



Mobilizing Small Businesses to Net Zero

SME CLIMATE HUB
2024 SURVEY

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METHODOLOGY

To better understand the motivators and barriers of small business climate action, the SME Climate Hub conducted a survey of its 7,600 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 124 countries, across industry, size and valuation. As signatories of the SME Climate Commitment, survey respondents are amongst the first small business movers on climate action. The survey received responses from 288 businesses across 44 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

There are approximately 400 million small and medium-sized businesses (SMEs) in the world today, making up 90 percent of businesses globally. In the EU, these companies account for two-thirds of private sector jobs and contribute to more than half of the total added value created by businesses. The US economy boasts around 30 million businesses with less than 500 employees, and these companies have created nearly two-thirds of net new private sector jobs in recent decades.

A significant percentage of these companies will be important for providing the products and workers needed to move the world from the fossil fuel-based economy to one powered by clean energy.

As global regulations and customer expectations increase, SMEs are reaping business benefits of taking action. Meanwhile, with a more concentrated customer base, staff and localized supply

chains, along with more precarious balance sheets, SMEs are often more vulnerable to the impacts of severe weather events caused by climate change. In turn, their prioritization of emissions reductions is only increasing.

Despite these benefits, smaller companies often lack the means to take immediate action to reduce emissions. With the right support, however, they can, and are ready, to help move forward the energy transition. The SME Climate Hub is here to help our community meet this shift and scale solutions.

Thank you to all those businesses leading on climate action and to those who are supporting the movement to net zero in smaller companies. The energy transition needs everyone to take part. By working together, we can help create a better, cleaner, more prosperous world for everyone.



Maria Mendiluce
CEO
We Mean Business Coalition



Pamela Jouven
Director
SME Climate Hub

Participant Map

- Countries with high number of survey participants
- Additional countries participating in survey
- Countries not participating in survey

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

288

BUSINESSES

44

COUNTRIES

25

INDUSTRIES



BUSINESS TYPES

64% B2B **21%** B2C **8%** B2B&C

Compared to last year, reducing emissions grew in priority for **44%** of SMEs, and maintained the same level of priority for **53%** of SMEs. Only **3%** of SMEs reported deprioritizing emissions reductions.

20%

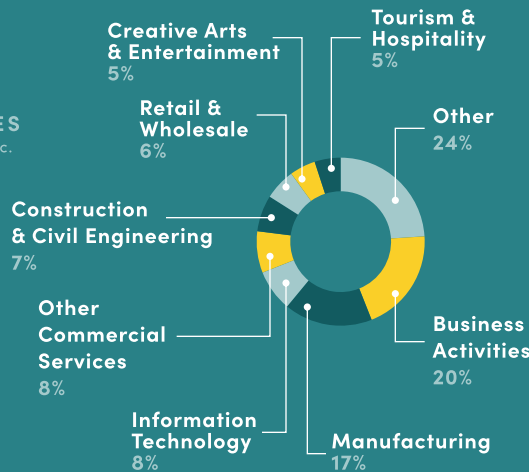
BUSINESS ACTIVITIES
Consulting, legal accounting, etc.

17%

MANUFACTURING

8%

INFORMATION TECH



Participants ranged from microbusinesses to mid-sized companies.

49% ≤ 10 EMPLOYEES

30% 11-50 EMPLOYEES

6% 51-100 EMPLOYEES

10% 101-250 EMPLOYEES

5% 251-500 EMPLOYEES

SME Community Survey 2024: Results & Analysis

Motivators



Challenges



Financing



Action



Tools



Beyond SMEs



Motivators



Benefits gained from taking climate action

62%

Enhanced business reputation

53%

Increased business differentiation

40%

Achieved branding benefits

37%

Met customer expectations & retained business

30%

Won new customers

What motivates SMEs to take climate action?

63%

IT'S THE RIGHT THING TO DO

52%

COST SAVINGS & RETURN ON INVESTMENT

46%

DIFFERENTIATE MY BUSINESS FROM COMPETITORS

46%

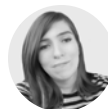
GET TAX BENEFITS OR OTHER GOVERNMENT FUNDING

44%

BUILD BUSINESS RESILIENCE AGAINST CLIMATE CHANGE

“ Taking action against climate change is not just an environmental necessity; it's a smart business move and the right thing to do. Businesses can do good for the planet, set a great example for others to follow, and often improve their bottom line. By prioritizing the planet, businesses can increase brand loyalty among eco-conscious consumers, and find cost savings in more efficient, sustainable practices. Every company has the power to make a difference, no matter the size of their business. ”

