



SME SUSTAINABILITY DATA TASKFORCE - WG4 - DECEMBER 12

Meeting Purpose

To discuss updates on the SME sustainability data standard development, review feedback on data quality approaches, and plan next steps for 2025, with a focus on aligning with government initiatives and driving market adoption.

Key Takeaways

- Broad consensus achieved on core data standard attributes and the data quality scale approach, with refinements to be made in early 2025.
- The focus for 2025 will be on developing a nuanced SME segmentation approach, conducting use case testing with key stakeholders, and driving widespread adoption across public and private sectors.
- A delicate balance must be struck between radical simplification for SMEs and ensuring the data's utility for banks, large corporations, and government bodies.
- Securing government backing and aligning with initiatives such as the Net Zero Council and ISO standards are crucial for the standard's success and widespread adoption.

Topics

Government Alignment and Net Zero Council

- DESNZ (Department for Energy Security and Net Zero) remains supportive of the workstream feeding directly into the reconstituted Net Zero Council.
- There is a significant opportunity to develop a single standard adopted by both industry and the public sector, enhancing its impact and reach.
- The group must maintain flexibility to align with evolving government direction whilst continuing to make tangible progress.
- The Department for Business and Trade's Willow Review, led by Small Business Britain, is examining the financial business case for SME sustainability, which could provide valuable insights for the standard's development.
- We have WG member representation on the Steering Board of the Willow Review, ensuring connectivity between initiatives.



Data Standard Development

- A streamlined set of core contextual and operational data points has been agreed upon, focusing on simplicity and relevance for SMEs.
- The group reached a majority consensus (87%) not to require emissions per product disclosures initially, recognising the need to 'walk before we can run'.
- An optional question regarding 2050 net zero targets will be included, with consideration for allowing narrative input on interim targets.
- The initial focus will remain on carbon and emissions data before expanding to other sustainability attributes, to avoid overwhelming SMEs.
- The importance of considering SME segmentation in applying the standard was emphasised, acknowledging the heterogeneity of the SME population in terms of size, sector, and supply chain position.

Data Quality Scale

- A 4-point scale has been proposed to differentiate data quality and sources, ranging from verified primary data to high-level modelled estimates.
- The scale aims to enable 'apples to apples' comparison of data for end-users whilst remaining comprehensible to SMEs.
- Implementation should prioritise automatic background classification of data quality to minimise the burden on SMEs.
- The scale needs to be granular enough for sophisticated users (e.g., banks, large corporates) whilst presenting a simplified 'good vs. needs improvement' view for SMEs.

2025 Roadmap

- January/February: Further iteration on the data standard, quality scale, and development of an SME segmentation approach.
- March/April: Development of a comprehensive briefing paper outlining principles, recommendations, and proposed implementation strategies.
- Throughout Q1-Q2: Conduct SME roundtables and focus groups to test the practicality and comprehension of the standard and data quality scale.
- Ongoing: Engage banks, corporates, and technology providers on use cases and potential pilot programmes to demonstrate real-world application.
- Continuous alignment with policy developments, including the Net Zero Council reconstitution and ISO standard developments.



Driving Adoption

- Multiple potential pathways for adoption were discussed, including voluntary industry uptake, integration into government procurement standards, and regulatory endorsement.
- The group emphasised the need for case studies demonstrating successful data collection against the standard to build confidence and showcase benefits.
- A key challenge identified was balancing the need to address procurement pressures on SMEs with enabling voluntary sustainability reporting for customer-facing businesses.
- The ultimate aim is to create a single, simple standard that SMEs can use across customer and supplier relationships, reducing the 'invisible burden' of multiple reporting requirements.

Next Steps

- Set up one-to-one meetings with key use case owners (banks, corporates) to discuss practical application and potential pilot programmes.
- Gather existing research and approaches on SME segmentation from group members to inform the development of a nuanced segmentation framework.
- Plan and schedule SME roundtables and focus groups to test the standard's practicality and gather feedback from the target audience.
- Develop a more detailed launch plan and messaging strategy for wider market engagement, including how to articulate the benefits to SMEs and data users.
- Continue aligning with government and policy initiatives, including active participation in the Net Zero Council development and ISO standards working groups.
- Prepare a follow-up email to the group with specific calls to action, including requests for support in SME engagement and use case development.