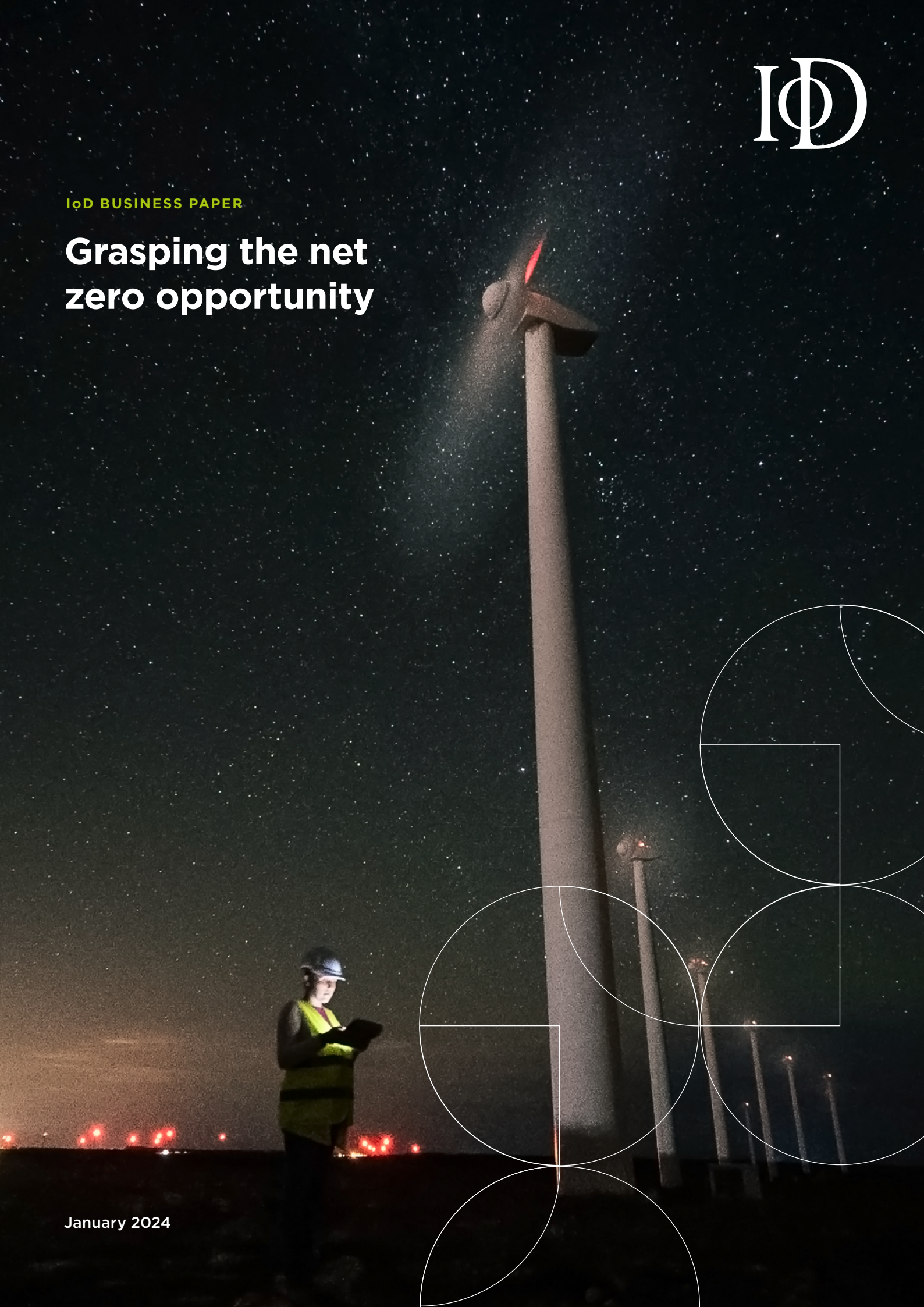




IOD BUSINESS PAPER

# Grasping the net zero opportunity



January 2024

# Net zero: an opportunity for business

**UK governments are legally committed to reducing carbon emissions to 'net zero' – by 2045 in Scotland and by 2050 in England, Wales, and Northern Ireland. These targets are self-imposed and stem from recommendations made by the Climate Change Committee in 2019, to keep the UK in line with the commitments it made as part of the 2016 Paris Agreement to keep global warming under two degrees.**

For the UK to achieve its net zero commitment, it will need to cut emissions as close to zero as possible and compensate for any remaining emissions with projects that remove emissions from the atmosphere.

