

Normative

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New data reveals two-thirds of surveyed small businesses concerned over navigating climate action

First of its kind survey of businesses from UN-backed SME Climate Hub shows that small to medium-sized businesses (SMEs) need additional resources and guidance to reduce carbon emissions.

- New survey reveals half of small businesses calculate emissions, and 60% have plans to reduce carbon impact. However, two-thirds of small business owners worried they don't have the right skills and knowledge to tackle the climate crisis.
- Top reasons small businesses cite for delaying climate action include a lack of skills and knowledge (63%), funding (48%) and time (40%).
- Approximately 70% of SMEs need access to external funds to reduce their emissions faster or at all. However, only one-third of SMEs have been offered a financial incentive to reduce emissions.
- SMEs make up 90% of business worldwide and affect the livelihoods of over 2 billion people. The SME Climate Hub has created new resources to address barriers to action, empowering these businesses to reach net zero.

The [SME Climate Hub](#) – the UN-backed initiative that helps small and medium-sized businesses take robust climate action and join the United Nations Race to Zero – conducted a survey to explore the barriers preventing SMEs from reducing their carbon emissions. The SME Climate Hub conducted the survey on 194 of their member businesses, representing a sample of companies around the world, and across sectors, size, and income.

The survey at a glance

- 194 SMEs surveyed
- 60% of surveyed businesses had a climate reduction plan in place
- 68% said lack of resources prevented them from taking climate action
- 48% said lack of funding prevented them from taking climate action

The survey found that small businesses are stepping up in the fight against climate change, but lacked the resources needed to invest fully in their climate journey. 8 out of 10 participants consider reducing emissions “a high priority,” with businesses making efforts to cut their greenhouse gas emissions through reductions to energy consumption and waste (82%), employee education (64%), and upgrades to facilities and equipment (52%). However, only 60% of the SMEs in this category had a long-term emission reduction plan in place, highlighting the importance of short term actions and the need for increased planning amongst these first movers.

Taking climate action leads to more resilient businesses – and SMEs reveal their growing understanding of its benefits. Small businesses are prioritizing climate action to enhance the reputation of their brand (73%); differentiate their business from competitors (61%); and meet customer expectations (42%). However, at 96%, SMEs overwhelmingly cited “the right thing to do” as a key motivation for taking climate action.

Even small businesses aware of their environmental impact and the benefits of carbon mitigation have often lacked the resources to take action. This adds another barrier for companies not yet involved in the conversation. The most commonly-cited barrier to action is a lack of skills and knowledge, denoted by 63% of surveyed businesses, and a gap actively addressed by the SME Climate Hub since the survey's launch. This might include education around where and how to get started, a baseline understanding of the SME role in climate action, or the tools available to aid them in their journey.

The second most common barrier is funding, cited by nearly 50% of businesses. Concurrently, 69% of SMEs denote access to external funds as necessary to reduce their emissions faster or at all. Only one-third of SMEs have been offered a financial incentive to reduce emissions, with only 8% of SME owners having received support from their banks.

Top 5 Reasons SMEs Aren't Taking Climate Action



To meet global Paris Agreement targets and avert the most harmful consequences of climate change, it is vital that small to medium-sized businesses are empowered to reduce their carbon emissions. SMEs are usually classified as businesses with fewer than 500 employees. Though any single SME's climate impact may seem small, the combined effect of the category is sizable; SMEs make up 90% of business worldwide. They are also an integral part of the supply chains of larger corporations, and make up a category called Scope 3 emissions.

"Taken on an individual scale, each small business has a relatively moderate carbon footprint," said María Mendiluce, CEO of the We Mean Business Coalition, a founding partner of the SME Climate Hub. "However, together, these small businesses have a huge impact – both on the planet and on their communities. To limit the effects of climate change, and to create a just future that leaves no one behind, it's imperative that every business, of every size, has the tools they need to prioritize climate action."

Three tools to help SMEs start their reductions today

Through the SME Climate Hub, businesses committing to net zero can access tools and support to measure, report on, and reduce their emissions. Since the distribution of the survey, the initiative has addressed resource needs of the small business community, launching tools for education, skills development, and financial incentives, with additional tools being developed in the coming months.

With the [Industry CO2 Insights tool](#) developed by [Normative](#), the SME Climate Hub helps businesses understand their baseline emissions through insights into the carbon footprint of businesses in the same industries and regions.

“The most important thing is to get started. Every organization is a part of the journey and every forward step matters,” says Kristian Rönn, CEO and co-founder of Normative, the official software provider for the SME Climate Hub. “We need to start measuring our impact today, because in the end what gets measured gets managed,” Kristian Rönn concludes.

In November, the SME Climate Hub launched Climate Fit, a step by step resource developed by the [University of Cambridge Institute for Sustainability Leadership](#) (CISL) and [Business for Social Responsibility](#) to help small businesses learn practical skills to reduce their carbon emissions, covering topics of strategy and operations to governance and the supply chain.

To address the financing gap, the initiative alongside BSR and CISL has released a financial support guide to improve access to financing for small and medium sized enterprises (SMEs) working to reduce their carbon emissions. The SME Climate Hub also now offers a reporting framework developed in collaboration with [Normative](#), [CDP](#), and the [Exponential Roadmap Initiative](#), which is intended to be used by SMEs to guide their reporting of climate impacts and strategies to multiple stakeholders. The next iteration of the reporting tool will support direct reporting by SMEs.

“We created the SME Climate Hub as a resource that’s accessible to small businesses around the world to help them in their journey to reach net-zero by 2050 or sooner,” explains María Mendiluce.

“Our aim with the SME Climate Hub is to help millions of SMEs develop climate action plans - and to provide them with a commercial boost for doing so. We believe that the SME Climate Hub can play an important role in accelerating the race to a net-zero future,” says Johan Falk, co-founder of the SME Climate Hub and head of the Exponential Roadmap Initiative.

About the Survey Method

The SME Climate Hub conducted the survey in July and August of 2021. The survey was distributed via email to small and medium sized businesses committed to the SME Climate Hub. There were 194 respondents in total.

About the SME Climate Hub

The SME Climate Hub is an initiative of the We Mean Business Coalition, the Exponential Roadmap Initiative, the United Nations Race to Zero campaign and the International Chamber of Commerce. In collaboration with Normative and the Net Zero team at Oxford University, the SME Climate Hub provides tools and resources to enable SMEs to make a climate commitment, take action and measure their progress towards emissions reductions. This partnership allows SMEs to join the United Nations Race to Zero campaign — an international campaign that brings together an unprecedented coalition of real economy actors and 120 governments committed to achieve net-zero emissions by no later than 2050.

About Normative

Normative is the world's first carbon accounting engine, helping businesses calculate their entire climate footprint and reduce their greenhouse gas emissions. Co-founded in 2014 by Kristian Rönn to accelerate the transition to Net Zero, Normative sets a new standard in scientific accuracy for emissions accounting, powered by its market-leading emissions database. The company, headquartered in Stockholm, has hundreds of customers, and partners with leading climate change organisations including the UN, to deliver actionable sustainability intelligence. Normative is also the foundational software provider for the UK's SME Climate Hub through which thousands of small businesses have committed to net zero. [Normative.io](https://normative.io)

Contact info

Cassandra Julin

press@normative.io

0046702866861

<https://normative.io/press/>