

Climate Action 20/25
**Accelerating
climate action
by New Zealand
SMEs**

The Sustainable Business Network (SBN) specialises in seeking out the world's leading sustainable business ideas and making them work in New Zealand.

As a champion of sustainability for New Zealand's Small and Medium Sized Enterprises (SMEs) SBN has created the Climate Action 20/25 programme. It will accelerate the involvement of New Zealand's SMEs in the shift to the net zero carbon economy.





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The Sustainable Business Network welcomes the support of our Climate Action 20/25 programme partners

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01

Introduction

This report is a snapshot of current engagement among New Zealand's Small and Medium Sized Enterprises (SMEs) in climate change action. It identifies and analyses the limitations in the system. It details the barriers to action and how these might be overcome. It outlines SBN's new Climate Action 20/25 programme. It showcases a selection of SMEs who are taking 'climate action'.

We live in changing times. New Zealand businesses of all sizes will be utterly transformed within the next few years. The impact of the global Covid-19 pandemic has been abrupt and dramatic. But the need to respond to the ramifications of ongoing climate change remains the chief long term driver of this transformation.

As has become painfully apparent in the wake of the pandemic New Zealand's economy relies heavily on agricultural exports and international tourism. These are highly exposed to the environmental and economic effects of climate change. Both also rely on New Zealand maintaining its reputation as a 'clean and green' holiday destination and food producer. This, in turn, will increasingly depend on the effectiveness of New Zealand's response to climate change.

Businesses are under unprecedented pressure to respond to mounting

environmental and social issues. Investors seek safe, long term investments. Consumers think about the environmental and social impacts of what they consume.¹

Many larger businesses are already engaged in programmes addressing climate change-related challenges and opportunities. But from our research the majority of Small and Medium-sized Enterprises (SMEs) are not.

To a large extent this is due to the different needs of SMEs and their resource constraints. For example, 99% of enterprises have less than 50 employees, and 70% of enterprises have no employees.²

The availability of time and money for this purpose is a key barrier to action. A lack of incentives and a perceived lack of relevant knowledge provide additional constraints.

SBN's new Climate Action 20/25 initiative is designed to overcome

these barriers. It will target SMEs. It will stimulate the action we need.

The Sustainable Business Network

The Sustainable Business Network has more than 600 member organisations across the country.

It has maintained a strong emphasis on supporting sustainability among SMEs throughout its 18 years of existence. It is uniquely well connected to these issues.

To prepare this report we tapped into the power of this network, as well as the experience of our multi-disciplinary team and other key stakeholders.

We interviewed more than 30 SME owners and subject matter experts, to get their views on climate action engagement among New Zealand SMEs.



02

Climate change in New Zealand

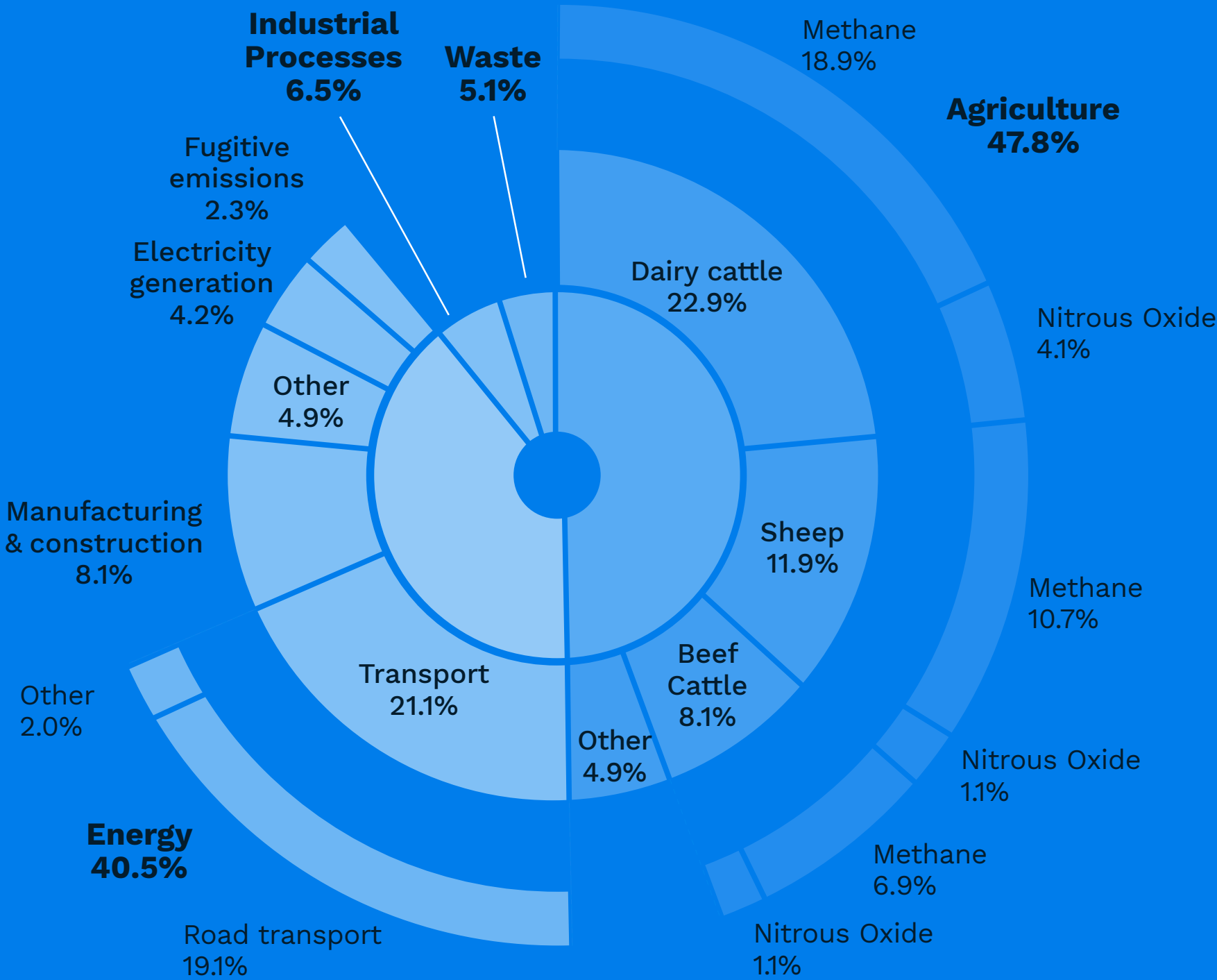
In 2016 195 nations signed The Paris Agreement. It is an unprecedented international commitment to jointly pursue efforts to limit global warming to 1.5°C.³ This was assessed as the maximum level of warming before our planet’s climate systems are irrevocably disrupted. Meeting these commitments would require greenhouse gas emissions to be cut in half by 2030 across the globe.