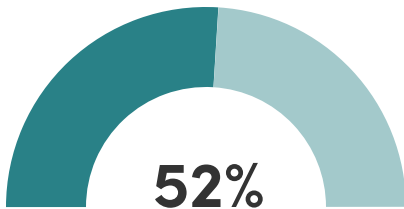
– SARAH GOODELL, FOUNDER
AUTUMN DAHLIA CREATIVE SERVICES (USA)



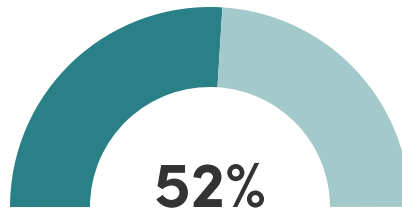
Challenges



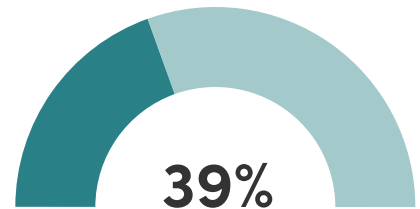
Top barriers preventing SMEs from taking climate action



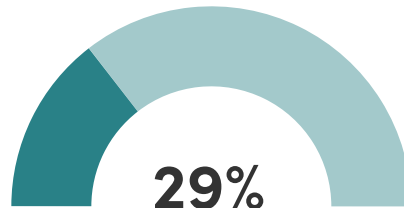
Lack of policies or government-sponsored benefits



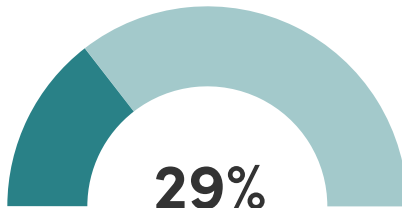
Insufficient funding (down from 57% in 2023)



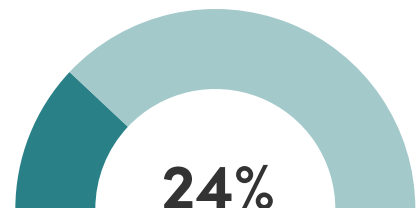
Lack of data about current emissions



Lack of time (down from 44% from 2023)

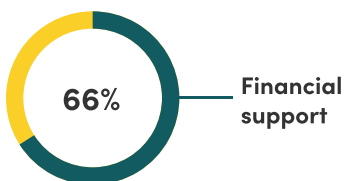


Lack of skills & knowledge (down from 61% in 2023)

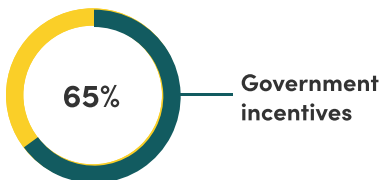


Insufficient return on investment (down from 30% in 2023)

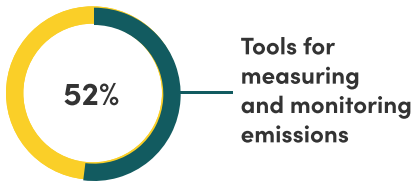
To take greater climate action, SMEs need:



Financial support



Government incentives



Tools for measuring and monitoring emissions

“ We’ve encountered several challenges, including limited awareness among consumers and suppliers, and a perception of high costs associated with sustainable products. Often, substantial initial investments are also

needed to implement sustainable initiatives. As we reflect on our climate action journey, we believe clear and straightforward policies and regulations are the most important lever to support small businesses to reach their climate goals. ”

- VISHAKHA VIDHANI, FOUNDER AVYANNA (INDIA)



Financing



SMEs are not confident in securing funds to reduce emissions. When asked about their knowledge on a series of topics, they rated their knowledge about funding for climate action as:

64% Very poor

22% Moderate

13% High

73%

of respondents need funds to start taking climate action or to speed up their emissions reductions.

84%

of respondents have not been offered any financial incentives to reduce their emissions.

“ In 2022, we sought regional government support to make environmental improvements to our Bristol building, and we were approved for 50% of the funding needed. We installed solar panels with the funding and were so encouraged by the effectiveness of the project that we spent £13K out of cash flow to install our first 10KW of solar PV on our London building. This made a massive impact to our power draw needs and, with a bit more external financial support, encouraged us to take out funding to grow the project in London and Bristol the following year. ”

– BARRY BASSETT,
OWNER & MANAGING DIRECTOR
VMI.TV (UK)



Taking Climate Action



SMEs rate their knowledge on areas of climate action:

HIGH

- Reducing emissions of offices, buildings, and/or equipment
- Reducing emissions in their business sector
- Lowering transport-related emissions

MODERATE

- Creating and implementing a strategy to reduce emissions
- Establishing and tracking emissions reductions

LOW-POOR

- Working with suppliers to reduce supply chain emissions

The top five actions respondents have taken are:

- Reducing waste**
- Reducing energy consumption**
- Upgrading facilities**
i.e. Installing LED lighting or additional insulation
- Educating employees**
- Upgrading vehicles or equipment**