So, what does this mean for businesses? Given the fact that the UK's net zero targets are enshrined in law, it is highly likely that additional reporting requirements will at some point be introduced in order to get to net zero. At the same time, many businesses face increasing pressure from consumers, investors, and suppliers to demonstrate net zero credentials.

Ultimately, for all UK-based businesses this will likely mean a need to both measure their carbon footprint and achieve a meaningful reduction in emissions.

The opportunity lies in getting ahead of the curve, firstly to meet growing consumer and investor demand, and second in putting measurement systems in place so that businesses are able to adjust to reporting requirements when they are introduced.

Based on evidence collected through interviews with business leaders and surveys conducted by the IoD, this paper provides practical advice and guidance, along with examples drawn from eight case studies, of how businesses can get ahead of the curve. These case studies feature companies of diverse sizes and sectors, demonstrating how overarching decarbonising principles can be tailored to a range of contexts and circumstances, with the aim of helping you to consider how to apply these principles to your organisation.

## Case studies

### 1. Blue Skies

Blue Skies is a fresh fruit supplier, with 5,000 employees in 10 factories spanning Ghana, Egypt, South Africa, Brazil, Benin, and the UK.

### 2. Brockbank Plaut Consulting Limited

Brockbank Plaut Consulting Limited is a biotech management consultancy in Surrey, with three employees.

### 3. Crystal Doors

Crystal Doors is a manufacturing company based in Rochdale, employing 31 people.

### 4. Hana Group

Hana Group is a food company which produces food daily in retail environments and has a separate wholesale distribution arm, with around 700 employees in the UK.

### 5. Heathrow

Heathrow is the UK's biggest airport, serving hundreds of destinations around the world and employing over 75,000 staff.

### 6. North Star Coffee Roasters

North Star Coffee Roasters is a wholesale roastery with coffee shops in Leeds, employing 30 people.

### 7. Turley

Turley is an employee-owned independent advisory company working in the built environment and beyond with clients throughout the UK and Ireland and over 290 co-owners.

### 8. Unipart

Unipart Group is a multinational logistics, supply chain, manufacturing, and consultancy company with over 10,000 employees across Europe, North America, Australia, and Japan.



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# Glossary

## **Carbon negative**

When an organisation has the overall net effect of removing carbon dioxide from the atmosphere.

## **Carbon neutral**

When an organisation balances its carbon emissions with carbon offsetting projects outside of its value chain. While this is a similar concept to net zero, it does not require businesses to first meaningfully reduce value chain emissions.

## **Carbon offsets**

Compensating for the release of emissions by making a cut or saving of carbon dioxide from the atmosphere outside of normal business activity.

## **Greenwashing**

The act of making false or misleading statements about the environmental benefits of a product or practice.

## **Net zero**

Cutting emissions as close to zero as possible and then compensating for any remaining emissions with projects that remove emissions from the atmosphere. Net zero status can be achieved at multiple levels, including at country level and individual company level.

## **Scope 1 emissions**

Greenhouse gas emissions are categorised into three 'scopes'. Scope 1 includes direct emissions from sources owned or controlled by a company, such as fuels, heating sources, and emissions released during industrial processes.

## **Scope 2 emissions**

Scope 2 includes indirect emissions from the generation of purchased electricity, steam, heating, and cooling.

## **Scope 3 emissions**

Scope 3 includes all other indirect emissions that occur in a company's value chain, such as business travel, waste sent to landfill, and water treatments.

# What gets measured gets done

**Measuring your organisation's current greenhouse gas emissions is the first step towards change. Doing so provides a baseline against which you can track progress and also highlights areas where you can target carbon reduction measures.**

While some organisations engage specialist carbon accounting organisations to calculate their emissions, this is not essential; there are several high-quality, free calculators available, such as the Business Carbon Calculator on the [SME Climate Hub](#).

Understanding your organisation's starting point will enable you to set realistic short- and medium-term targets for reducing emissions and develop a plan to achieve them through reducing emissions and investing in high-quality offsets for unavoidable emissions.

Making your climate commitments public through a credible campaign is a great way to not only communicate the work you are doing to external audiences but also to access guidance and ensure that your plans are science-based.

**Examples of such frameworks include:**

- Making the [SME Climate Commitment](#) via the SME Climate Hub.
- Committing to setting a credible target and disclosing progress via the [Science Based Targets Initiative](#) (SBTi). **Heathrow**, for instance, secured SBTi validation for its 2030 carbon goals, which confirms it is in line with the broader global strategy to limit heating to 1.5-degrees.