Projections just prior to the Covid-19 slowdown suggested the world was instead on course for a 3.2°C increase, even if the commitments made in Paris were met.⁴ According to the United Nations Environment Programme this would accelerate mass extinctions of animal and plant species, and make large parts of the planet uninhabitable.⁵

New Zealand contributes only about 0.2% of the world's total greenhouse gas emissions. But our gross emissions per capita are the fifth highest in the Organisation for Economic Co-operation and Development (OECD). This includes the United Kingdom and the United States.⁶

Under the Paris Agreement New Zealand has said that by 2030 it will have reduced gross emissions by 30% compared to 2005 levels.⁷ This target has been rated as “insufficient” by an independent scientific analysis conducted by Climate Action Tracker. This stated that the current approach is →

New Zealand's Greenhouse Gas Emissions



Note:
Percentages in the graph may not add up to 100 due to rounding.

Source:
[New Zealand's Greenhouse Gas inventory 1990-2018, published April 2020.](#)



inconsistent with holding warming to below 2°C, let alone limiting it to the agreed 1.5°C. Instead, New Zealand’s current actions on climate change are consistent with warming between 2°C and 3°C if they became the global norm.⁸

The Ministry for the Environment regularly publishes the nation’s emissions profile. The most recent findings, prior to the Covid-19 slowdown, show:

- **Between 1990 and 2018, New Zealand’s gross greenhouse gas emissions increased by about 24%.**
- **Agriculture and energy (including road transport) are the two sectors with the largest contributions to New Zealand’s gross greenhouse gas emissions.**
- **New Zealand has a uniquely high proportion of methane and nitrous oxide and a lower share of carbon dioxide compared to other countries.**

This is due to the majority of our electricity being generated from renewable sources and the scale of our agriculture sector.

- **However, emissions growth since 1990 has been the largest for CO₂ emissions (2.5% per annum), predominantly due to increasing road-transport emissions.⁹**

"Deep emission cuts are needed by 2030 – all businesses have a role to play"



The Zero Carbon Act

The Climate Change Response (Zero Carbon) Amendment Act was passed in 2019. It sets out to achieve a more challenging goal, net zero emissions of all greenhouse gases, except for methane from agriculture and waste, by 2050.

The Act includes four major elements:

- **a new domestic greenhouse gas emissions reduction target for New Zealand to:**
 - reduce net emissions of all greenhouse gases (except biogenic methane) to zero by 2050
 - reduce emissions of biogenic methane to 24%–47% below 2017 levels by 2050, including to 10% below 2017 levels by 2030

- **the establishment of a system of emissions budgets to act as stepping stones towards the long-term target**
- **a requirement for the Government to develop and implement policies for climate change adaptation and mitigation**
- **the establishment of a new, independent Climate Change Commission to provide expert advice and monitoring to help keep successive governments on track to meeting long-term goals.¹⁰**



03

The growing impact of climate change

Changes to our climate are already being felt in our land, freshwater, and marine environments. This includes permanent and irreversible impacts on important environmental, cultural and economic systems.

Many significant changes in New Zealand's climate have already been observed. Regional variations can also be seen, particularly for rain and snow fall. Changes include alterations to temperature, precipitation patterns, sea-level, ocean acidification, wind, and sunshine.¹¹

Last year (2019) was New Zealand's fourth-warmest,

since records began in 1909.¹² New Zealand's temperature has increased by 1°C in that period, which is close to the global average. But it is less than the global land average, which has increased by 1.4°C. The warming effect in New Zealand is buffered to some extent by the surrounding Southern Ocean.

Like the rest of the world we are experiencing a radical departure



from the natural conditions human civilisation is accustomed to. The average annual temperature has not been this high in the past 10,000 years. This is likely to be near or already outside the range that humans and current ecosystems have ever experienced.¹³

We can expect further wide-ranging consequences for our culture, economy, infrastructure, coasts, and native species. This will include rising seas, melting glaciers and more extreme weather conditions. The extent of these consequences, and their knock on effects, will be significantly affected by the actions we take across the whole New Zealand economy in the next few years, and our Covid recovery decisions.¹⁴

This is the evolving context in which New Zealand's SMEs are operating. The changes underway are set to have an increasing impact on their day-to-day operations for the foreseeable future.



Case Study

Natural Paint

Natural Paint Co. is a Christchurch-based paint producer. It prioritises renewable, ethically sourced and sustainable raw materials throughout its supply chain. For the 2018 year, its operations were certified carbon neutral through Ekos. The company partners with the Centre for the Development of an Indigenous Amazon to protect a square metre of rainforest for every square metre painted with its products. And it's the only New Zealand paint company to be Declare¹⁵ certified through the Living Building Challenge. This certifies that the company is transparent about where its products come from, what they are made of and where they go at the end of their life. The Living Building Challenge design standard aims to eliminate the negative global health impacts of our built environment.¹⁶

Case Study

Garage Project

Garage Project is a Wellington-based brewery founded in 2011. The company's operations have recently been certified Carbon Zero with Ekos.

