SME Climate Hub - Rules for Reporting

What are the reporting requirements for companies that have joined the SME Climate Hub and UN Race to Zero?
An important part of the SME Climate Commitment is to disclose progress on a yearly basis. To continue as SME Climate Hub committed companies and members of the United Nations Race to Zero campaign, SMEs are required to publicly report on progress against short-term and long-term targets as well as actions taken, through an annual climate report.

In what form can businesses report their emissions to the SME Climate Hub?
Businesses can use the SME Climate Hub free reporting tool, developed specifically for SMEs. The tool helps complete a report summary, which is submitted to the SME Climate Hub and can be shared with various stakeholders.

Alternatively, if the SME has already published a climate report using another tool, they can confirm that they have provided a report which fulfils the SME Climate Hub requirements and upload this report to the SME Climate Hub.

What is the SME Climate Hub reporting tool and how can I use it?
The SME Climate Hub reporting tool is a free resource that enables SMEs to report its annual greenhouse gas emissions, the climate actions taken to reduce emissions, and the impact of their emissions reduction efforts. The tool also provides an opportunity to report on climate solutions.

The tool is designed specifically for SMEs and the reports can be integrated into annual business reports, shared on company websites, or shared directly with customers and investors.

The tool is based on the simplified SME Climate Disclosure Framework which has been developed by CDP and the SME Climate Hub in line with SMEs' specific needs.

SMEs may choose to use the summary report from the tool, or to integrate the data from the reporting tool into a more extensive textual report to be fully GHG-protocol compliant.
What are the benefits of reporting through the SME Climate Hub reporting tool?
By reporting through the SME Climate Hub reporting tool, SMEs will fulfil the SME Climate Hub reporting requirements. Using the tool also provides a simplified reporting process for SMEs.

Data reported in the tool can be downloaded, and the tool allows for year-on-year comparison of emissions. The reporting tool will continually be developed in line with the latest climate science and leading practices.

When should SMEs provide their first climate report?
SMEs that joined from January 2022 onwards shall provide their first progress report within 12 months of making the SME Climate Commitment. If they need more time to complete their report, they can send an email to info@smeclimatehub.org to be granted an extension of up to 6 months.

SMEs that joined the SME Climate Hub in 2020 or 2021 must provide their first report by July 2023.

What will happen if an SME does not provide a climate report?
SMEs who fail to provide their report will no longer be counted amongst SME Climate Hub committed businesses and will be removed from the SME Climate Hub website and the UN Race to Zero website.

As highlighted above, the SME Climate Hub will provide committed SMEs with reasonable time to meet the reporting requirements.

What are the mandatory reporting requirements?
The SME Climate Hub reporting tool contains mandatory questions, in line with SME Climate Hub requirements, which are anchored in the United Nations Race to Zero starting line criteria:

- Report on own emissions\(^1\) - Scope 1 & 2\(^2\)
- Comments on significant value chain emissions - Scope 3\(^3\)
- Actions to reduce own and value chain emissions - Scope 1, 2 and 3
- Comments on progress - explanations of deviation from the target trajectory to halve emissions by 2030, and information about the actions being taken in order to reach the target and any help required to remove blockers
- Up-to-date information for the most recent calendar year (or financial reporting year)

All this information shall be included if a company chooses to disclose progress through its own reporting format rather than through the SME Climate Hub reporting tool.

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\(^1\) The term “emissions” is used as a synonym for greenhouse gas emissions in this document.
\(^2\) Scope 1 emissions are direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by an organization (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles). Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.
\(^3\) Scope 3 includes all other indirect emissions that occur in a company's value chain. Examples of scope 3 emissions are purchased goods and services, transport, use and disposal of products, business travel and employee commuting.
Note that investments in carbon credit projects outside the value chain, such as protection and restoration of nature to counterbalance emissions (sometimes referred to as “climate compensation” or “off-setting”) shall always be reported separately, and never be deducted from a company’s Scope 1, 2 and 3 emissions.

