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Purpose is key in UK SMEs' push towards Net Zero

- Purpose-driven factors are key reasons for SMEs' Net Zero goals
- 37% of businesses on journey to Net Zero cite “protecting the natural environment for future generations” as greatest expected benefit

UK small- and medium-sized businesses (SMEs) seeking to make changes to achieve Net Zero are as motivated by purpose-driven, or social impact, factors as by commercial considerations, according to research from Lloyds Bank.

The Lloyds Bank Net Zero Monitor shows that protecting the environment for future generations (37%) and employee wellbeing and engagement (27%) are two of the most important benefits anticipated for companies making the transition to being carbon neutral. SMEs believe the main commercial benefits will be waste reduction (38%) and cost savings (25%).



Waste reduction

38%



Protecting the
environment for
future generations

37%



Employee wellbeing
and engagement

27%



Cost savings

25%

The Net Zero Monitor saw similar results in a survey of the 7% of businesses that are already at Net Zero, with 37% of this group saying that protecting the natural environment for future generations was the biggest benefit, followed by 32% citing waste reduction.

The Net Zero Monitor found that SMEs' plans to adopt Net Zero are well underway, with nearly two-thirds (64%) saying they have a plan in place to reach the Net Zero goals of 2050. As Net Zero plans become more broadly adopted, SMEs are increasingly aware of the benefits and are driving plans forward with purpose.

Hillbrush – the largest UK-based manufacturer of brushes and cleaning tools, and a Lloyds Bank customer – has been paving the way for sustainability for 100 years. When talking about why it is on the road to Net Zero, Hillbrush Chairman Philip Coward commented:



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“We are located in the heart of the beautiful UK countryside and seeing this every day drives us forward and cements our motivation to push towards Net Zero. At the heart of everything we do is a belief in protecting the environment that surrounds us for future generations. We also want to create an environment that everyone can be proud of and enjoy – doing this means building on the actions and ethos which the Hillbrush founders put in place 100 years ago. We already know we are doing the right thing by becoming increasingly sustainable, and our plan this year is to continue this project with energy, passion and care.”

The research also identified that setting and measuring Net Zero emissions targets are key to maintaining momentum in the sector. In 2022, 74% of SMEs were either measuring their emissions or were researching how to, with over a quarter (26%) of SMEs regularly measuring emissions and having an established transition plan in place.

Net Zero planning has moved up the SME agenda and is being incorporated into ongoing business planning and activity. 95% of businesses surveyed are aware of the UK’s 2050 Net Zero targets, and 39% have set their own targets and deadlines.



Paul Gordon, Managing Director, SME & Mid Corporates at Lloyds Banking Group, 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 is to be admired.

“It is heartening to see that SMEs which have already embarked on their Net Zero journey are taking actions not just for the commercial benefit, but because they are motivated by purpose and environmental factors. This shows that protecting the planet is a global concern and that we can play our role in making positive changes.

“SMEs face a range of competing priorities and day-to-day challenges. But we hope that SMEs which have yet to take their first step on the path to Net Zero will be motivated by seeing the success of others and the real, tangible benefits the transition can bring to their business as they plan for the future.”

Ends



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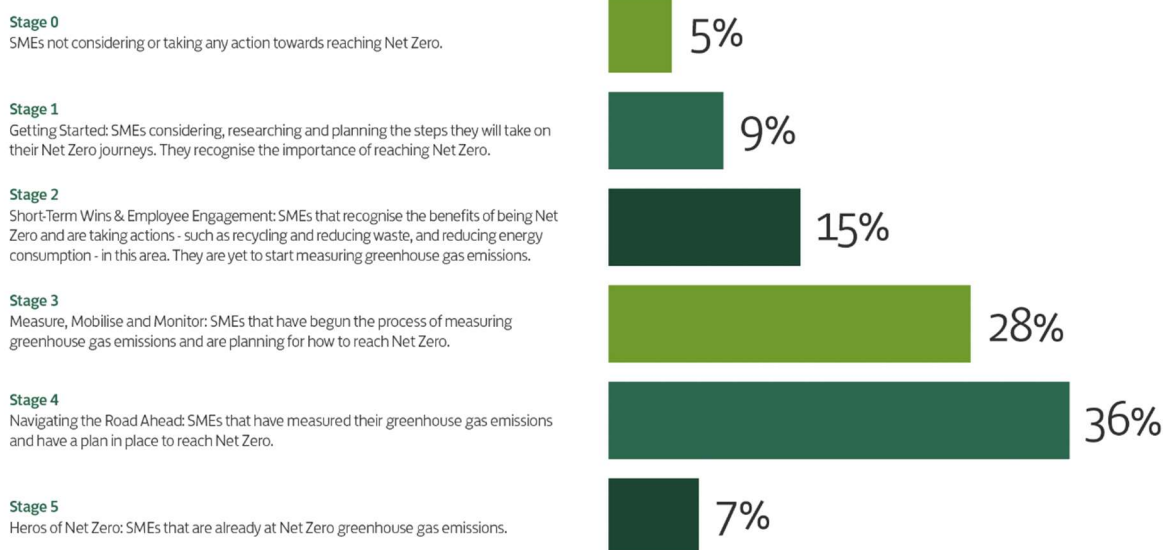


Notes to Editors

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”](#).

Building on the identification of the SME five step journey to Net Zero in 2021, Lloyds Bank surveyed 1,074 financial decision makers in SMEs (excluding micro businesses) and established where they are in their sustainability journey today:



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 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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