CEO Tom Greally said: "Sustainability' has a wider meaning within the brewery. Achieving certified zero carbon operations is one part of that. We combine it with Living Wage Accreditation. We also put in considerable effort with our communities and charitable events. Altogether it presents a compelling vision for the future health of our business. This is a journey that we will never want to see completed. There are always new opportunities to improve."





04

The role of SMEs

All sectors and sizes of business must be engaged in climate action if we are to stand any chance of meeting our international commitments, and our goal to become a zero carbon economy by 2050.¹⁷

SMEs make a significant contribution to the New Zealand economy. According to the latest government figures prior to Covid-19 they accounted for 97% of all New Zealand businesses. They employed more than 630,000 people, or 29% of all New Zealand employees. They generated 28% of New Zealand gross domestic product (GDP),¹⁸ 35% if the self-employed are included.

There are no specific figures on the cumulative amount of greenhouse gas emissions New Zealand's SMEs are responsible for. However, most farms are classified as SMEs and agricultural emissions make up about 48% of our emissions.¹⁹ Also, emissions remain closely tied to economic activity. This makes it likely that the sector's contribution to climate change is of a similar magnitude to its contribution to GDP.

SMEs urgently need to be empowered to make a significant contribution to

emissions reductions. They also need support to be resilient and prosperous in the face of ongoing climate change and its associated effects.

There are two direct roles SMEs can play in reducing greenhouse gas emissions. SMEs that are innovators of low carbon products and services need to be enabled, supported and encouraged. They are also frequently the cradle and proving ground of ideas that are later adopted by larger businesses. At the same time all SMEs are consumers of products and services. They can use their significant collective business-to-business (B2B) purchasing power to support innovation themselves. But to do so they need to know about these options, understand their value, and be incentivised to buy them.

"SMEs urgently need to be empowered to make a significant contribution to emissions reductions."



05

The vital role of big business & government

SMEs operate within systems almost exclusively defined by larger businesses and by local and national government. It is vital for larger businesses and government to define these systems in ways that enable SMEs to take action on climate change.



Government agencies can implement stronger policies and measures to incentivise low carbon options. Of course some of these changes are already underway, in addition to the emerging implementation of the Zero Carbon Act. For example, until 2021 electric vehicles have been excluded from Road User Charges to incentivise their adoption. The Emissions Trading Scheme (ETS) could be a powerful tool to reduce emissions by adding cost to higher carbon emitting activities. But its impact will continue to be very limited until current reforms are fully implemented, including the emissions cap and a higher carbon price.

For their part large businesses can tighten rules on what is acceptable in their supply chains through procurement policy. This will incentivise and

reward suppliers, especially SMEs, who offer more sustainable products and services. Larger businesses can also invest in innovative businesses.

It's also heartening that 115 chief executives, mostly of larger businesses, have so far signed up to the Climate Leaders Coalition. Established in 2018, this promotes business leadership and collective action on climate change. It also commits their organisations to take voluntary action on climate change, including “proactively supporting our suppliers to reduce their emissions.”²⁰

If we are to stimulate the level of engagement in climate action among SMEs that we need, we must build on and expand initiatives like these, as well as directly support the SMEs themselves.



Case Study

Supertrash/We Compost

Supertrash operates a waste collection service to divert waste from landfill. The core part of the business is the compostable waste collection service - We Compost. Supertrash also takes recycling, cardboard, soft plastics and residual waste. The company's operations have been carbonzero certified by Toitū since 2017. It has reduced carbon emissions in a number of ways. This includes new collection partnerships, an electric sales vehicle and using carbonzero certified electricity from Ecotricity. The company is now working on the challenge of switching to electric collection trucks.

Case Study

Soar Print

With bases in Auckland and Hamilton, Soar Print has been in business for 100 years this year. It is a third generation family business. This gives it a special insight into the nature of long-term sustainability.

The company has been carbonzero certified by Toitū since 2009. Its initial target was to reduce greenhouse emissions by 15% by 2015. It has now reduced them by more than 40% compared to 2009. This includes significant reductions in fuel and power consumption. The company estimates close to \$500,000 in cost savings over the last 10 years. This more than covers the cost of compliance, independent certification and buying carbon offsets.





06

The key motivations for business action on climate change

**Businesses are run by people.
People want to do the right thing.**

SME owners and managers are increasingly exposed to the overwhelming need for urgent action on climate change. They hear it directly from family and friends. They read about it or see it in the media. They receive information from government agencies and non-governmental organisations. This makes it likely that by now most of them have some sort of latent desire to take some action, at least in principle. This might be thought of as an ‘intrinsic’ motivation to act on climate change, based on personal values.

The second set of drivers might be considered ‘extrinsic’ or ‘professional’ motivations. These include cost efficiency, staff retention and recruitment, investment appeal, consumer appeal, risk management, brand enhancement and maintaining the social license to operate.

"We must treat SME owners and managers as people first and foremost..."

The strength of these drivers depends on the external signals and incentives for the SME. For example, in addition to the more direct incentives presented to businesses mentioned above, the annual Colmar Brunton Better Futures report for 2019 found that climate change remains a real concern for 52% of the population. It also found that 72% of youths surveyed said it is important that their future employer is socially and environmentally responsible.²¹

To stimulate effective climate action by SMEs, we must address multiple aspects of both sets of motivational drivers. We must treat SME owners and managers as people first and foremost, but we must also address the needs of their business and their career.



07

The barriers to climate action for New Zealand SMEs

A typical process for an SME engaging in climate action looks like this.

First they need the motivation to seek information and ideas. They need to find the information, ideas and actions appropriate to their situation. These need to be within the capacity of the business in terms of time, resources and cost. They also need to be attractive to the business by aligning with the business’ interests and the preferences of those making the decisions.

Sadly at the moment many business owners and managers we talked to, especially in small and medium-sized enterprises (SMEs), feel they are being told to lower their emissions, but not exactly how. They say they are warned about climate change risks, but not how to face them. Many of them are aware of new laws, but most were unclear about the responsibilities and opportunities they might present.

