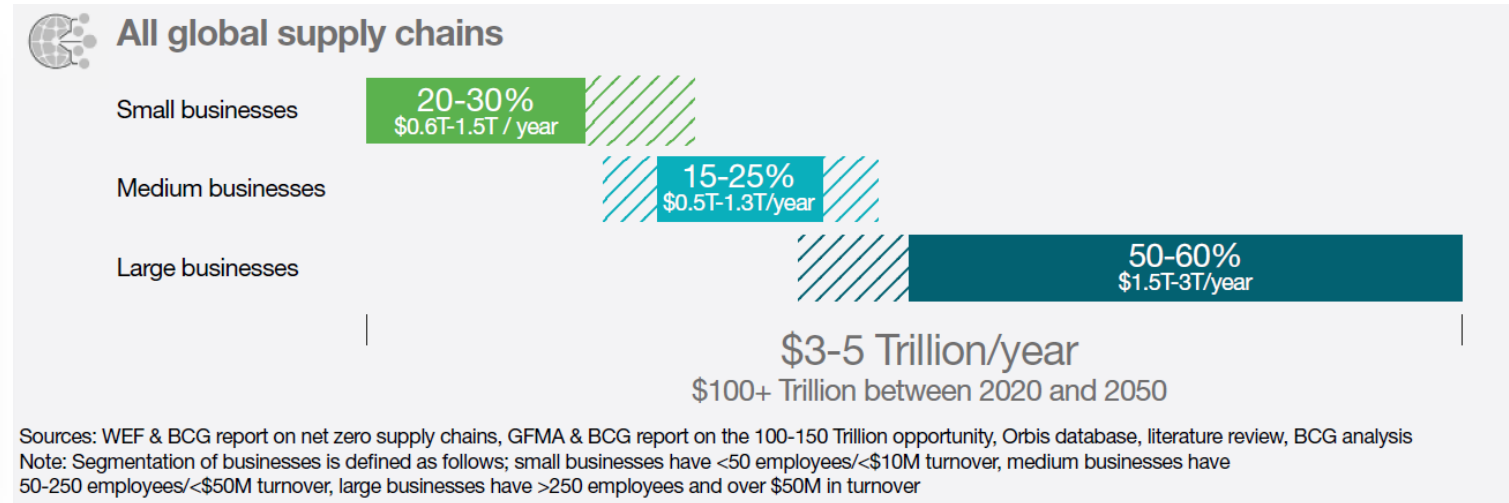
# Financial innovation for SME net zero transition: Role of banks and buyers

Key research insights



# USD 50 trillion SME net zero financing access gap

Half of the estimated USD 100trn investment needed to get global supply chains to net zero by 2050 will need to go to SMEs



