Small Business Climate Action
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METHODOLOGY

The SME Climate Hub is an initiative of the We Mean Business Coalition, the Exponential Roadmap Initiative, and the United Nations Race to Zero campaign. In collaboration with Normative and the Net Zero team at Oxford University, the SME Climate Hub provides tools and resources to enable small and medium-sized enterprises (SMEs) to make a climate commitment, take action and measure their progress towards emissions reductions in line with the latest science.

To better understand the motivators and barriers of small business climate action, the SME Climate Hub conducted a survey of its 5,200 committed signatories. Businesses committed to the SME Climate Hub represent a sample of companies from around the world, with the survey distributed to SMEs from 107 countries, across industry, size and valuation. As signatories of the SME Climate Commitment, survey respondents are amongst the first movers on climate action. The survey received responses from 344 businesses across 40 countries and 25 industries. The SME Climate Hub defines SMEs as businesses with under 500 employees.

The findings from this survey will be used to improve and refine the tools and resources available to the SME Climate Hub community.
FOREWORD

Small and medium-sized enterprises (SMEs) are the backbone of communities and economies around the world. They make up 90% of business globally, employ 70% of the world’s workforce and contribute over 50% of global GDP. However, despite their collective impact, small businesses are often amongst the most vulnerable to change and disruption.

Rising global temperatures and weather-related disasters compound risks for businesses of all sizes. Yet, they particularly impact SMEs given their localized supply chains, centralized infrastructure, and dependence on the communities in which they operate. At the same time, SMEs have been the least equipped to mitigate their role in the climate crisis. Small businesses are facing greater risk while also potentially missing out on the benefits of building more resilient businesses and cutting costs.

The SME Climate Hub annual survey hopes to bridge this gap — helping the initiative, the We Mean Business Coalition and the broader climate and business communities understand where small business currently stands on their climate action journey. That includes the barriers that are holding up progress and the drivers that are keeping SMEs on track to cut emissions in half by 2030. It’s clear that SMEs have the will to create a better future for their business and for the planet, but reaching these goals isn’t easy. The SME Climate Hub is here to help drive progress and scale solutions.

Though any one company’s impact may seem small, together small businesses are essential in driving change. Thank you to the SME leaders and all those who are passionately advocating climate action within small businesses. For those just embarking on their climate action journey, there is no better time than today to join the thousands of companies from over 100 countries in making the SME Climate Commitment. Together small businesses will transform the world.
Businesses across region, industry, size and valuation are represented in the data.

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

Over 20 industries shared their climate insights.

- Consulting: 18%
- Information Tech: 10%
- Food & Beverage: 9%
- Consumer Goods: 4%
- Construction: 6%
- Manufacturing: 8%
- Food & Beverage: 9%
- Information Technology: 10%
- Energy: 3%
- Ad & Market Research: 4%
- Other: 20%

Participants ranged from microbusinesses to mid-sized companies.

- ≤ 25 EMPLOYEES: 66%
- 26-100 EMPLOYEES: 22%
- ≥ 100 EMPLOYEES: 12%
SME Community Survey 2022: Results & Analysis

- Barriers to Action
- Funds & Costs
- Motivators & Benefits
- Tactics & Progress
Barriers to Action

Top reasons preventing SMEs from taking action on climate change:

- **Skills and knowledge**: 58%
- **Lack of funds**: 55%
- **Lack of time**: 44%

To take greater climate action, SMEs need:

- **Tools for measuring and monitoring emissions**: 61%
- **Financial support**: 60%
- **Network of peer companies to reach out to and learn from**: 54%

Most business have not been asked to reduce emissions by their customers

No 77%
Yes 23%

“As a startup, we have to deliver attractive products at a fast pace to have consistent strong growth. Adding climate action is not an easy challenge to achieve, especially with a large list of priorities and exponential team growth.”

– Gordon Smith, Software Engineer, Luko, France
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 a range of impacts:

- 55%: Can only take limited action without more funds
- 32%: Can’t take action without funds more funds
- 14%: Would progress faster with more funds

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

<table>
<thead>
<tr>
<th>Amount Range</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>&lt; $10,000</td>
<td>22%</td>
</tr>
<tr>
<td>$10,000 - 100,000</td>
<td>25%</td>
</tr>
<tr>
<td>$100,000 - $500,000</td>
<td>12%</td>
</tr>
<tr>
<td>&gt; $500,000</td>
<td>8%</td>
</tr>
<tr>
<td>Unsure</td>
<td>33%</td>
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All amounts in USD.

“As our industry grows and matures, so should our collective sense of responsibility. It's now broadly accepted that being good and being profitable are not mutually exclusive.”

- Lina Ruiz, Head of Corporate Social Responsibility, WeTransfer, Netherlands
Motivators & Benefits

Top incentives for SME action

- Public Recognition
- Access to Funds
- Customer Requirements

SMEs are making the SME Climate Commitment to access tools & resources for climate action.

Other reasons include:

- Desire to join the United Nations Race to Zero campaign
- Industry momentum
- Marketing opportunities
- Shareholder pressure or owner interest

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**

“Reducing emissions will save us money in the long term. It will help to generate new business, keep us ahead of the curve and regulation, and force us to think more innovatively about how we do business.”

– JJ Ryan, Director, Woodfashioners, UK

“Taking a sustainable approach has helped increase our customer base and sales figures by an average of 10% year on year since 2013. People are now actively looking for businesses with sustainable products and services.”

– Keith Mellon & Anne Veck, Director, Anne Veck Limited, UK
This climate emergency requires all of us to rethink the design and operation of our businesses. As part of our commitment to a low carbon future, we’re focusing on transforming our business to be digital-first. This includes encouraging – and in some cases incentivizing – customers to use electronic versions of our products and reducing paper use and shipping needs. Currently, our electricity is sourced from renewable sources, we’ve limited travel to essential needs, and are working to further reduce our carbon emissions to reach Net Zero by 2030.”

— JEFF HAYES, PRESIDENT & CEO
THE MYERS-BRIGGS COMPANY, USA

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

- **60%** | Have an emissions reduction plan in place
- **76%** | Reducing waste
- **71%** | Reducing energy consumption
- **66%** | Educating employees so they can provide solutions & change their behaviors
- **79%** | Use a calculator to measure emissions
- **32%** | Have reduced emissions

When SMEs join the SME Climate Hub, they commit to:
- Halve emissions before 2030
- Reach net zero before 2050
- Share progress on a yearly basis
To reduce the built environment's impact on the climate crisis, we need to understand the carbon impacts of our designs. Our focus is on lowering carbon through efficient design to reduce the amount of materials needed and increase the use of alternative sustainable materials such as timber and earth.

– ALICE WACHERA, GRADUATE STRUCTURAL & CIVIL ENGINEER AND CLIMATE CHAMPION, BUILDX, KENYA
THANK YOU

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