The major barriers to action on climate expressed by New Zealand’s SMEs fall into distinct types:

- 1. Lack of time and/or resources**
SME owners we have interviewed consistently referred to the “shoestring budgets” of SMEs and an all-consuming focus on the “must dos”. There was also the concern that SMEs were unwilling to pay for anything that couldn’t show an immediate financial return.

However, the general view is that time is probably more a barrier than cost. In addition, it’s important to note that this may be due to the overestimation of the time needed to take on climate action.
- 2. Lack of understanding**
There is a growing number of climate-related tools for business. But there is a lack of clear, concise, consistent and systematic advice. The support and tools currently on offer can be difficult and expensive to access or apply. There is also an increasing number of consultants and specialists offering services to business to address climate

change.

However, these organisations currently tend to compete for resources and attention rather than collaborating, which can add to the confusing landscape for SMEs. A combination of client businesses not having a clear understanding and/or driver, plus the commercial pressures of the service provider, can lead to sub-optimal solutions being promoted and adopted.

This makes it difficult for businesses to select the appropriate services. There is also the challenge of knowing where to start, and establishing a meaningful, realistic process and pathway. This confusion often leads to inaction.

One interviewee described this as “drowning in a sea of tools and resources”, another as “a confusing climate action landscape”.

- 3. Lack of motivation and/or inadequate drivers to action**
There is still a lack of clear




leadership on climate change, particularly from large corporate businesses, government agencies and local authorities. This contributes to a situation in which the drivers for New Zealand businesses to take climate change action remain too weak, particularly for SMEs.

For example, the Zero Carbon Act is likely to have extensive ramifications for New Zealand businesses and SMEs. However, its impact is currently set to be slow. Unsurprisingly, it seems that most of the businesses we talked to, particularly the SMEs, are not engaged with it. They were unclear what was expected



of them or what they might need to do.

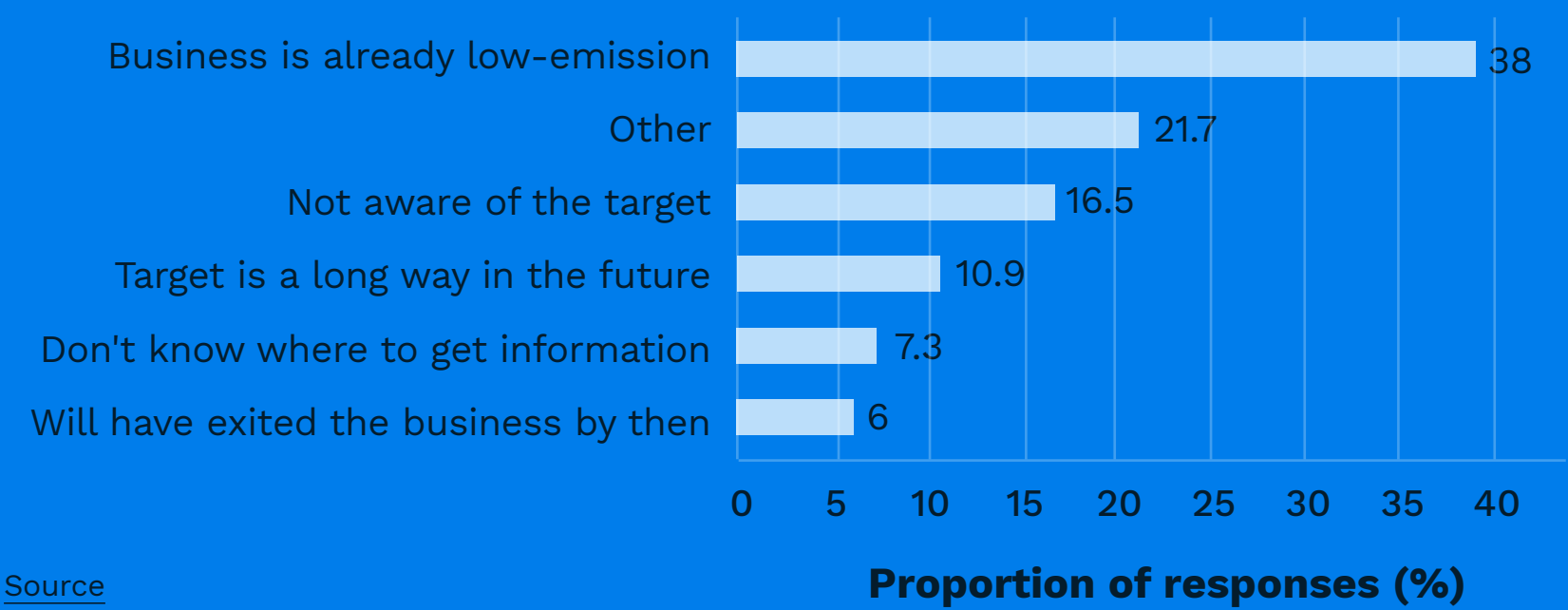
In addition an over emphasis on information rather than inspiration has led to a situation where resources that are available are underused.

4. Complacency, or the perception that they are already a low emission operation

For example, a recent study conducted by the Small Business Council found that most respondents had not thought about transitioning to a low-emission economy. The most common reason was because they considered their business to already be low emission. See the chart to the right.

This may well be due to a lack of understanding of emissions associated with their business activities, especially in their supply chains. All businesses will have opportunities to reduce their impacts.

Main reason for not thinking about transitioning to low emissions



[Source](#)

5. A perceived lack of profiling/normalising of businesses taking action

There is evidence of a small but growing number of ‘early adopter’ SMEs taking climate action, sometimes with support from governmental agencies. Sustainability successes are celebrated in dedicated awards like the Sustainable Business Awards. SME climate action is also sometimes covered by various forms of media.

These are inspiring examples of

action, ranging from entry-level offsetting to truly climate positive businesses. However, much more work needs to be done to promote and publicise their work. This will assist in creating the needed climate-friendly business culture and related social norms across the whole New Zealand economy.