For example, **Unipart** began measuring its Scope 1 and 2 carbon footprint in 2019, and in 2021 began measuring also Scope 3 emissions. Against its updated 2021 baseline, Unipart has committed to achieving a 90% reduction in Scope 1 and 2 emissions by 2030 and achieving net zero Scope 3 emissions by 2040.

Given that Unipart's work spans a variety of sectors, including automotive, retail, technology and rail, the actions being taken to reduce carbon emissions are tailored to specific sectors but are all underlined by setting ambitious targets and innovating to remove carbon from their products and processes.

As a result of its work to become a net zero company, Unipart has not only achieved cost savings resulting from lower energy consumption but has found that being ahead of the game has brought with it wider commercial benefits, from better engagement with colleagues and customers to lifecycle analyses of products proving to be a competitive advantage.



**I'm proud of Unipart's sustainability progress. Our commitment to science-based net-zero targets, carbon footprint measurement, and innovative solutions across sectors reflect our dedication.**

**Unipart continues to understand the size of its challenge; if you can't measure it, you can't tackle it. Taking small steps and collaborating across the business is crucial for making our targets a reality and realizing mutual benefits for the business and for our stakeholders.**

**Andrew Pyne**

Chief Sustainability Officer,  
Unipart Group

Similarly, **Blue Skies** completed its first comprehensive carbon footprint measurement in 2021 and plans to repeat the process on an annual basis to measure progress against that baseline. It has set a target in line with the SBTi of achieving net zero carbon emissions across its Scopes 1, 2, and 3 emissions by 2050, within an interim target to reduce emissions by 30% by 2030.

In order to have more ownership over the carbon measurement process, Blue Skies worked with the Carbon Trust to develop its own in-house carbon calculator.

Measuring its emissions has highlighted opportunities for improvement and enabled Blue Skies to target its carbon reduction efforts, such as improving maintenance processes to reduce the impact of leaking refrigerants.



**Build a holistic strategy, focused on how sustainability aligns to know your mission and values as a company. Having the confidence in your own strategy and the direction that you want to go in is important.**

**Simon Derrick**

Global Head of Sustainability,  
Blue Skies

In a similar vein, **Turley** has reported its carbon footprint since 2016, and achieved CarbonNeutral company certification in 2018. Putting in place robust data gathering mechanisms – such as using employee surveys to understand the extent of remote working and employee commuting patterns, engaging with its landlords to receive better data on energy consumption, and ensuring that spend data on physical assets was being tracked and translated into emissions data – enabled the company to identify areas which it could effectively target to reduce emissions.

After reducing its carbon emissions through smarter and greener ways of working, Turley has offset its remaining, unavoidable emissions through a high-quality offset programme which provides communities in Kenya with access to clean ground water, thereby reducing pressure on nearby forests. Turley is also funding projects to deliver tree cover growth and enhance biodiversity through the restoration of mangroves on Mtwapa Creek, near Mombasa, as well as supporting new woodland in Cumbria under the UK's Woodland Carbon Code.

For **Hana Group**, tracking its carbon footprint and setting targets has been an essential first step to reducing its carbon footprint. It signed up the UN's 'Race to Zero' and set a range of ambitious targets for 2025, including zero finished goods waste and achieving 100% reusable, recyclable, or compostable packaging. Although achieving net zero will involve some degree of offsetting, Hana Group's aim is to minimise its carbon impact as much as possible by improving processes, such as by buying FSC wood and installing LED lights and water-saving devices.



**It's a continuous journey of improvement which will never be finished. Focussing on sustainability has made our staff, customers, and shareholders happier.**

**Jason Danciger**

Managing Director, Hana Group

# Cut costs and carbon through energy efficiency measures

Energy use often constitutes a substantial proportion of business' carbon footprint. Combined with recent significant increases in energy prices, there has never been a better time to implement energy efficiency measures.

1

## **Monitor your energy usage and contract**

Understanding your energy usage patterns is crucial to identifying where you can have the biggest impact. Installing a smart meter will enable you to get real time information on energy consumption and alerts when you reach certain usage thresholds. You can also use sub-meters, which measure the energy usage of a particular business activity, area, or type of equipment, to identify which parts of your business are the most costly and where you can save.

Building a picture of your energy usage over time can help you, for instance, to identify 'vampire devices' which draw power but could be turned off most of the time.





