

ESG guide

for small and medium businesses

How you can make a meaningful environmental, social and governance impact in the face of shrinking budgets



Business

It's time to get to grips with ESG

Small and medium businesses (SMBs) account for 99.9% of all UK businesses*. They're the engine of our economy.

Despite this, the UK Government's environmental, social and governance (ESG) policies are yet to fully reach these businesses.

Instead, regulations like the Corporate Sustainability Reporting Directive (CSRD), which ask companies to report on their sustainability performance, are aimed at larger organisations. But this won't be the case for long.


The CSRD also requires listed SMBs to meet reporting requirements by 2027, and this direction of travel suggests it's only a matter of time before all UK businesses follow suit.

*2022 government business population estimates
<https://www.gov.uk/government/statistics/business-population-estimates-2022/business-population-estimates-for-the-uk-and-regions-2022-statistical-release-html>

So how can SMBs look to future-proof their businesses?

We surveyed 1,200 UK workers, from decision makers to junior staff, to answer that question. Together with Censuswide, we wanted to understand where UK SMBs are at with their ESG goals and what challenges they're facing today.

To help you take control of your ESG goals this year, this report will give you insight and advice from fellow SMB customers and key takeaways to help you make progress today.



'We're at the start, we're establishing our baseline and mission to see where we can target, where we can make a difference.'

Lindsay Harling, Head of Commissioning and Procurement, Fedcap

Research methodology

Censuswide surveyed 1,203 respondents working in UK businesses in organisations with more than 11 staff and in the private and public sector between 10.08.2023 - 17.08.2023.

Censuswide surveyed 1,000 General Consumers (aged 16+) between 10.08.23 - 14.08.23.

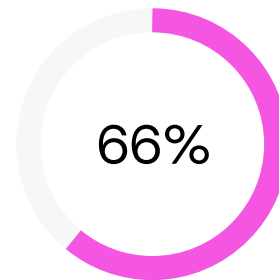
Censuswide abides by and employs members of the Market Research Society which is based on ESOMAR principles.

Your carbon cheat sheet

SMBs have less confidence than any other segment when it comes to the latest environmental policy.

66% of senior respondents had gaps in knowledge of upcoming regulations. And while SMBs currently aren't required to report on their environmental progress, this could well change – and soon.

The CSRD is the successor to the Non-Financial Reporting Directive (NFRD). The fact that it covers many more companies (approximately 38,000 more) and a much broader scope than its predecessor suggests it's time for SMBs to plan for a world where they are also required to provide 'non-financial reporting'.



of senior respondents had gaps in knowledge of upcoming regulations



‘We’ve got an ambitious target of being carbon neutral by 2035. Before the 2050 mark.’

Lindsay Harling, Head of Commissioning and Procurement, Fedcap



SMBs need more quality data to plan ahead with confidence

If you want to get ahead, you need quality data to underpin your decision making.

SMB confidence in data is currently lacking.

45% of SMB respondents say they're 'very confident' in easy access to accurate data. 51% say there are gaps in their understanding or they lack access to clear information.

That's not to say SMB decision makers' standards are any lower when it comes to carbon data. 82% say carbon transparency is important when choosing products or services for their organisation. They understand it's a fundamental part of future-proofing a business in today's world.

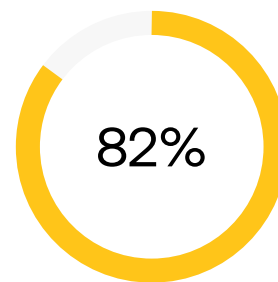
69% of SMB respondents say limited availability of data from suppliers and difficulty verifying data are challenges for their organisation.

If you want to future-proof your own business with the right strategy, you'll need access to better quality data and more transparency from suppliers. That means putting the pressure on those partners to offer that transparency and access to reliable, accredited data.

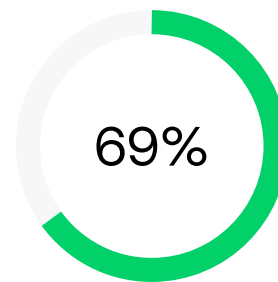
The [Carbon Calculator](#) we offer on some of our most popular business solutions, for example, is based on a model that has been certified by the Carbon Trust as conforming to the Greenhouse Gas Protocol Product Lifecycle Standard*.