73% of respondents have taken a business climate action training

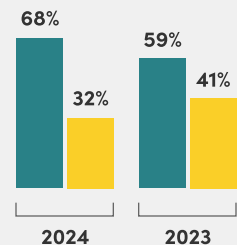
“Our infrastructure was designed from the outset to have zero environmental footprint. Every bungalow generates its own energy and its own water from renewable sources. The electric energy comes from photovoltaic solar panels. The sun heats our water for warm showers. We’ve built our structures so that every roof collects rainwater, and each building sits on large underground cisterns, which store enough water to see us through the dry season. Our eco-architects also designed the bungalow roofs so that coastal winds boost an effective, natural cooling system. We don’t use single-use plastics, and our drinking water, which comes from our well, is filled in recycled wine bottles. Our guests love that our operations are close to zero carbon, and we’re very proud of the way we operate.”

– SIBYLLE RIEDMILLER, FOUNDER
CHUMBE ISLAND CORAL PARK (TANZANIA)



Do you have an emissions reduction plan?

Yes No



Tools Facilitating Action



Through the SME Climate Hub, businesses can make a globally recognized climate commitment and access free tools and resources to stay accountable to their net zero goals.

Our streamlined reporting system allows SMEs to create an annual public emissions report and provides a roadmap to stay on track through our suite of action and education tools.

The top 5 reasons SMEs make the SME Climate Commitment are:

-  Join the Race to Zero
-  Access SME CH resources
-  Marketing opportunities
-  Momentum within industry
-  Shareholder and customer pressure or owner interest

Did you find sufficient support to compile your emissions reduction report this year?

 Yes - 70%  No - 30%



“Being transparent with our reporting allows staff to feel part of the process, and proud to have a voice in how we continually strive to do better.”

RICHARD LINDSAY,
SUSTAINABILITY & BIZ
INSIGHTS MANAGER,
BIRMINGHAM COUNTY
FOOTBALL ASSOC. (UK)

“Accessing tools for emissions reporting can be very expensive, but the SME Climate Hub provided a tool and reporting structure that allowed us to keep track of our emissions, without over complicating the process.”

- HUGH ANDERSON, FOUNDER
DOWNTON DISTILLERY (UK)



Top SME Climate Hub Tools

BUSINESS CARBON CALCULATOR

REPORTING TOOL

1.5°C BUSINESS PLAYBOOK

ACTION GUIDES

CLIMATE FIT

Beyond SMEs

ECONOMY, SUPPLY CHAINS
AND COMMUNITY IMPACT



Large corporate companies and governments are increasingly calling for action across their supply and value chains. They must go further, faster, to bring their small business suppliers on board.

37% of surveyed SMEs met requirements from buyers or received preferential status from them by taking climate action.

However, **63%** of respondents have not been asked by stakeholders to reduce emissions.

Only **17%** have been asked by corporate customers to reduce emissions followed by individual customers, government customers, investors, and financial institutions.

SMES TAKING ACTION IN THEIR SUPPLY CHAINS

30% of businesses have updated their procurement policy, making decarbonization a key factor for evaluating major purchases and vendor relationships

41% have engaged their suppliers in a discussion about carbon emissions

42% have engaged customers on topics including reducing the emissions of their product use and disposal

SMEs need additional support to transition to clean energy. Their main challenges for phasing out fossil fuels are:

- Cost
- Limited control over rented properties
- Scope 3 regulation
- Policy & regulation
- Transportation and travel
- No green alternative

“ As our manufacturing orders grow in size, we are better placed to work with our suppliers to implement energy-efficient practices, sustainable materials, and low-impact production methods. We collaborate with suppliers who adhere to eco-friendly practices and are working to eliminate plastic in the supply chain by using only compostable packaging. Wild Cloud also boasts repair and buyback programs to ensure a good circular model. ”

– FRANNY COLLINGHAM, FOUNDER
WILD CLOUDS (UK)



THANK YOU

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Media and communications inquiries:
schebil@wmbcoalition.org

General inquiries:
info@smeclimatehub.org

ABOUT THE SME CLIMATE HUB

The SME Climate Hub is an initiative of the We Mean Business Coalition, the global nonprofit catalyzing business and policy action to halve global emissions by 2030. The initiative was co-founded and is operated in partnership with the Exponential Roadmap Initiative and the UN Climate Change High Level Champion's Race to Zero campaign, in collaboration with Normative. Through its free tools and resources, the SME Climate Hub enables small and medium sized enterprises (SMEs) to make a climate commitment, take action and measure their progress towards emissions reductions. The SME Climate Commitment is the official pathway for SMEs to join the global Race to Zero campaign. Learn more at: www.smeclimatehub.org.