## 2

### Follow the energy hierarchy and start by targeting the low-hanging fruit

Planning the order of your energy efficiency changes is important. The theory of energy hierarchy recommends first focusing on measures to reduce energy usage through optimising processes and changing behaviours, then reducing demand further through energy efficiency measures like insulation and more efficient appliances, followed by investment in renewable energy generation.

At **Brockbank Plaut**, for instance, this journey involved installing low-energy lightbulbs throughout its premises and then installing solar panels on its primary building, which has enabled it to export energy to the grid in the summer.

If you are starting out on your energy efficiency journey, there are likely a number of energy savings measures you can take which involve little or no financial cost. **Measures could include:**

- Setting your heat lower, tailored to the occupancy of the relevant part of the building and the type of work conducted there. Check out the [Carbon Trust's Heating and Ventilation guide](#) for more help with temperatures for your business type and activity levels. According to a GOV.UK energy saving guide you can reduce your monthly heating bill up to 8% for every 1°C you reduce the average temperature.
- Create a temperature 'dead band' by setting your thermostat to create a gap between one system switching off and the other coming on, for example by setting your heating to shut off at 20°C and cooling to come on at 24°C. This prevents competition between your heating and cooling systems.
- Draught proof doors and windows, particularly older ones. This might involve sealing and weather-stripping around windows, doors, and ductwork, and fitting exterior doors with spring-loaded or automatic closures.

## 3

### Change the way you think about capital expenditure and other investment designed to give long-term energy savings

Upfront costs are often cited as a barrier to investment to energy efficiency improvements. However, these investments will recover the upfront cost quicker than in the past due to high energy prices.

For example, while the upfront costs of energy efficient equipment are often higher than less efficient equipment, when the cost of the additional energy needed to operate it over its lifetime is factored in, the cost differential often disappears.

#### Some of the investments you might consider include:

- Insulating pipes, roofs, and walls
- Switching to more efficient light bulbs
- Installing automatic lighting systems
- Replacing office equipment with more efficient models
- Generating your own energy, for example by installing solar panels

A number of banks have products designed to help SMEs finance projects such as building retrofits, which can include incentives such as waived fees and flexible repayment schedules.

Investment to secure long-term energy savings has been central to **Unipart's** emissions reduction plan. This work included introducing solar powered substations and signals and reducing the voltage of signals from 240V to 24V. Quick wins in its facilities included replacing roller shutter doors with rapid rise doors and installing LED lighting. In its warehousing division, Unipart procured 100% renewable sourced electricity in 2020 and green gas certification in 2022, and has implemented a range of carbon-cutting actions from installing motion-sensor lights in warehouses and upgrading its diesel fleet of lorries.

For **Crystal Doors**, a manufacturer reliant on energy-intensive heavy machinery and specialist equipment, improving energy efficiency has been central to its mission to transform its factory into a national leader in green manufacturing.

Working with Manchester's Business Growth Hub, Crystal Doors undertook an energy audit of its factory in Rochdale which identified 16 energy-saving measures it could take. It started by implementing quick wins in energy efficiency, such as fixing leaks in the compressed air system and installing LED lighting, making annual net savings of £2000 and £1000 respectively.

Crystal Doors has integrated its work to become a green factory with its aim to become a smart, digitalised factory. One of the major added benefits of advanced digital technologies is their ability to automate energy efficiency. Crystal Doors' smart dust extraction system uses AI to optimise fan speeds for each machine on the factory floor, cutting energy consumption by up to 72% compared to its 2015 baseline assessment.

Further measures taken by Crystal Doors to reduce its energy consumption include installing a 960kW biomass burner which heats the factory through the company's own waste and installing 640 solar panels on the factory roof.

As a result of these changes, while Crystal Doors has nearly doubled in size as a business since 2015, the amount of electricity it draws from the grid has stayed relatively unchanged.