6. The perceived risk of publicity, negative feedback and shaming

Several SMEs we spoke to mentioned the fear of being accused of greenwash. One



08

A climate action pathway for businesses

A business' pathway to climate action begins with the motivation to take the first step, however small.

After committing to action, a business might continue by undertaking a carbon footprint, finding out the key emission hotspots and taking action to reduce them. The next step might be to consider getting the footprint verified or certified, and setting a reduction target with a reduction plan. Buying carbon credits might be a choice at any stage, whether to offset certain

activities or the whole business' emissions to attain 'carbon neutral' status. Some may even go further and offset more than their emissions, becoming 'carbon positive'.

This can be described as the "Motivate - Measure - Minimise - Mitigate" pathway.

The components of action in the pathway are:

Motivate

Gaining an understanding and the motivation to act, and then doing something to start the 'climate action journey.'

Measure

Measuring or estimating the business' emissions, or 'carbon footprint'. This may include scope setting, data collection, footprint calculations and developing an overall greenhouse gas/carbon inventory. The measuring phase also includes reporting, either internally or publicly. There is also the optional verification and certification.

Minimise

Setting a reduction target, developing a plan and taking action. Action often starts with simple and cheap 'low hanging fruit' options. They might continue with operational process changes and develop longer-term actions relating to system change and financial investment. The minimise phase also includes monitoring and reporting progress. →





Mitigate

The most quantifiable and direct ways companies can mitigate any unavoidable greenhouse gas emissions is through carbon offsetting using certified credits. This offsetting can be limited to specific activities (e.g. flights) or for the full organisational footprint. Carbon neutral or carbon positive claims can be made when the footprint has been verified by a suitably accredited third party and certified offsets have been purchased. In our research we found that many organisations want to buy credits from New Zealand projects, but there is currently limited options to do so.

Other positive steps where offsetting is too costly or difficult may be other forms of mitigation. This might include supporting ecological restoration projects that don't necessarily issue carbon credits. It might also include 'carbon insetting'. This is where companies invest in electric vehicles for their fleet, or support staff to buy e-bikes for their commute.

This action pathway focuses on climate mitigation. However, businesses also increasingly need to plan for climate adaptation. This is what will ensure their business can meet the operational demands of the changing climate and its associated effects.

This suggests a further step on the pathway:

Manage

Developing the business' resilience and long-term sustainability, especially in how it plans to adapt to a changing climate. This requires consideration of local operations but also the full supply and value chain.

It is these steps that the work of the Climate Action 20/25 programme seeks to shepherd New Zealand SMEs through.

This is a useful generic pathway, but there is not a 'one size fits all' approach. Businesses will have different capacities and motivations, and be at different stages of their 'climate action journey'. Our graphic (following page) illustrates three indicative stages of the journey.

"Setting a reduction target, developing a plan and taking action. Action often starts with simple and cheap 'low hanging fruit' options."

A Climate Action Pathway For Businesses

From taking the first step to being climate positive and resilient.

Indicative stages of the journey.	Climate Mitigation			Climate Adaptation
	 Measure Estimate your carbon footprint	 Minimise Reduce your emissions	 Mitigate Offset the remainder	 Manage Develop resilience
Stage 1 Starting Out	<p>Read up to understand how your core business operations result in carbon emissions – get an idea of your carbon footprint using a free calculator – share news on the first steps you are taking.</p> <p>Information – SBN Calculators – ACE, Toitu, Ekos, MfE</p>	<p>Take some simple and cheap actions (the ‘low hanging fruit’) to reduce emissions – any action is good, typically transport (road vehicles and flying) and energy in buildings are the best reduction options – involve your staff in your decision-making (ongoing). Share news on what you are doing.</p> <p>Information and ideas – EECA, SBN</p>	<p>When buying goods and services online (especially flights) select the carbon offset button when available, or use a flight offsetting service – support tree planting restoration projects (note: these don’t generate certified carbon credits).</p> <p>Offset providers – Toitu, Ekos, CarbonClick Restoration projects – Million Metres, Trees That Count</p>	<p>Develop an emergency plan to prepare for sudden events which may affect your business – develop a business continuity plan on how you will keep your business going after such an event.</p> <p>Information – MBIE (Emergency planning, Continuity planning)</p>
Stage 2 Gathering speed	<p>Estimate your full carbon footprint (including all main operational activities and some supply chain activities), using one of the free calculators – consider signing up to a certification scheme – publish information on your website.</p> <p>Certification schemes – Ekos, Toitu Footprint software – CarbonEMS, thinkstep</p>	<p>Develop and implement a simple carbon reduction action plan, which addresses some of your main emission areas (‘hotspots’) – commit the necessary resources to implement the plan – set an initial reduction target – report on your actions and progress.</p>	<p>Buy certified carbon credits to offset emissions from your core operations and key supply chain activities – consider signing up to a certification scheme to get verified as ‘carbon neutral’.</p> <p>Certification schemes – Toitu, Ekos</p>	<p>Enhance your emergency and business continuity plans with a climate change risk assessment to identify, analyse and manage risk from climate change specific scenarios (e.g. droughts, storm events) – begin to take steps to reduce or eliminate the identified risks – consider both local operations and your supply and value chains.</p>
Stage 3 In the leading pack	<p>Develop a full carbon footprint (GHG Inventory) and have it externally verified against international standards – sign-up to a certification scheme – include the footprint information in your annual reporting – consider signing up to an external reporting programme or commitment.</p> <p>Certification schemes – Toitu, Ekos Reporting programmes – CDP Commitment – CLC Footprint software – CarbonEMS, thinkstep</p>	<p>Review your whole business (operations and supply chains) to transition to zero carbon model – develop and implement a comprehensive transition plan – commit the necessary resources to implement the plan – set a science-based reduction target – report on your actions and progress in your annual report – support your staff and suppliers to take action.</p> <p>Target setting – Science-Based Targets (SBT) Staff support programme – FutureFit</p>	<p>Buy certified carbon credits to fully offset your externally verified carbon footprint, enabling you to be ‘carbon neutral’ – go one step further and buy additional credits (minimum 20%) to become ‘carbon positive’.</p> <p>Certification schemes – Toitu, Ekos</p>	<p>Risk assessment – CLIMsystems</p> <p>Review your whole business (operations and supply chains) to transition to a climate resilient model.</p>



Case Study

All About Promo

All About Promo hosts THINK – New Zealand’s only ‘sustainable-only’ promotional products website. Its operations have been certified carboNZero by Toitū since 2015. Recognising that promotional goods can often be wasteful, the company strives for relevant, useful and long lasting products. For example, it offers organic cotton t-shirts at the same price as standard cotton.