It's reliable data that will help you get ahead of the CSRD and align your business with your customers' values. To do this, you'll need a rock-solid strategy.

So how can you set out a clear environmental strategy?



82% of decision makers say carbon transparency is important when choosing products or services



69% say limited availability of data from their suppliers and difficulty verifying data are a challenge

'Utility data and supply chain data is where we've struggled the most. Suppliers need to be able to tell us what the associated emissions are with providing that service or product to us, and that's something that is a bit lacking at the moment. We like to work with local, smaller suppliers but they don't always have that data.'

Lindsay Harling, Head of Commissioning and Procurement, Fedcap

*The carbon calculator is available for new customers who purchase Virgin Media Business SD-WAN or O2 Business mobile solutions. Or existing customers renewing their contract. Model outputs do not constitute a verified product/organisation footprint.

Five steps for environmental confidence

The first steps are doing your research and figuring out your business's emissions. The Carbon Trust has a [dedicated Carbon Calculator](#) for SMBs to measure their corporate emission footprint.

This is great for calculating your own emissions. And coupled with your suppliers' own carbon calculators, it'll help you paint a clear picture of where you need to go next.

Next, a sustainability action plan will help your business operate more effectively. The [British Business Bank's five step plan](#) is a solid foundation for any SMB to follow.



5-step sustainability action plan

1

Do your sustainability research

Look into environmental legislation and compliance standards that could be specific to your industry. Talk to your stakeholders. And look into sustainable business practices like insulation, heat pumps and LED lights.

2

Assess your company's current sustainability

You've got to know where you are now to know where you're going. Consider auditing all your major business operations, from recycling to employee travel and more. In some cases it can help to get a professional audit done, especially if you want to become a Certified B Corporation.

3

Set your sustainability goals

Using your data, identify your areas of improvement. Establish clear goals like replacing disposal cups with glasses or investing company capital in renewable energy stocks. Always consider cost – lofty goals are great but they need to be realistic too.

Make your sustainability goals **SMART**

Specific • Measurable • Achievable • Relevant • Timely

4

Identify actions for reaching your sustainability goals

This is a good point to include employees, suppliers and customers in the discussion.

Think of actions you can all take to increase sustainability across your business.

Evaluate the actions in terms of efficacy and applicability, then draw up a shortlist with expected time frames for implementing each item.

5

Put your sustainability strategy into action

Assign tasks to colleagues and get going. Write your goals into your company policies to reinforce green behaviour at all levels of your business. And help hold yourself accountable by producing a mission statement that pledges quantifiable results.

**Whether you're at the start of your journey or well on your way,
the above plan holds useful advice to help take your strategy to the next level.**



Less carbon

Key actions for decision makers

Align

your business strategy
with the CSRD

Follow

the British Business Bank's
five step plan

Push

suppliers to provide you with
verified data at point of purchase

Social value, at the heart of your business

UK SMBs are tightly connected with their communities.

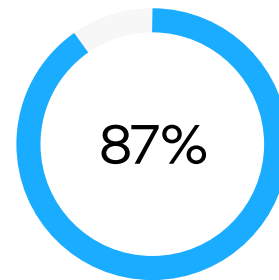
Often, it's thanks to the community that these businesses exist in the first place.

So it makes sense that SMBs are keen to give back. **87%*** of SMB respondents already take steps to support social value causes.

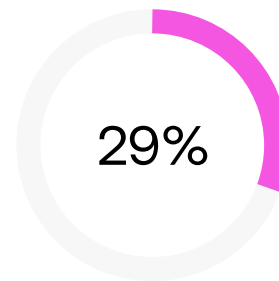
Only **29%** say they have a very high understanding of and contribution to social causes, however, suggesting plenty of room for improvement.

66% say social action has higher priority today than it did one year ago – lower than large businesses and public sector organisations.