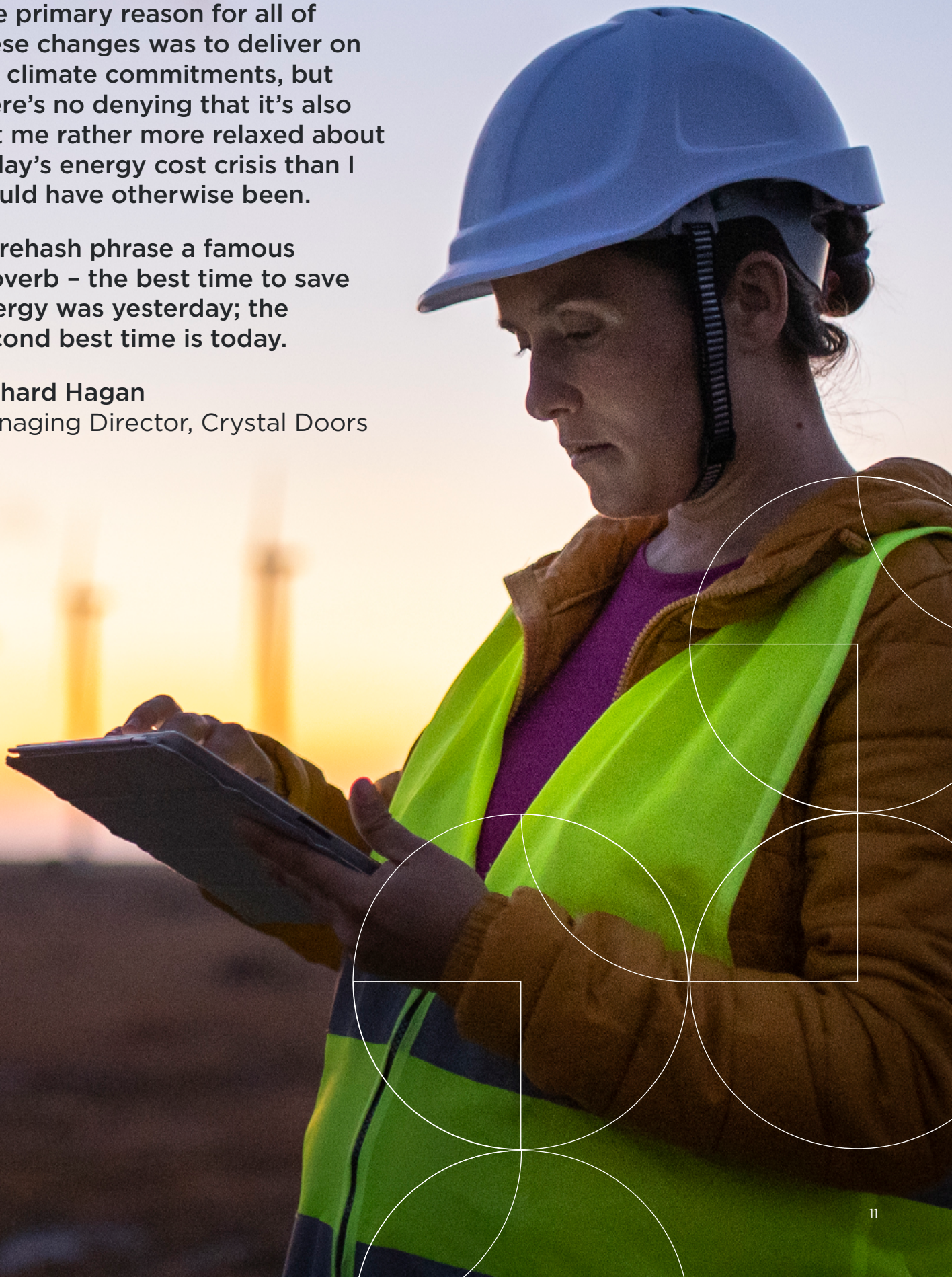




The primary reason for all of these changes was to deliver on my climate commitments, but there's no denying that it's also left me rather more relaxed about today's energy cost crisis than I would have otherwise been.

To rehash phrase a famous proverb - the best time to save energy was yesterday; the second best time is today.

**Richard Hagan**  
Managing Director, Crystal Doors





# Transport

**Transportation is a significant contributor to global greenhouse gas emissions. There are many steps your business can take, from using public transport and carpooling to transitioning to electric vehicles and promoting sustainable transportation policies.**

**Examples of measures that businesses can take to reduce transport-related emissions include:**

- Transition to electric vehicles, bikes, and e-cargo bikes.
- Make a workforce travel plan, to make walking, cycling, and using public transport easier for those working on site. This could include offering a cycle to work scheme and organising a lift sharing scheme. Other options include installing charge points for employees' electric vehicles and offering work from home options.
- Reduce the carbon impact of business travel, for example by replacing travel with video conferencing where possible and prioritising public transport and leasing of electric vehicles when travel is necessary.
- Reduce freight and logistics emissions by, for example, driving more efficiently, retrofitting existing vehicles to use less fuel, switching to alternative fuels or electric vehicles, and switching to rail or water freight where possible.

For **Heathrow**, decarbonising transport is central to achieving its emissions reduction targets both on the ground and in the air.