Case Study

Studio of Pacific Architecture

Studio of Pacific Architecture is a multi-disciplinary architecture and design firm located in Wellington. The company designed the first 5 Green Star rated building in New Zealand for Meridian Energy back in 2005. It has worked on several similar projects since.

The company's recent studio re-fit was the first in New Zealand to complete SBN’s Circular Economy Model Office (CEMO) process. This involved up-cycling old materials and considering the whole lifecycle of new materials.

The company has been carbonzero certified by Toitū since 2016. It has committed to reducing its business related greenhouse emissions by 15% by 2021.





09

Our programme: Climate Action 20/25

Climate Action 20/25 is a five-year programme to make it easy for SMEs to take action to reduce their carbon emissions and become climate resilient. It will provide a toolkit of practical resources, inspiring case studies and integrated training and support programmes.

The programme will also engage with government and large businesses to introduce the incentives needed to encourage adoption of climate action by SMEs. The programme will measure and report on key metrics of climate action among New Zealand's SMEs. The work is designed to significantly reduce greenhouse gas emissions, especially in the key opportunity areas of stationary energy, transport and waste.

The Climate Action 20/25 toolkit and support will be designed to enable any SME to get involved and then move along the 'climate action pathway'. It will encourage SMEs to reduce their carbon emissions in line with what the science says is required to maintain a stable climate (warming of under 1.5°C). It will set that as an expectation for the more advanced businesses.

The easy-to-use yet powerful and comprehensive climate change toolkit will include:

- 1. self-assessment feature to enable tailored advice
- 2. sign-posting to relevant tools and resources
- 3. simple step-by-step advice on lowering carbon emissions
- 4. up-to-date advice and guidance to strengthen businesses against the growing impact of climate change.

The toolkit and associated training and support programme will be co-developed by SBN and our programme partners, based on the latest information and behavioural science. The information will be 'open-source' for easy adaption and adoption by regional and sector partners. Initially, the toolkit will cover information of relevance to most businesses. It will be enhanced with more specialised technology and sector-specific content.

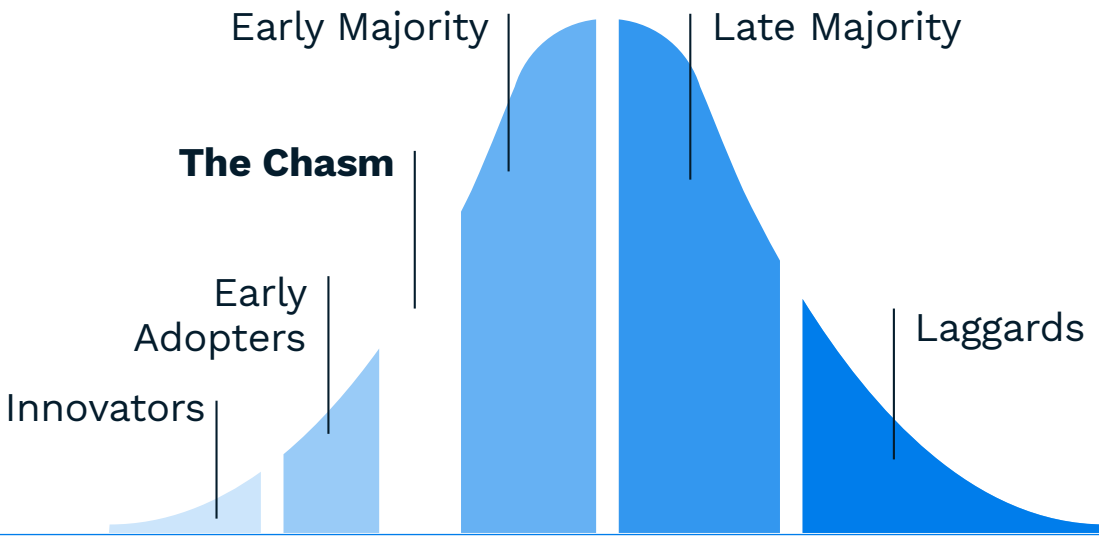
The role of the Sustainable Business Network – how we work

SBN collaborates with, and influences:

- early adopters to co-create system change
- those whose influence affects supply chain decisions
- organisations, and individuals that are ready to act, but don't know how

SBN carefully chooses foundation partners that help us enable ideas to 'leap the chasm' from early adopters into the mainstream of the early majority.

Along the way we encounter both simple and affordable actions, worth sharing, as well as exemplary business responses to climate change that can be showcased as best practice.





10

Climate Action 20/25: Key programme elements

The Climate Action 20/25 programme will be a collaborative effort. SBN is bringing together a powerful coalition of organisations to help define and steer the programme. A governance group is being formed, including SBN, programme partners and other key public and private sector stakeholders (including SME representation).

The Climate Action governance group will initially be tasked with overseeing and jointly agreeing the first wave of action in 2020.

This is intended to include*:

1. Climate Action 20/25 Toolkit

Designing and implementing the initial release of the online toolkit.

The toolkit will be based around the concept of a 'climate action journey', with step-by-step advice depending on the specific motivations, status and interests of the user (business). The toolkit will use self-assessment tools and link to existing high quality tools and resources. The initial release will focus on activities of relevance to most SMEs. Future releases and upgrades will focus on technology or sector specific

components. The toolkit will be hosted on a dedicated website. The content will also be available to programme partners to distribute through their own online channels.

2. Capability building and support

Developing and delivering a suite of training resources and events.

