

# How do SMEs feel about their path to net zero?

## SMEs

SMEs<sup>1</sup> make up over 99% of the UK private sector businesses<sup>2</sup>, of which around three-quarters are sole traders<sup>3</sup>. Overall, SMEs account for between 43-53% of UK businesses' greenhouse gas emissions.<sup>4</sup>

These businesses also often form part of the supply chain of larger companies with emissions reduction targets. Naturally, SMEs are coming under increased pressure from these customers and supply chains to implement and communicate their own sustainability strategy.

Because of their variation in size, SMEs are responding to this pressure in different ways. We've polled 500 SMEs to look at the barriers they are facing in becoming more sustainable, and the support they need to overcome them.

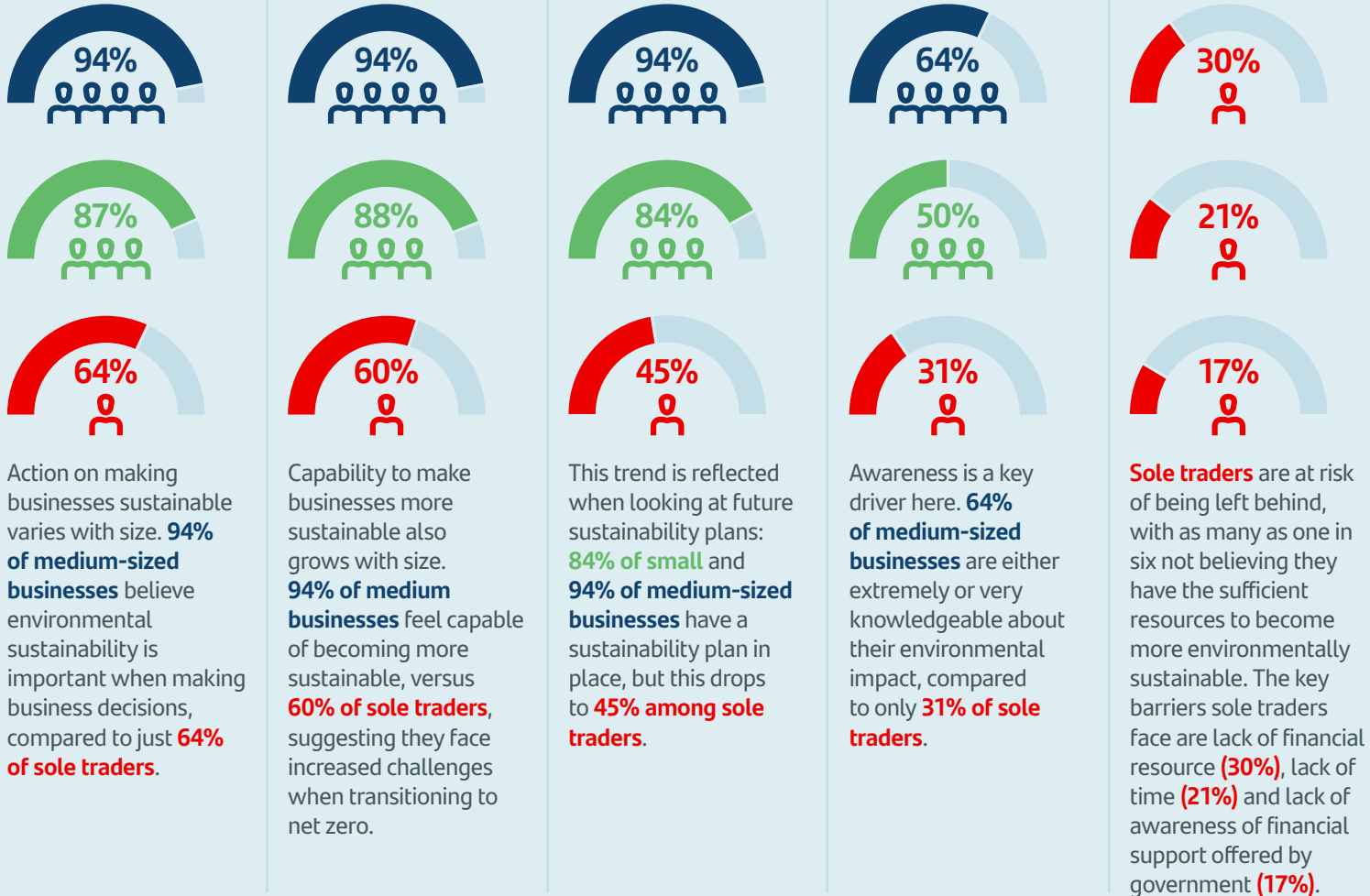
### Key



<sup>1</sup> For this research, we've defined an SME as any organisation that has fewer than 250 employees and a turnover of less than £43.31 million.  
<sup>2</sup> 1583-SME-Decarbonation-Report-v5.pdf (bankersforthenetzero.co.uk)  
<sup>3</sup> Unlocking the SME Net Zero Transition | Policy and Guidance | UK Finance  
<sup>4</sup> Ibid

## Key findings

Four in five SMEs say that environmental sustainability is important when making business decisions, yet sole traders are at risk of being left behind





## Government

Only **30%** of businesses surveyed feel supported by Government to transition to net zero, this drops to **8%** when we look specifically at sole traders. This lack of support has led to a lack of awareness among SMEs about the steps they need to take to become more sustainable, and what Government support is available to do so.

We asked SMEs what support they would like from Government, and they said:

### Grants

**62%** of respondents would like to see grant funding from Government to support with decarbonisation, this could be through one off vouchers to invest in measures to support energy efficiency.

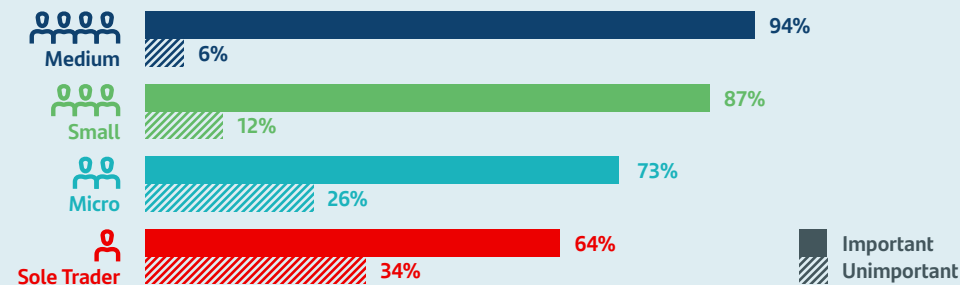
