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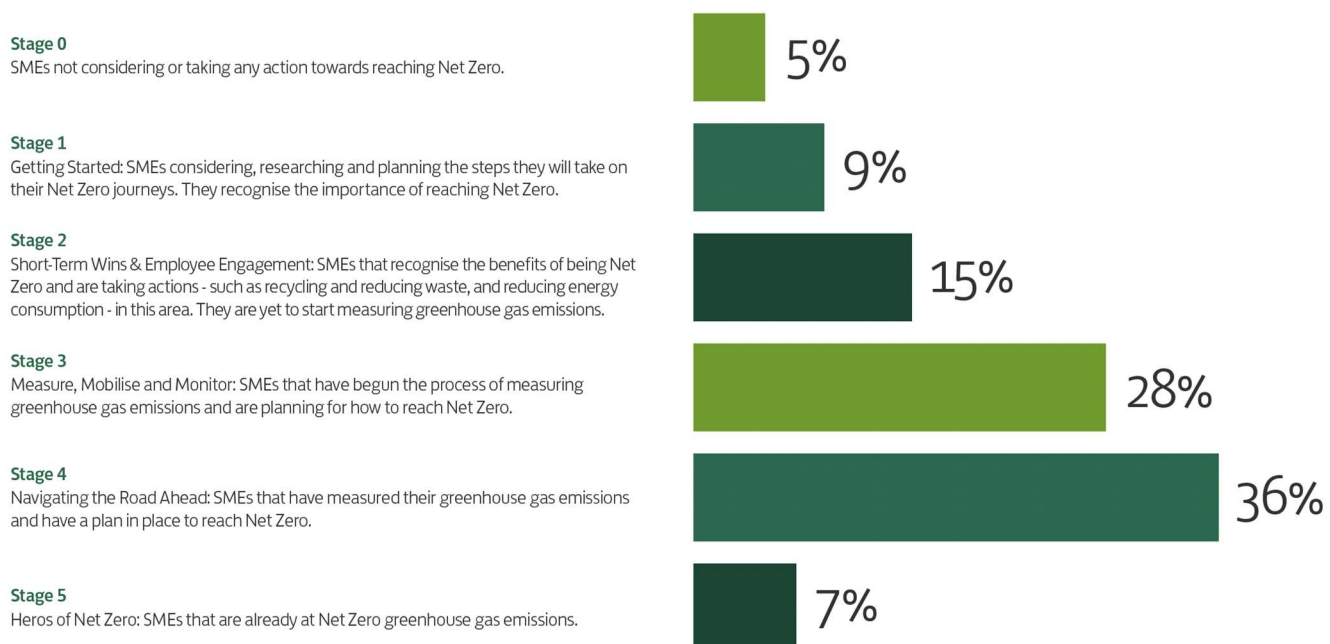
SMEs' Net Zero status revealed for first time through Lloyds Bank's Net Zero Monitor

- **7% of UK SMEs have achieved Net Zero emissions**
- **Further 64% have a plan in place to reach Net Zero**
- **83% state sustainability has become more important in past 12 months**
- **Just 5% of SMEs are not considering Net Zero action**

UK SMEs are driving forward Net Zero targets, with two thirds (64%) of SMEs saying they have a plan in place to reach Net Zero by 2050, according to Lloyds Bank's Net Zero Monitor. The Monitor finds that 7% of SMEs have already reached Net Zero emissions – jumping to 12% in London – acting as 'heroes' for other businesses, while just 5% of SMEs are not acting or not considering acting on Net Zero.

The vast majority of SMEs (93%) say that sustainability challenges are important to them, with 83% reporting it has become more important in the last year – reaching 93% for SMEs in the East of England – despite other challenges facing their businesses, such as rising energy costs and the ongoing impact of Brexit.

Building on the SME five-step journey to Net Zero, which was first set out in the Monitor in 2021, Lloyds Bank this year surveyed over 1,000 financial decision makers in SMEs (excluding micro businesses) to establish a baseline of where they are in their sustainability journey today:



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The West Midlands (79%) has the most SMEs at stage three or above of their Net Zero journey and, on a sector basis, the services (72%) and transport (70%) sectors have the most SMEs at stage three and above.

The research also identified the top activities being undertaken by SMEs trying to achieve their Net Zero targets:



Recycling and reducing waste
62%



Reducing energy consumption
60%



Sourcing renewable energy
36%

However, when asked about the action that was *actually* having the most impact in achieving their Net Zero targets, businesses said that reducing energy consumption was their most impactful action (38%), closely followed by recycling and reducing waste (37%).

Elyn Corfield, Chief Executive Officer, Lloyds Bank Business & Commercial Banking, said: “The progress SMEs are making on their Net Zero journeys is crucial to enabling us all to reach the 2050 target, and their dedication to the task, especially given the range of competing priorities they face every day, is to be admired.

“That growing awareness leading to increased action is exactly the path we need to take. The survey also encouragingly highlights Net Zero ‘heroes’, companies which can act as champions for all businesses on their road to Net Zero, share knowledge, and pave the way for a growing number of SMEs to reach their sustainability targets.”

Ends

Notes to Editors

Methodology

Lloyds Bank commissioned Yonder to explore the sustainability experiences of SMEs and the number of SMEs at each stage of the Net Zero journey – as identified in its 2021 [“From Now To Net Zero Report”](#).

The research approach included two distinct stages, combining insight from a large-scale poll among SMEs with qualitative depth from in-depth interviews with SME leaders.

The quantitative element included an online poll among 1,074 SME Leaders within the UK. SME Leaders were defined as



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financial decision makers, directors and/or owners of the business. All quantitative interviews were completed between 6 and 23 June 2022.

Consistent with last year's research, the sample excluded sole traders and microbusinesses (less than 10 employees). SMEs were asked a series of questions, including general perceptions on sustainability (importance/confidence); awareness of the Government's Net Zero target; current progress on the Net Zero journey; benefits in achieving this target; barriers to achieving this target; and what information and support would enable more action towards a more sustainable future.



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