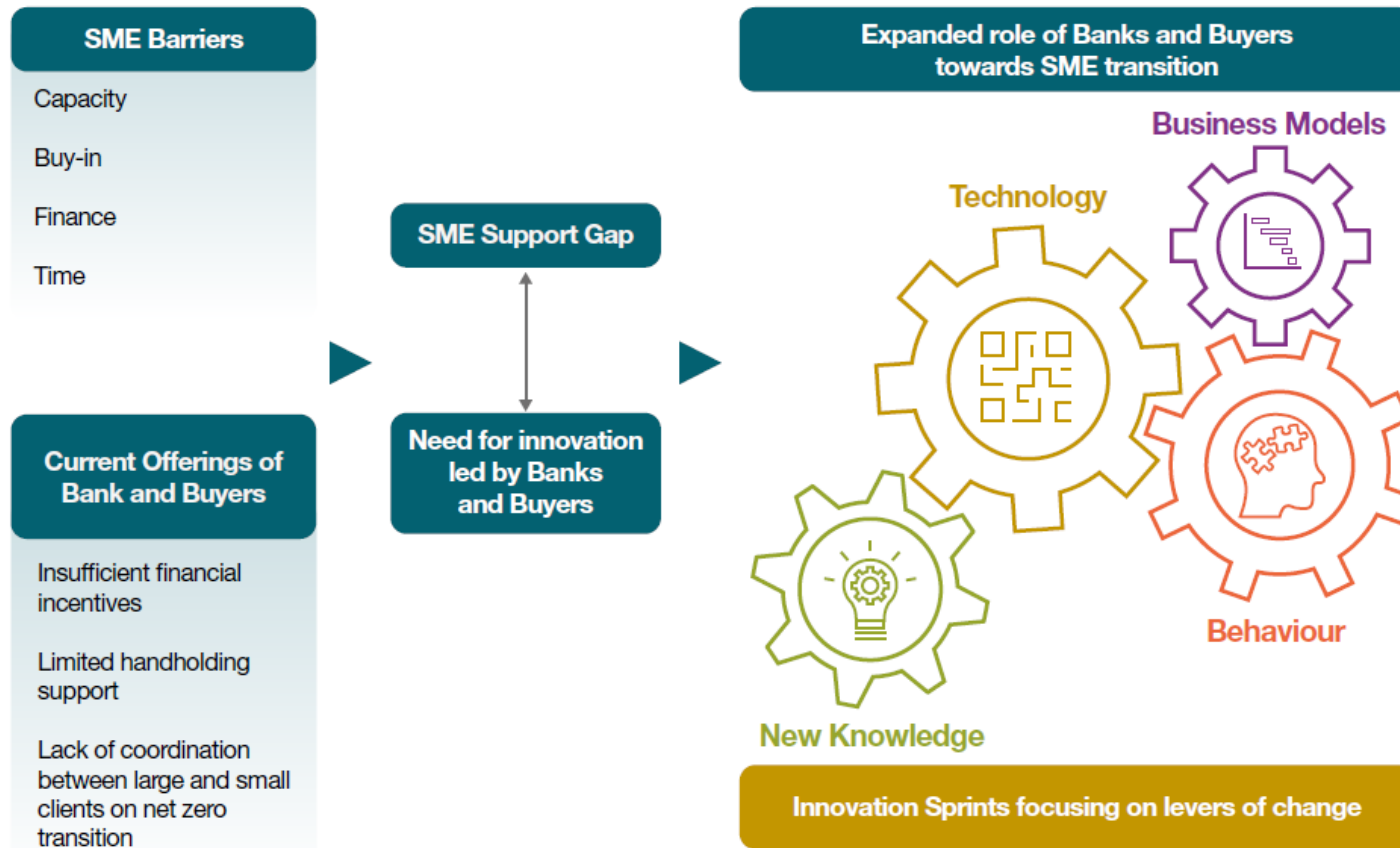
# How can banks and buyers help bridge the gap for SMEs?

Opportunities for banks	Opportunities for buyers
<p>Raise awareness amongst SMEs of the financial implications, both of opportunities linked to net zero leadership and the costs of inaction (CISL, 2020).</p>	<p>Connect SMEs to the practical tools, resources, and vendors needed to enable climate action.</p>
<p>Assess the climate-related financial risks of an SME and actively support them to mitigate these risks.</p>	
<p>Reward SMEs via climate standards in their own supply chains, for example, requiring suppliers to report on GHG emissions and/or set reduction targets.</p>	<p>Reward supplier SMEs taking climate action with better business—e.g., bigger and longer-term contracts and / or a preferential status.</p>
<p>Develop traditional and non-traditional financial products and services that facilitate and incentivise net zero transitions.</p>	
<p>Connect investors, large corporations, and small business clients with experts that can support the transition of the business, including the provision of tools to measure and report emissions footprints.</p>	
<p>Raise consumer awareness by amplifying communications efforts to share SMEs' sustainability achievements.</p>	





# Leveraging the collective intelligence of banks, buyers and SMEs



# Emerging solutions

## New Knowledge



### Climate readiness classification process

A scalable climate readiness classification process wherein SMEs are empowered to self-assess, and within which banks and corporates can deliver stage-, size-, sector- and location- appropriate information, tools, and solutions to support net zero action.

Innovation potential (incremental > radical)	●	●	●	●	●	●	●							
Impact potential for net zero transition (low > high)	●	●	●	●	●	●	●	●	●					

## Technology



### Centralised ESG data repository for SMEs, corporates, and banks

A shared data repository governed by an independent entity, providing a one stop shop that centralises data from different sources on scope 1, 2 and 3 emissions.

Innovation potential (incremental > radical)	●	●	●	●	●									
Impact potential for net zero transition (low > high)	●	●	●	●	●	●	●	●	●	●				

# Emerging solutions

## Behaviour



### Behaviourally-informed roadmap for decarbonisation

Interactive net zero roadmap that benchmarks SMEs, and, in doing so, provides visibility of peer approaches to decarbonisation, including experience sharing. Tailored to individual businesses, based on initial digital assessment.