### Awareness raising

Sustainability workshops (**43%**) and climate hubs (**32%**) were also selected by SMEs as key Government interventions to raise awareness of what can be done to reduce emissions.

### Policy certainty

SME decision makers attribute the most responsibility for ensuring businesses align their portfolios to net zero to the Government (**58%**), but currently there is no Government-led SME decarbonisation strategy. Government needs to publish sectoral net zero roadmaps to plug this gap, which include the role of SMEs.

## % of importance of environmental sustainability when making business decisions



## Santander

At Santander we work to understand the challenges SMEs are facing to become environmentally sustainable. Our Corporate and Commercial Banking Relationship Teams have undertaken more than a day and a half of sustainability training to enable them to have constructive conversations with their customers to help them identify the risks and opportunities they are facing.

We have also run several roundtable events, bringing together businesses from different sectors to discuss their sustainability journeys and share their experiences.

Through Santander Navigator we also link our clients to providers offering sustainability solutions such as carbon accounting and building a sustainability strategy.

We also offer two types of sustainable loans for our clients: Green and Social loans and Sustainability Linked Lending loans. We raised and facilitated over £659m of sustainable finance in 2023, and over this year, we'll continue to grow our product and service proposition for green finance.

**For more information visit:**  
[Sustainable Banking | Santander Corporate and Commercial Banking](#)

*"It's rare to see a bank making this kind of targeted effort to reach and connect the grassroots with forward enterprising thinking on issues of the day"*

**Santander sustainability roundtable attendee**