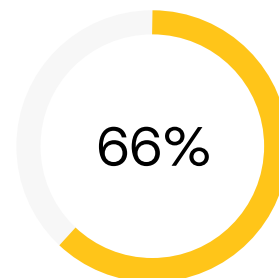
As social value becomes economic value thanks to the UK Government's Social Value Act, it's vital SMBs know how to create meaningful social impact.



of SMB respondents already take steps to support social value causes



say they have a very high contribution to social causes



say social action has higher priority today than it did one year ago



*Very high, we have a strong understanding and actively contribute to social causes and Moderate, we have some understanding and take steps to support social causes combined



How you can make meaningful social impact this year

You can create social impact through your business in several ways.

Employing local populations, creating apprenticeships, providing free services to communities or getting involved in food and tech donation schemes – the real question is where do you want to focus?

For Lindsay Harling, Head of Commissioning and Procurement at Fedcap, social value is central to its strategy.

As a not-for-profit organisation that delivers public services across the UK, Fedcap has committed to deliver an added social value of **25%** across its contracts, by investing in what matters most for its people, customers, partners, environment and communities. To date, Fedcap has delivered £21m (and counting) towards social and local economic value.

Fedcap's commitment goes beyond projects, though – at its 25 frontline offices across England and Scotland, community areas include WeCare stations – discreet food and hygiene banks for customers – set up in response to the cost-of-living crisis. And a recent Community Day involving almost 400 staff members saw 1,640 hours of volunteering time donated to 37 charities from Aberdeen to Brighton.

This array of social value is a fine example of a few ways SMBs can get going on their own social value strategies.

‘We’re putting a real focus on delivering social value back into the communities in which we work. At Fedcap we’re committed to demonstrating 25% social value impact on our local communities across the UK.

Lindsay Harling, Head of Commissioning and Procurement, Fedcap



Less inequality

Key actions for decision makers

Look

to the communities your
business operates in to
create change

Make

it ownable for employees by
empowering them with choice

Track

measurable KPIs for
social value calculations



Everything you need to know about reducing tech waste

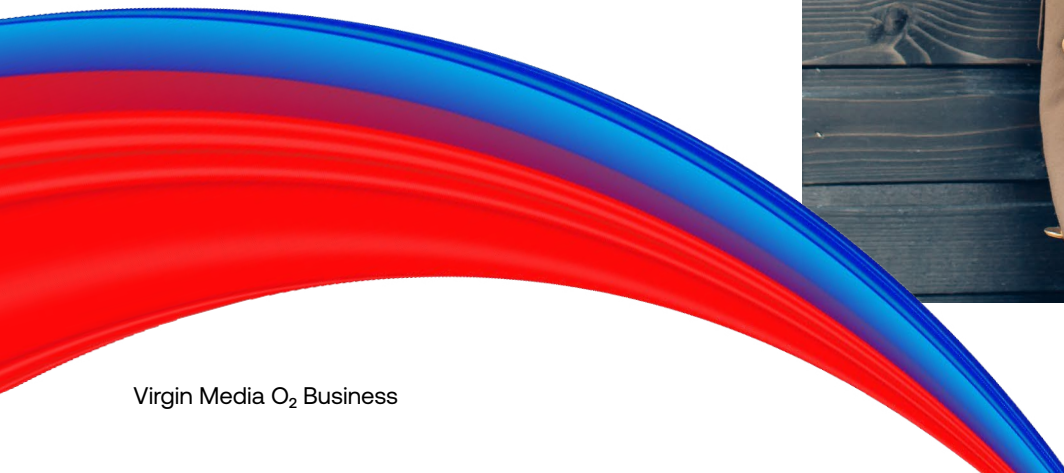
SMBs operate in such a broad range of sectors that waste will vary from business to business.

A professional services firm will have different waste to a manufacturing or retail business, for example.

But no matter what type of waste your organisation produces – commercial waste, e-waste, paper or even energy – it helps to know what regulations you need to be aware of.

The UK Environment Act contains a range of commitments for businesses on recycling and the handling, management and disposal of waste, including:

- Extending producer responsibility to make producers pay for 100% of the cost of disposal of products, starting with plastic packaging
- A deposit return scheme for single-use drinks containers
- Charges for single-use plastics
- Electronic waste tracking to monitor waste movements and tackle fly-tipping
- Regulating shipment of hazardous waste
- Banning or restricting export of waste to non-OECD countries





How and why you should reduce your business's waste

‘Because we don’t actually manufacture anything, we’re going to have to look at ways we can deliver more sustainability through our offices – recycling furniture, using more sustainable products, work more sustainably with our suppliers.’