What are the optional reporting requirements?
The SME Climate Hub reporting tool also includes highly recommended but non-mandatory questions, which provide an opportunity to report on the company’s overall climate strategy and progress. Non-mandatory questions include:
  - Quantification of value chain emissions\(^4\) (Scope 3)
  - Management and strategy
  - Climate solutions (solutions which enable the business’s customers to avoid or remove emissions)

SMEs that provide this data can position themselves as climate leaders towards customers, investors and employees.

Will the report be publicly accessible?
The data provided through the SME Climate Hub reporting tool will be made public through the SME Climate Hub website. Note that sensitive company information such as contact details will not be disclosed. Participating SMEs will be able to access their full report and data through their SME Climate Hub dashboard.

Will the SME Climate Hub check the quality of the report?
The SME Climate Hub will automatically check that the mandatory data has been provided if the company reports through the SME Climate Hub reporting tool. SMEs are responsible for the quality of their own data. The SME Climate Hub does not take responsibility for reviewing the content in the reports but will select sample reports to review at a high level, including reports produced through the SME Climate Hub reporting tool and other public reports submitted. These reviews are for internal quality control only and will not constitute external review or verification.

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\(^4\) Addressing value chain emissions is essential for limiting global warming to 1.5 degrees, but these emissions are normally more difficult to quantify. The SME Climate Hub expects SMEs to take action on Scope 3 emissions which are significant for their organisation and which they can influence (e.g. selection of suppliers, services and goods, business travelling and employee commuting) and to develop value chain emissions quantification and reporting over time. SMEs at the start of their climate action journey might report that they are not yet quantifying their value chain emissions but are taking selected actions. SMEs further along in their climate action journey are expected to be quantifying key value chain emissions categories. Although it is not mandatory to provide data in this category, we ask you to share information about your value chain quantification to date and to take action. This will also help inform the tools we build to support SMEs.
What happens if an SME provides an incomplete report?

In order to provide a report through the SME Climate Hub reporting tool, all mandatory questions must be completed. There may be areas (for example in value chain emissions), where SMEs won’t be able to provide complete data, especially those at the start of their climate action journey. The SME Climate Hub will expect to see improvements year on year. The gaps and blockers highlighted in the submitted reports will also be used as a basis for developing further support for SMEs through the SME Climate Hub.

What happens if there are errors or missing data in the report?

The quality of the data is the responsibility of the business completing the report. If an SME identifies significant errors or missing data after completing their report through the SME Climate Hub, they will be able to send an email to info@smeclimatehub and request a change-out of the previous report to a corrected version.

What happens if an SME does not demonstrate progress on the commitment over time?

SMEs should do their utmost to deliver on their commitment, address any deviation from their targets and report corrective actions if they are not delivering according to the commitment. More specifically, for an SME who has made the SME Climate Commitment:

- Progress over time is expected, with a near-term focus on halving emissions before 2030 from the base year.
- Progress is not expected to be linear, i.e., businesses might see more or less progress from one year to the next. As such, a two to five year timeframe will be generally applied for assessing progress.

Through the SME Climate Hub reporting tool, SMEs can highlight key challenges they are facing and the support they need to remove blockers.

Can I get support to complete the report and create an action plan?

Some SMEs may need additional expert support to complete their report and set an action plan for the following year. The SME Climate Hub is considering piloting select service providers which could cost-efficiently support SMEs in completing a report and setting an action plan. If you are interested in exploring this opportunity, please contact info@smeclimatehub.org.

SME Climate Hub reserved rights

The SME Climate Hub reserves the right to remove an SME from its list of committed businesses and from partner websites at its discretion, for reasons including but not limited to reputational concerns, non-compliance with commitment requirements, or failure to update the SME Climate Hub on relevant business changes.

In cases where an SME ceases to exist (e.g., through a merger or an acquisition), we kindly ask you to inform the SME Climate Hub of this change to ensure the public list of committed companies stays up to date. Please contact info@smeclimatehub.org to inform the SME Climate Hub of any changes.