



B4NZ SME Workstream Working Group 1 - September 17

Meeting Purpose: To inaugurate the SME Workstream Working Group with the aim of developing standardised sustainability reporting frameworks for SMEs, addressing the current gap in appropriate structures for enabling SMEs to share sustainability-related and carbon emission information.

Attendees:

- Alex Veitch (BCC)
- Adam Soilleux (BDO)
- Alexander Wanstall (Oxbury)
- Alexandra Hall-Chen (IoD)
- Andrew Griffiths (PlanetMark)
- Ben Martin (BCC)
- Cameron Fyfe (Atom Bank)
- Carmen Cheng (NatWest)
- George Sandilands (Sage)
- Carolien Samson (Oxbury)
- Charles Benoit (NZBA)
- Conrad Ford (Allica)
- Russell Donaldson (NatWest)
- Elise Katilov (BBB)
- Gruffudd Jones (FSB)
- Scott Harrison (Experian)
- Hassaan Khan (TFMR Secretariat)
- Miriam Smith (Experian)

Apologies: NA

Key Takeaways

- There was robust consensus on the urgent need to reduce the reporting burden on SMEs whilst simultaneously enabling their transition to net zero.
- The initial focus will be on carbon and emissions data, with a strategic plan to expand to broader sustainability metrics over time.
- The group aims to develop a minimum data standard, a quality scale, and comprehensive guidance that aligns with existing frameworks such as PPN0621 and VSME.



- A significant tension was recognised between ease of use for SMEs and the quality/usefulness of data - the group acknowledged the need to balance these factors and create meaningful incentives.
- The working group brings together a diverse range of expertise, including banks, global organisations, SME representatives, tech-driven organisations, and major accounting firms, providing a powerful voice for driving consensus.

Working Group Objectives & Governance

- The primary mission is to develop proportionate, comparable, and interoperable data and disclosure standards specifically tailored for SMEs.
- A key objective is to create a data quality framework that will incentivise higher quality reporting from SMEs.
- On the group's policy ambition, it was noted that the wording could be changed to "The UK Government should establish a market-wide carbon reporting framework for SMEs, for what it can control". This standard would be established through Government procurement processes which would provide a trustworthy benchmark for industry to bear fruit from.
- The group aims to align with existing standards (e.g. PPN0621) whilst simplifying requirements for SMEs.
- The governance structure includes monthly meetings with pre-read materials and surveys to gather input efficiently.
- Transparency is paramount, with a commitment to publish meeting minutes and maintain open membership.
- The working group will feed into the Net Zero Council and align closely with the Broadway Initiative to ensure consistency across the market.
- Hannah Cool and another member will co-chair the group, with B4NZ providing secretariat support.

Current SME Landscape

- SMEs are increasingly being asked for sustainability data, particularly in procurement processes.
- Many SMEs feel overwhelmed by complex and inconsistent reporting requests from various stakeholders.
- There is a strong desire among SMEs for a single, clear standard that they can meet once and use broadly across different requirements.
- SMEs are generally willing to share data if there is a clear value proposition or incentive for doing so.
- Service-based emissions pose a particular challenge for SMEs, and Scope 3 emissions are often seen as unrealistic for smaller businesses to report on.
- Research indicates that 37% of SMEs in a recent survey had been asked for carbon data by customers, highlighting the growing importance of this issue.

Proposed Framework Approach

- The starting point for the framework will be to align with existing standards such as PPN0621 and VSME.
- The initial focus will be on carbon and emissions data, with plans to expand to other sustainability metrics in the future.
- The group will work to develop minimum data attributes along with a quality scale for each attribute.
- Consideration will be given to segmentation by size, sector, and whether the SME provides goods or services.
- There is a need to develop an automated and rules-based approach where possible to reduce the burden on SMEs.
- A key challenge will be balancing the ease of use for SMEs with the quality and usefulness of the data provided.

Data Quality Scale Concept

- A proposed 4-5 level scale was discussed, ranging from broad estimation to verified, primary data.
- The importance of differentiating between large company estimations and SME-specific estimations was highlighted.
- The group recognised the need to consider sector-specific nuances, particularly in areas such as agriculture.
- There was discussion about aligning the quality scale with existing frameworks like PCAF where relevant.
- The scale aims to be understandable for SMEs whilst providing clarity on data reliability for users.
- It was noted that the Working Group should consider differentiation between SME specific data and general data, noting that emissions factors currently used by carbon accounting providers are often disproportionate to an SMEs size or sector. It was noted that the quality scale could be split into broad estimation and estimation based on SME specific data.

Next Steps

- Participants are asked to review and approve the meeting summary once it is shared.
- A post-meeting survey will be circulated to gather additional feedback and insights.
- Members are encouraged to consider joining sub-working groups as they are formed to delve deeper into specific areas.
- In preparation for the next meeting on 17th October, participants should review the pre-read materials that will be provided in advance.



- The group will continue to engage with relevant organisations and initiatives, including re-engaging with ICAEW and other key stakeholders.

B4NZ Action Items

- Apply to attend DESNZ committee meeting on 5th Nov; represent SME agenda for decarbonisation
- Prepare & share initial proposals for data framework, quality scale, SME segmentation for group feedback
- B4NZ to draft & circulate meeting summary for approval before public sharing
- B4NZ to extend engagement to wider business groups (Carbon Accounting Alliance, BVCA, ICAEW) and members of Broadway Initiative
- B4NZ to consider further sub-working groups down the line
- B4NZ to generate some new names for the Working Group
- B4NZ will update the governance and ecosystem diagram to reflect connectivity to Broadway Initiative and other WG members.
- B4NZ to update policy ambition and reshare with group for feedback.

Group Action Items

- Take group recommendations to PACT meetings in New York during Climate Week; report back on SME voice in PACT framework
- TFMR Secreteriat to share SME segmentation from Transition Finance Market Review with group (if possible before official release next month)
- Group members to vote on their preferred working group title [here](#)