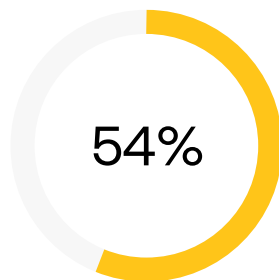
Lindsay Harling, Head of Commissioning and Procurement, Fedcap

54% of consumers say a company’s commitment to environmental, social and governance issues (ESG) influences their buying decisions.

87%* of SMB respondents describe their customers’ expectations around ESG as moderate or high.

Consumers expect SMBs to manage their waste responsibly. But it’s not always easy and responsible waste management isn’t always the cheapest option available.

*Moderate and high combined



of consumers say a company’s commitment to ESG causes influences their buying decisions

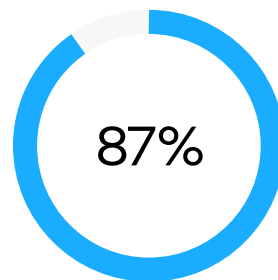
The topic of e-waste has risen rapidly over the last few years as businesses look to make each aspect of their waste disposal more environmentally friendly.

As of 2021, all retailers who sell over £100,000 of electrical and electronic equipment must provide takeback systems for customers who purchase new equipment.

Manufacturers will soon have to make critical spare parts available to repairers and offer system upgrades for at least five years, and tablets and phones will need to meet stricter resilience requirements when it comes to accidental drops or scratches.

Our Mobile Recycling Scheme helps organisations reduce electronic waste and give back to communities by taking old devices and recycling them while also allowing organisations to get cash back. Our scheme operates a zero-landfill policy – and by the end of 2025, we’ll recycle 95% of this waste responsibly and fulfil 10 million circular actions.

By working in partnership, we can ensure old devices are put in the hands of those who need them most. And the power of partnership is true across all waste disposal – relying on the expertise of those who can help you lessen your impact on the environment and the planet.



of SMB respondents describe their customers’ ESG expectations as moderate or high



Less waste

Key actions for decision makers

Consider

waste disposal a last resort
for your business

Ensure

you are communicating
your waste management
approach to your customers

Partner

with organisations with their
own recycling schemes to
support your ESG goals



Let's do more to **achieve less**

SMBs are optimistic about the future of ESG.

88%* of SMB respondents are motivated to make faster ESG progress in light of the global focus on responsible business.

Now it's about handing them the right tools, technology and ESG focused propositions to do this.

It's why we offer UK SMBs a unique set of ESG tools to help:

Carbon calculator

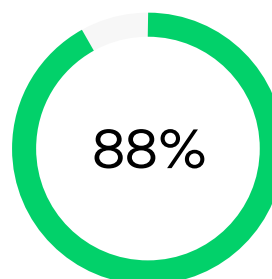
Estimate and help limit the environmental impact of working with our technology – the model is certified by the Carbon Trust as conforming to the Greenhouse Gas Protocol Product Lifecycle Standard**, so you can rely on the data for your own reporting.

[Learn more](#)

O₂ Recycle for Business

extend the life of your old or unwanted devices by trading them in for cash to help bring tech waste down, even if they're damaged or not working – the vast majority will be repaired, reused or recycled to help support the circular economy.

[Learn more](#)



of SMB respondents are motivated to make faster ESG progress

We know consumers expect action.

41% keep themselves informed of the ESG efforts of the companies they engage with and just 12% of consumers believe companies are taking significant action.

This is an opportunity for you to differentiate yourself from your competitors before regulations demand it.

It's time to lean on your partners to help you make ESG progress during a difficult year.

'It's about relationships and building partnerships. We're not going to do this solo. That's really key, especially in the current economic climate, we've got to support one another.'

Lindsay Harling, Head of Commissioning and Procurement, Fedcap

*Highly motivated and somewhat motivated combined

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Summary of key actions for decision makers



Align

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five step plan

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with verified data at
point of purchase



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business operates in to
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Business

**Ready to make meaningful
ESG progress?**

Visit our sustainability hub