These will cover the needs of businesses at different stages of the 'climate action journey' and with different interests and capacities. A key feature will be the CO₂LABS – workshops on climate action opportunities delivered by experts from SBN, programme partners and other guest presenters. These will be held online as well as at key regional centres. A support service will also be established.

3. Communications and awards

Collating and sharing inspirational case studies.

Engaging communications will be a critical part of the programme. A communications plan will be developed and implemented by SBN and its partners. It will be based on the latest understanding on behavioural change and use consistent messaging through multiple channels.

A key aim of the programme is normalising climate action by SMEs, through showcasing those taking action. Case studies, featuring those at all stages of the 'climate action journey', will be curated and disseminated by SBN and our partners. The prestigious Sustainable Business Awards will have two new awards for climate action. →



4. Impact reporting

Monitoring and reporting on the impact of the programme.

It is imperative that the programme's impact is understood, in terms of engagement with, and action by, SMEs. The options for quantitative and qualitative measures will be investigated, and a robust reporting mechanism established. In addition, a climate action pledge for SMEs will be introduced. The pledge would be complementary to the existing Climate Leaders Coalition.

5. Advocacy

A collective voice to support climate action by SMEs.

SMEs operate within systems almost exclusively defined by larger businesses and by local and national government.

Climate Action 20/25 will engage with these entities to advocate for changes that incentivise and support climate action by SMEs. For example, through procurement policies and practices that recognise and reward climate action. The programme looks forward to working with groups like the Climate Leaders Coalition to deliver the desired outcomes.

6. Programme support and governance

An infrastructure which delivers the impact required.

SBN will co-ordinate and project manage Climate Action 20/25. The programme will be overseen by a governance group, including representatives from programme partners.

*The final scope of the programme will depend on the level of investment.





How Climate Action 20/25 addresses the key barriers for SMEs

Barrier	Climate Action 20/25
Lack of time and/or resources	<p>Our online toolkit will begin with a simple self-assessment. The results will trigger tailored, specific advice and an easy to follow customised 'Climate Action Pathway'.</p> <p>This will be enriched with offers of specific training for SMEs to apply the advice, and ongoing support. The accompanying communications will highlight the advice and the successes of those using it.</p>
Lack of understanding	<p>The online toolkit will focus on straightforward information to de-mystify climate change. It will explain as clearly and simply as possible how businesses can take climate action.</p>
Lack of motivation and/or inadequate drivers for action.	<p>The highly engaging content of the online toolkit will highlight the business benefits of taking climate action. SBN and the Climate Action 20/25 programme partners will also engage in advocacy with government and larger businesses. The aim of this will be to encourage them to incentivise and support SMEs to take action (for example, through procurement policies that reward such action).</p>
Complacency, or the perception that they are already a low emission operation	<p>The online toolkit and the accompanying communications will illustrate how all businesses have operations and activities that produce carbon emissions. It will demonstrate simple ways to reduce them.</p>
Perceived lack of profiling/ normalising of businesses taking action	<p>The online toolkit and the accompanying communications (including through our partners channels) and new categories in the Sustainable Business Awards will raise the profile of climate action in SMEs. Impact reporting will provide additional visibility of action.</p> <p>This will help to promote and normalise the practice of climate action.</p>
The perceived risk of publicity, negative feedback and shaming	<p>The simple and comprehensive 'Climate Action Pathway' provided by the online toolkit will emphasise the importance of incremental change and taking the first step, however small. It will provide advice on transparent and justifiable communications for action and their impacts.</p>



11

Climate Action 20/25: The programme at a glance

SBN is currently looking to secure a limited number of major partners in the Climate Action 20/25 programme.

Get in touch with the [Sustainable Business Network](#) to find out more

Diagnose and Document (Feb–Apr)

- Stakeholder and SME interviews
- Desktop research
- Tools and resources review
- Concept development
- Partnership development
- Initial report

Project Launch (May)

- Launch of Climate Action 20/25 report
- Continue stakeholder engagement
- Establish Governance Group
- Start toolkit design
- Develop communications plan

Design & Develop (June & July)

- Finalise toolkit design
- Define impact reporting and pledge
- Develop, test and refine toolkit
- Develop impact reporting and pledge components
- Design capability building components
- Develop toolkit launch plan
- Sustainable Business Awards entries (Stage 1)

Toolkit Launch (August)

- Pilot toolkit (with SME user group)
- Develop capability building components (incl. CO₂LABS)
- Launch toolkit (including integrated campaign)
- Introduce SME climate pledge
- Sustainable Business Awards Finalists (Stage 2)

Build Capability (September & October)

- Upskilling (CO₂LAB) workshops
- Online training events
- Sign-up SMEs to climate pledge
- Provide online support
- Monthly features: our SME climate champions

Recognise, report and expand (November onwards)

- Sustainable Business Awards
- Hold further training events
- Maintain online support
- Continue to feature our SME climate champions
- Collate annual impact report
- Develop additional toolkit components
- Develop 2021 (Year 2) plan

*Indicative scope and timings, subject to funding and priorities of governance group



Case Study

Thankyou Payroll

Thankyou Payroll provides cloud-based payroll software.

The company's operations have been certified Zero Carbon by Ekos since 2017. It purchases equipment second hand where possible, conducts in-house waste audits and does its own composting. It encourages staff to use their own containers for take away lunches and organises annual tree planting events for staff, families, clients and stakeholders. The company is also a signatory with the Climate Leaders Coalition.

CEO Christina Bellis said: “The environment doesn’t send invoices for the pollutants we put in the air, or the water we dirty. We owe it to our future to leave things better than we found them.”

Case Study

Zilch

Zilch is a New Zealand shared fleet company, currently operating in Christchurch and Auckland. It integrates zero emission car sharing into existing fleets. In 2018, it partnered with the Christchurch City Council, allowing them to exit 55 of their pool cars. Since then over 200 tonnes of CO₂e has been saved in Christchurch by council staff, a variety of businesses and private Zilch drivers.

