

Executive summary

SMEs contribute to 61.5% of Spain's gross value added,¹ generate 64.5% of employment² and account for 99.8% of the business fabric (a total of 2,926,484 companies).³ It is also estimated that 50% of Spain's GHG emissions come from the activities of these companies.⁴ Mobilising and supporting their decarbonisation is therefore a fundamental requirement for achieving the country's net zero emissions target, while ensuring a fair and stable transition of the economy and employment.

However, most climate and sustainability policy initiatives have focused on the green transition of large companies, leaving a knowledge and action gap in assisting SMEs during their decarbonisation efforts. This support is essential as they face a lack of resources to start and deepen their energy transition. Additionally, SMEs in Spain are struggling to survive a complex economic situation after the Covid-19 standstill and the energy price shock aggravated by the Russian invasion of Ukraine. Increasing legislative pressure introduces new obligations for greater transparency and climate action that require more ambition and an active stance from SMEs.

In response to the need to better understand how to mobilise and execute the decarbonisation of Spanish SMEs, this report examines their current climate action situation, analyses the challenges and benefits of this transition in a context of energy crisis and identifies best practices for adopting and implementing climate action plans in smaller companies. To this end, empirical research was carried out through a consultation process with more than 300 SMEs in various regions of Spain. Following the mapping and outreach to **90 national and local SME platforms, more than 30 meetings and interviews and 9 workshops with SMEs** were organised and a **questionnaire** was launched **which achieved 309 responses** with a reliability rate of 90%. Research on scientific, international and national recommendations for effective SME climate action was also carried out to frame the SME consultation process and to test the results against science-aligned climate best practice.

The results of this research suggest that **the majority (60%) of Spanish SMEs perceive the risks of climate change** and rising energy bills due to dependence on fossil fuels. Among them, **leading SMEs understand that transitioning their business model towards a greener one contributes to mitigating and even solving the economic difficulties they face.** Moreover, they have shown significant ambition to adopt climate action plans that help them maximise the opportunities of decarbonisation: cost reductions, productivity and competitiveness gains and new business opportunities are the main consequences of ambitious climate action for companies.

¹ Eurostat. (2020). *Small and medium-sized enterprises: an overview*. [Website]. Available at <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/ddn-20200514-1>

² MINCOTUR. (2022). *SME Figures August 2022*. Available at <http://www.ipyme.org/es-ES/ApWeb/EstadisticasPYME/Documents/CifrasPYME-agosto2022.pdf>

³ Ibid.

⁴ Emissions from the diffuse sector account for 61% of total emissions in Spain, of which more than half are estimated to come from SMEs given the characteristics of the companies belonging to this sector. As for emissions from the emissions market, i.e. 39% of the country's total emissions, it is estimated that 75% come from the 30 most polluting companies in Spain and, therefore, we assume that SMEs contribute significantly to the remaining 25%. The final estimate is that SMEs contribute approximately 50% of Spain's total emissions. Data extracted from: Sustainability Observatory (2021). *Report of the Sustainability Observatory: Decarbonisation 2020 in Europe, Spain and Autonomous Communities*. [Website]. Available at <https://www.observatoriosostenibilidad.com/documents/NdP%20Resultados%20informe%20DESCARBONIZACION%202021.pdf>; InfoLibre. (2017). *These are the 20 companies that generate 80% of CO2 in Spain*. [Website]. Available at https://www.infolibre.es/politica/son-20-empresas-generan-80-co2-espana_1_1135728.html; ISM Community. (2017). *Spanish SMEs waste a quarter of the energy they consume*. [Website]. Available at <https://www.comunidadism.es/actualidad/las-pymes-espanolas-malgastan-una-cuarta-parte-de-la-energia-que-consumen/>

However, SMEs' climate strategies lack structure and have significant gaps. **Their green transition has begun, in large part, because of the pressure from some stakeholders demanding greater ambition.** While these pressures have served to mobilise SMEs' climate awareness organically, their response has generally been selective, and ad-hoc, towards a few sustainable practices and, in most cases, without including a comprehensive plan to reduce emissions across their activities and value chain. **This partial and reactive approach is not sufficient to accelerate the 50% emissions reduction by 2030 and achieve climate neutrality of the Spanish economy by 2050.**

SMEs do not have a clear vision of how to carry out their decarbonisation pathway in line with scientific recommendations. For instance, a large share (**58%**) **have not yet calculated their carbon footprint.** The barriers they face, particularly **lack of finance and knowledge, prevent them from putting forward robust climate related actions.** Achieving a structural and active approach to climate action is now more necessary than ever to ensure their economic and environmental resilience. **This can be achieved through the development of a coherent climate action plan with best practices** that deliver effective, full scope (1, 2 and 3) emission reductions in SMEs.

Based on the experiences gathered from Spanish SMEs leading decarbonisation efforts and international and national recommendations, **the third section of this report contains a guide with best climate practices** divided into three key pillars to achieve a structural approach: Targets, Action and Governance. In addition, **there is an important opportunity to provide SMEs with more consistent resources for the development and implementation of climate action plans.** The [SME Climate Hub](#) is a new tool to facilitate this process.

The last section of this report offers a series of recommendations that aim to meet the needs highlighted by Spanish SMEs that want to deepen their decarbonisation:

- **Offer support** with a more structural approach for SMEs in key sectors.
- **Incentivise SMEs** to develop a decarbonisation framework with key performance indicators.
- **Promote** the provision of carbon footprint accounting services.
- **Create sustainability networks on best climate practices** segmented and focused on providing regional and sectoral mutual support.
- **Develop best practice guidelines on residual emissions offsets** in line with scientific recommendations.
- **Focus more collaboration and research initiatives** on deepening the understanding of climate adaptation in SMEs.
- **Public funds** should be directed to SME sectors with a significant contribution to climate change.
- **A green tax reform** that encourages environmentally friendly practices among SMEs.
- **Establish more national frameworks to give recognition and visibility** to SME leaders in climate action and innovation.

Media contact:

* Download the report [here](#)

Adriana Rodríguez
Climate policy analyst, Climate Strategy

Paseo Recoletos, 5, Oficina 604, 28004, Madrid, Spain
Email: info@climatestrategy.es
Tel local: +34 91 576 4837 Tel UK: +44 (0) 20 7193 4807 @Climatest