Innovation potential (incremental > radical)	●	●	●	●	●	●	●	●							
Impact potential for net zero transition (low > high)	●	●	●	●	●	●	●	●	●	●					

## Business Model Shifts



### Marketplace to provide service offers for thematically clustered SMEs, corporates, and banks

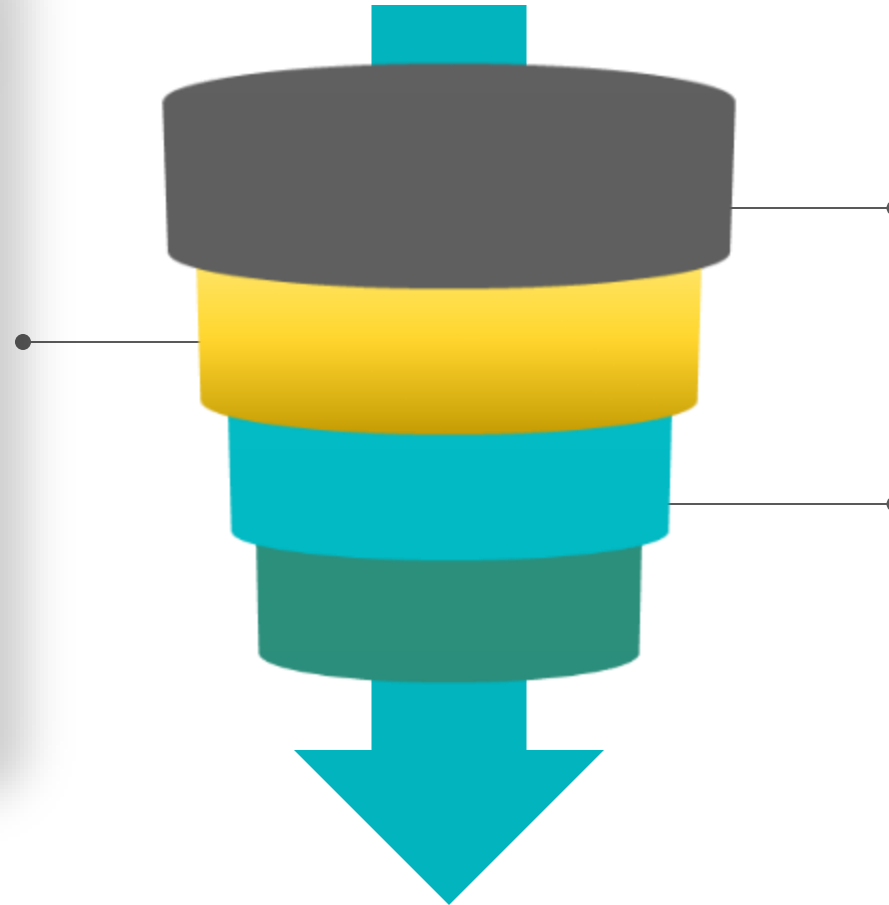
An aggregated marketplace for networks and service offers for sector-specific net zero transition challenges. This marketplace would cluster thematically for SMEs, corporates, and banks.

Innovation potential (incremental > radical)	●	●	●	●	●									
Impact potential for net zero transition (low > high)	●	●	●	●	●	●								

# Next steps

Need for a user-friendly platform dedicated to SME net zero action:

- mutual support in net zero efforts;
- benchmarking
- marketplace for knowledge and solutions;
- targeted financial incentives, building on benchmarking.



Solutions steer toward Research & Development (R&D) next steps

Critical to map how policy and regulators could support the viability and impact of any eventual solutions



Panel discussion

# Our Panelists



**Julie Dugard,**  
Manager, climate



**Petar Georgiev,**  
Head of Strategy and  
Partnerships



**Olamide Olaofe,**  
Director | Lending &  
Working Capital Solution  
Development | CIB



# Thank you

The SME Climate Hub is an initiative of the We Mean Business Coalition, Exponential Roadmap Initiative, and the United Nations Race to Zero campaign.

In collaboration with the Net Zero team at Oxford University we aim to curate tools and resources to specifically address the needs of the SME community.

It is our belief that climate action is everyone's business.

Make the SME Climate Commitment and start taking action today.



[SMEClimateHub.org](https://SMEClimateHub.org)



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