CEO David Jenkinson said: “Transport is the fastest growing contributor to climate change. Vehicle fleets account for a significant share of carbon footprint in service-based organisations. It’s one of the best opportunities for quick, meaningful and symbolic action.”





Appendix A

Climate action tools and service providers

There is an array of existing tools and service providers, primarily for footprint estimation/measurement and offsetting.

Free calculators include the ACE (Annual Carbon Emissions) calculator provided by Catalyst R&D (available on the [SBN website](#)) and one provided by the Ministry for the Environment ([MfE](#)).

Fee-based certification programmes are provided by [Toitū](#) and [Ekos](#) – these all include carbon footprint measurement, with requirements for taking planned action – they also offer carbon offsetting options.

The Toitū certification services are backed by its status as a JAS-ANZ certified organisation. Ekos uses third parties ([Catalyst R&D](#) and [thinkstep](#)) to provide external assurance.

Carbon footprint software is also provided by [thinkstep](#) (soFi) and [CarbonEMS](#) (e-bench).

[CarbonClick](#) provides a way for online retail customers to pay a small additional contribution for carbon credits.

Good quality information on taking climate action is provided by various organisations.

[The Energy Efficiency and Conservation Authority](#) (EECA) has comprehensive information on reducing energy use and using renewable energy. EECA’s [Gen Less](#) initiative encourages New Zealand people and businesses to take climate action. Auckland Council’s [Future Fit](#) tool enables businesses to engage their staff in climate action. [NZ Transport Agency](#) provides information on walking, cycling and public transport, and advice for businesses

SBN has recently published [new climate resources](#).

Advice on climate adaptation is at an early stage. Ministry of Business, Innovation & Employment offers generic [advice](#) on business continuity planning. [CLIMsystems](#) provides software for assessing impacts and adaptations to climate variability.

Appendix B

Acknowledgments

SBN thanks all the following who contributed their expert opinions on SMEs and climate action through interviews and discussions.

Organisation	Interviewees
Again Again	Nada Piatek
Auckland Council	Sophie Heighway
Business North Harbour	Kevin O'Leary
Carbon Click	Jan Czaplicki
Carbon Trust (UK)	Laura Timlin
Catalyst R&D	Wymond Symes
Connective Impact	Brian Johnston
Consultant & SBN Connector (Nelson)	Katrina Kidson
Ekos	Claire Keeling
Energy Efficiency & Conservation Authority	Jane O'Loughlin
Fonterra	Francesca Eggleton
Garage Project (Brewwell Limited)	Steve Almond
Green Business HQ	Carolyn Cox
Green Start NZ	Rebecca Page
Kokako	Mike Murphy
Living Goodness	Fiona Dykes
Meridian	Alison Howard
Ministry of Business, Innovation & Employment	Erin Murphy
NZ Trade & Enterprise	Grace Ashman
Oxygen Consulting	Sarah Holden
Sustainable Business Council	Kate Ferguson
Sustainable Business Network	Dave Watson
Sustainable Business Network	Holly Norton
Sustainable Business Network	Glen Crowther
Taupo Beef	Mike Barton
Tetramap	Louise Duncan
Thankyou Payroll	Christina Bellis
Thinkstep	Barbara Nebel
Toitu Envirocare	Simon Anderson
Tourism Industry Association	Lynn Robinson & Bruce Bassett
Westpac New Zealand	John Machell
Z Energy	Gerri Ward



Appendix C

Endnotes

¹ For the 2018 Productivity Commission’s report on the low-emissions economy see: <https://www.productivity.govt.nz/inquiries/lowemissions/> see also <https://www.colmarbrunton.co.nz/latest-thinking/better-futures/> for consumer attitudes to sustainability and social issues

² <https://www.mbie.govt.nz/assets/30e852cf56/small-business-factsheet-2017.pdf>

³ <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

⁴ <https://news.un.org/en/story/2019/11/1052171>

⁵ Ibid

⁶ <https://www.rnz.co.nz/news/national/341903/revealed-nz-s-emissions-fifth-highest-in-oecd> and <https://figure.nz/chart/jMoS5wjQpAHSYx33>

⁷ <https://www.mfe.govt.nz/climate-change/climate-change-and-government/emissions-reduction-targets>

⁸ <https://climateactiontracker.org/countries/new-zealand/>

⁹ <https://www.mfe.govt.nz/climate-change/state-of-our-atmosphere-and-climate/new-zealands-greenhouse-gas-inventory>

¹⁰ For more information, go to: <https://www.climatecommission.govt.nz/>

¹¹ See <https://www.mfe.govt.nz/sites/default/files/media/Environmental%20reporting/environment-aotearoa-2019.pdf#page=98> and <https://www.royalsociety.org.nz/what-we-do/our-expert-advice/all-expert-advice-papers/climate-change-implications-for-new-zealand/>

¹² <https://niwa.co.nz/climate/summaries/annual-climate-summary-2019>

¹³ Ibid

¹⁴ For a full explanation of likely climate change effects in New Zealand, see: <https://www.mfe.govt.nz/climate-change/likely-impacts-of-climate-change/likely-climate-change-impacts-nz>

¹⁵ <https://living-future.org/declare/declare-about/>

¹⁶ <https://living-future.org/lbc/basics4-0/#what-does-good-look-like>

¹⁷ <https://www.mfe.govt.nz/climate-change/climate-change-and-government/emissions-reduction-targets/about-our-emissions>

¹⁸ <https://www.business.govt.nz/assets/Uploads/Documents/Small-business-booklet.pdf>

¹⁹ <https://www.mfe.govt.nz/climate-change/state-of-our-atmosphere-and-climate/new-zealands-greenhouse-gas-inventory>

²⁰ <https://www.climateleaderscoalition.org.nz/about/statement>

²¹ https://static.colmarbrunton.co.nz/wp-content/uploads/2019/05/Colmar-Brunton_Better-Futures-2020-Presentation.pdf

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To find out more
sustainable.org.nz
climateaction@sustainable.org.nz
+64 09 826 0394