On the ground, Heathrow is introducing changes to surface access for passengers and staff, aiming to cut carbon by 49% by 2030 through new public transport links and the switch to electric vehicles. Another change involves shifting airport vehicles to zero emissions or powered by biofuels, cutting carbon by 87%.

To tackle emissions in the air, Heathrow has designed an innovative incentive scheme designed to increase the number of flights powered by sustainable aviation fuel (SAF). SAF can be made from a variety of methods and sources, including waste, animal fat and cooking oil, and reduces carbon emissions by up to an average of 70%. SAF blend can work in existing aircraft, and with advancements in aircraft technology like electric or hydrogen-powered flight still some way from commercial implementation, SAF is the key to unlocking material reductions in carbon today.

As a global SAF leader, Heathrow is committed to progressively increasing the SAF used each year, with the airport targeting 11% SAF usage by 2030.



### How does the incentive work?

The scheme encourages airlines to switch to SAF by halving the price gap between kerosene and its greener alternative, making SAF a commercial reality for airlines. The scheme was the first of its kind when introduced in 2022. In 2024, the scheme aims to remove up to 341,755 tonnes of carbon equivalent emissions from flights if 70% GHG emissions reduction is achieved, equivalent to over 568,000 passenger round trips from Heathrow to New York. Participants in the scheme include IAH Virgin Atlantic, United Airlines, and Air France.

Transport has also been key to **Brockbank Plaut Consulting's** work to cut its carbon footprint.

In 2019, it moved to a remote working business model as far as was possible. By only conducting face-to-face to meetings when essential, business mileage was reduced from 27,000 to 1,125 miles per year.

Environmental impact is front and centre of decision making when replacing physical assets. For example, when one of the company's vehicles used for business was written off in 2020 the decision was taken to replace it with an electric vehicle, which has since been used for all shorter journeys. Similarly, the company plans to replace its boiler with a heat pump when the boiler's lifespan ends.

In addition to reducing the company's carbon footprint, these measures have made it more resilient to economic upheavals in recent years, including the COVID-19 pandemic and higher energy costs.



For me the key lesson in sustainability is to be able to see both the big picture of what is needed and also the small interventions that make a difference. The longest journey is still only completed by taking one step at a time.

Even if you are only making a small impact, if that can be multiplied thousands or even millions of times, then large scale change for the UK can be achieved.

**Keith Brockbank**  
Managing Director, Brockbank  
Plaut Consulting Limited

# Waste and recycling

**Reducing business waste, by preventing waste from going to landfill sites and encouraging more recycling and reuse, avoids expensive disposal costs and lowers greenhouse gas emissions.**

**Examples of measures which can reduce business waste include:**

- Conducting a waste audit by walking around your premises to see if unnecessary waste is being generated. Are materials being used efficiently? Are recyclable waste products being recycled? If products are packaged, is the packaging made from recycled materials and/or recyclable?
- Setting up a recycling programme if you do not already have one.
- Building the concept of 'circular economy' into your product offering, for example by offering repair services or rentals for infrequently used products.
- Designing products for disassembly so that they are easy to take apart for repair, replace, recycle, or reuse.

For example, in 2021 **North Star** became the first company in the UK to offer home compostable coffee packaging.

**Blue Skies** has committed to sending zero waste to landfill by 2030, and to all its packaging being 100% recyclable and from more than 50% recycled content by 2025. In order to make these goals a reality, Blue Skies established an R&D hub, supported by government funding, to accelerate innovation in plastic packaging.

Similarly, **Hana Group** has committed to achieving 100% reusable, recyclable, or compostable packaging. Its poke packaging is already recyclable, and since June 2022 its sushi packaging has been made of 100% recycled materials which are suitable to be recycled again. Working with Prevented Ocean Plastics has also enabled Hana Group to source packaging made from plastic has been collected from coastal areas at risk of ocean plastic pollution.

Hana Group has also updated and enhanced its production algorithm to ensure that its finished goods waste is optimised. It has developed and launched zero waste initiatives either internally or with third-party partners in every country in which it operates.

In France and Eastern Europe, it has a specific zero waste program to sell excess food at preferred prices, in Belgium it partners with Too Good To Go to reduce food waste, and in the US it partners with the Food Donation Connection charity to donate food surplus.



# Greening your supply chain

**Minimising emissions from your supply chain is an essential step to achieving net zero and maximising the positive environmental impact of your organisation. The Carbon Trust estimates that supply chains are responsible for 65 to 95% of most companies' carbon emissions.**

Sourcing products and services from green suppliers is the simplest way of greening your supply chain. This process could involve asking your suppliers for their emissions data, establishing a supplier code of conduct as part of your business strategy, and asking suppliers about lower carbon options.

