

## Sustainability & SMEs: turning a challenge to a competitive advantage

ESG factors are becoming increasingly significant for business and society.

[PWC](#) identifies climate change and resource scarcity as a global megatrend – one of five global shifts that are reshaping our world. The five most likely global systemic risks in the [WEF's](#) 2020 Global Risk Report are all related to climate change - the first time that one category has occupied all five of the top spots. The UN have called for a [Decade of Action](#) to mobilise globally and locally to meet the 17 Sustainable Development Goals by 2030. Collective integrated action is needed - the decisions we make today will determine the extent to which and the way in which life on this planet continues.

A business model that recognises and includes ESG (Environmental, Social and Governance) objectives is no longer a niche interest, but a mainstream priority.

**“Sustainability is becoming the lens through which a business is judged by its consumers, workforce, society and increasingly its investors.” [PWC](#)**

Pressure from society and consumers for business to respond meaningfully to the climate crisis, and to do business ethically, is now increasingly reflected in new regulatory requirements and supply chain expectations. Access to finance (lending, equity, government grants and green bonds) will also increasingly depend, and be preferentially awarded, on clearly demonstrated ESG performance. Sustainable investment is an exponential growth area. According to the [International Institute for Sustainable Development](#) almost half of all current investment includes an ESG mandate and within twenty years sustainability will be fully integrated into all investment decisions. Net inflow of capital is paired with net outflow from non-sustainable funds, driven by demand from private and institutional investors. The ability to drive and demonstrate excellent ESG performance provides clear competitive advantage through attracting and retaining finance. It also attracts high-calibre employees and customers who recognise value over cost.

SMEs are getting left behind - but they hold the key to the future. The UN's [Race to Zero](#) global campaign for a healthy, resilient, zero carbon recovery is effectively defining what it takes to be competitive in this new business context. The number of net-zero pledges from cities, regions and companies around the world has doubled since late 2019, however the majority of the 170+ “net zero” commitments from business are from large enterprises of 250+ employees who already have the in-house capacity and capability to take on this challenge with relative ease.

**How are SMEs supposed to tackle this, particularly now when survival is the main concern?**

“SMEs represent about 90% of businesses and more than 50% of employment worldwide. They are key to ensuring economic growth, innovation, job creation, and social integration across the globe and are critical to the sustainability of cities and regions. They also feature heavily in larger companies’ supply chains – many of which are increasingly aware of the need to decarbonise beyond their own operations...Simply put, without SMEs committing to, and delivering, carbon emission reductions, the goals of the Paris Agreement will not be achieved.” [Carbon Trust](#)

“... fundamental barriers continue to prevent SMEs from implementing energy efficiency measures. A lack of resources (time and money) is by far the biggest of these.” “...SMEs struggle to identify how they could use Sustainability as a force for growth and adapt to megatrends such as increased globalisation, digitalisation, the new industrial revolution, the changing nature of work and demographic changes.” [Sustainability Knowledge Group](#)

“SMEs that integrate sustainability into their core business strategy can benefit from lower costs, reduced risk, and new opportunities.” [International Federation of Accountants](#)

## Sustainability & SMEs: turning a challenge to a competitive advantage

Corporate governance systems and processes for strategic planning, risk and performance now need to tackle new and emerging statutory and regulatory obligations, address new minimum expectations from clients and from finance providers, and identify new opportunities for “green” products/services:

- **Net Zero:** COVID19 recovery needs to be built around UK’s decarbonisation strategy for Net Zero by 2050, with increasingly stringent regulatory targets introduced over the next 30 years towards this.
- **Climate Risk:** meeting financial and insurance risk disclosure obligations (TCFD, PRA 3/19); managing climate change risks, mitigations & adaptations, identifying low carbon economy opportunities
- **Sustainability and ESG reporting:** due diligence against internationally recognised frameworks, compliance with statutory environmental commitments, ability to position as verifiable premium “green” product/service.

Agilis and CGR provide a straightforward clear and structured way for SMEs to address these new requirements through tailored deployment of CGR’s established risk and compliance software platform. Capability proven at global enterprise level, but delivered to suit SME scale and resources, enables organisations to move rapidly from catch-up to competitive advantage.



**Agilis** have proven expertise in improving project understanding and management of issues, risk and value through transforming the way teams, groups of people and technology interact. Extensive oil and gas industry experience at management and C-suite level. Agilis will provide:

- Support in gathering & structuring sustainability knowledge, strategic planning, risk & opportunity identification
- Rapid deployment of CGR

**CGR’s** cloud-based software platform empowers organisations to manage risk and compliance in an integrated and holistic way. It is a proven solution with established credentials in supporting sustainable targets and investor disclosure. CGR will provide:

- A firm foundation for data confidence to replace ‘spreadsheet quicksand’. API integrations with existing systems/data sources
- A live and collaborative single version of truth to support planning, risk and performance management linked to sustainable objectives, with integrated governance & actions.
- Reliable and easy reporting and disclosure inspiring confidence and trust for board, investors, supply chain and customers
- Effective collaboration across multiple organisations: potential to work as part of collaborative networks across regions or sectors