For **North Star Coffee Roasters**, since its inception its approach to sustainability has been centred on how it sources coffee. Its procurement policy reflects the reality that one-size-fits-all approaches to sustainable supply chains are rarely effective in a global industry. By forging as close a relationship as possible with its international suppliers, it has been able to tailor its approach to creating positive impacts within the specific supply chain in question. Being selective about its partnerships enables it to have confidence in the positive impact, and long-term viability, of its supplier relationships, a confidence which it can pass on to consumers.

Environmental sustainability is central to North Star's sourcing. It partners with farms which promote growth forestry techniques that utilise shade trees and promote biodiversity.

North Star's sourcing policy is to supplement purchase contracts with investment in projects which tackle social challenges like climate and youth empowerment. For example, it recently collaborated with producing partners to invest in infrastructure to help improve the quality of the coffee it is producing and offset losses in yield due to climate change.



My understanding of sustainability is sustaining systems, to be here in the future and to support people and planet moving forwards. But when it comes to coffee, the system has never worked. So we're focused on regeneration and ultimately getting to a point where we have something worthwhile.

My advice would be to focus on the issues that are most prevalent in your industry and think about how your business activities could contribute towards tackling them just by doing business.

**Holly Kragiopoulos**  
Co-founder, North Star  
Coffee Roasters





Similarly, for **Hana Group**, instead of starting its sustainability journey by focusing solely on its Scope 1 emissions, it included its suppliers in its sustainability strategy from day one. This collaboration has facilitated quicker progress on sustainability for both sides.

Hana Group's carbon footprint is now considered in all supply chain decisions, and in 2022 it conducted an evaluation of the sustainability performance of its suppliers via a third-party sustainability assessment organisation. It places emphasis on local supply chain solutions, such as sourcing rice for its UK and French markets from France, and for its US market from California, to reduce emissions from transport. Its salmon comes from sustainable farming and verified sources to ensure responsible aquaculture.

# Involve your team

Engaging staff in your carbon reduction plan and motivating employees to play their part is an essential component of long-term success.

Involving staff in the process from the outset – for example, by explaining the benefits of change, setting up meetings where staff can brainstorm carbon reduction ideas, and appointing a green champion – and regularly updating staff of progress against targets can help to create a shared culture of responsibility for sustainability.

At **Unipart**, for example, staff engagement has been core to its sustainability strategy. As part of the process of identifying ways to reduce its carbon footprint, every team across the Group was invited to use Unipart's problem-solving tools to identify potential improvements to aspects of sustainability in the areas in which they worked. This process both raised staff awareness of its sustainability drive and produced a range of ideas including removing plug-in heaters and using paper tape and recycled boxes in its packaging materials.

Similarly, at **Turley**, co-owners were consulted on the development of Turley's three-year ESG strategy. Sustainability has also been embedded in its employee benefits programme, for example through expanding the amount that employees can borrow to purchase an e-bike.

To engage co-owners in its work to reach net zero, Turley has introduced carbon literacy training for all employees as well as a 'show your stripes campaign' to encourage them to share ideas about how they can reduce their carbon impact.

Feedback from co-owners has been consistently positive, with Turley's work to reduce its environmental impact cited as a key reason for employee turnover being low, particularly among younger colleagues.



**We have been on a journey of empowering the whole business. Net zero is now mainstream; knowledge can't be concentrated in a few individuals if we are going to achieve net zero.**

**Snigdha Jain**  
Director, Head of ESG,  
Turley

As well as increasing the likelihood of sustainability strategies being implemented successfully, employee engagement can support overall staff recruitment, satisfaction, and retention rates. **North Star Coffee Roasters**, for instance, has found that its holistic approach to sustainability has not only supported its marketing to consumers but has made staff recruitment and retention easier as a values-driven company. Staff engagement and productivity have also benefitted; by integrating its strategy for growth with its strategy for impact, its staff are motivated to achieve more positive impact through growth.

# Reflections for policymakers

**During the course of the interviews with business leaders conducted as part of this research, a number of interviewees reflected on ways in which government policy could support businesses to decarbonise. This section brings together these views with other IoD work in this area to summarise our policy recommendations.**

## **Clear policy direction**

The interests of the business community will be best served by a managed transition marked by effective government leadership on, and commitment to, net zero. Business is on board with the necessity of the transition and is looking for guidance and leadership from government as to how to achieve it efficiently and effectively.

A clear, long-term plan, vision, and strategic direction from government are crucial in supporting businesses to decarbonise. Businesses are unlikely to make major investment or strategy decisions to decarbonise where the policy environment relating to net zero is turbulent due to stop-start market interventions and sudden regulatory tweaks, and risk is perceived to be high.

In August 2023, we surveyed 688 business leaders on the extent to which their organisation had increased investment spending in order to meet climate goals. Among those who responded that they had made no such changes to their investment plans (45%), qualitative data identified a cohort that was waiting for a greater sense of policy direction from government.

For example, the UK is well-placed to develop a Sustainable Aviation Fuel industry, but evidence suggests that investors are seeking certainty in longer-term domestic demand before investing capital. Government intervention – such as through price support mechanisms and other measures to support emerging sustainable industries to be economically competitive against more carbon-intensive competitors – in such nascent markets is crucial in providing investors with certainty.

A long-term plan that extends beyond any one government and is underpinned by joined-up policy across government is therefore needed to establish consistency and predictability and enable a managed transition. The absence of clear government direction risks creating an inertia whereby both businesses and consumers delay decisions on transitioning to net zero until policy becomes clearer.

## **Creating a clear business case**

IoD members cite the ‘lack of a clear business case to invest in net zero measures’ as one of the biggest obstacles in reducing their carbon footprint. Two-thirds have stated that financial support or incentives from Government would be most useful in helping them to address climate change.

IoD research shows that the most effective way to spur change would be to have a lower corporation tax for organisations that have achieved net zero compared to those that have not: around two-thirds of SMEs who currently have no plan to achieve net zero say they would either be ‘much more likely’ (32%) or ‘a bit more likely’ (32%) to do so if it resulted in a lower corporation tax bill.

Depending on how the tax differential is calculated, this outcome could be achieved at nil cost to the Exchequer. The important outcome is that there is a wedge between the two to function as a clear business case for change; the differential could be adjusted over time to calibrate the response and in the light of prevailing fiscal circumstances.

Government should also implement the Skidmore Review recommendation to launch a ‘Help to Green’ campaign, offering information resources and vouchers for SMEs to plan and invest in the transition.

## Reporting

Progress on achieving net zero is impossible without widespread production of, and access to, the data needed to calculate Scope 1, 2, and 3 emissions.

Government should support businesses to access the data they need to easily calculate their own emissions and to access data on emissions in their supply chains. To this end, government should introduce a requirement on landlords to provide organisations with information about the carbon footprint of the premises they lease, to ensure that businesses can access the data they need to calculate their carbon impact.

The current policy approach of relying on reporting requirements for large organisations putting pressure on SMEs through supply chains is unlikely to bring about the scale or type of change needed. IoD research from October 2023 found that only 28% of businesses have experienced this kind of supply chain pressure. Even if this pressure were to grow over time, this theory of change risks SMEs being required to comply with varying reporting requirements dependent on the customer in question.

More forward planning and transparency with regards to the kinds of centralised reporting requirements which will be needed to achieve the scale of change needed among SMEs is therefore essential, both to achieving the UK's climate commitments and in avoiding an unwelcome scenario in which a lack of co-ordinated government action results in a greater bureaucratic burden for many SMEs.

## Further resources

[The UK Business Climate Hub](#)

[BSI's Little Book of Net Zero](#)

[Carbon Trust's Guides, Reports, and Tools](#)

[Edie Reports and Guides](#)

[HSBC's 'Net Zero: An Introduction for Business'](#)

[PwC's 'Navigating Net Zero: a practical guide'](#)

[Somerset Council's Carbon Audit Toolkit for Businesses](#)

[Thames Valley Chamber's 'UK Business Guide to Net Zero'](#)



## About the author

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The Institute of Directors is a non-party political organisation, founded in 1903, with approximately 20,000 members. Membership includes directors from right across the business spectrum, from media to manufacturing, professional services to the public and voluntary sectors. Members include CEOs of large corporations as well as entrepreneurial directors of start-up companies.

The IoD was granted a Royal Charter in 1906, instructing it to “represent the interests of members and of the business community to government and in the public arena, and to encourage and foster a climate favourable to entrepreneurial activity and wealth creation.” The Charter also tasks the Institute with promoting “for the public benefit high levels of skill, knowledge, professional competence and integrity on the part of directors”, which the IoD seeks to achieve through its training courses and publications on corporate governance.

The IoD is an accredited [Good Business Charter](#) organisation.

[iod.com](http://iod.com)

