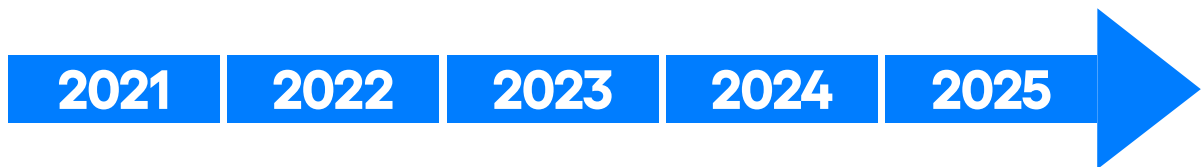


REPORT

SME CLIMATE FINANCE STOCKTAKE:



TURNING AMBITION INTO ACTION

International
Chamber
of Commerce



Sage



Summary

Small and medium-sized enterprises' (SMEs) ambition for sustainability is growing, but access to finance isn't keeping pace. Across markets, SMEs are struggling to access the capital needed to scale their sustainability efforts. This research finds that a small group of medium-sized firms - especially in manufacturing and transport - are breaking through, accessing green finance 4.1 times more often than smaller peers. For most SMEs, however, access to finance remains flat.

The difference lies in access to AI and digital tools. Firms using digital accounting, e-invoicing, and AI-powered carbon-tracking tools are far more likely to report formally and to secure green finance. For the majority, fragmented and complex reporting still blocks progress, leaving billions in potential investment untapped.

This paper sets out five practical actions to close that data gap, by standardising reporting, expanding digital and AI adoption, and unlocking green finance for millions more SMEs.



The OECD definition of green finance (also known as sustainable finance) used in this paper: Sustainable finance refers to financial products, strategies or financial market activities which support and prioritise long-term economic, social and environmental objectives by, for example, taking into account environmental and social drivers of financial returns; mitigating adverse environmental or social impacts; or advancing positive environmental and social outcomes.¹

Forewords



John Denton AO
Secretary General of the
International Chamber
of Commerce (ICC)

SMEs are the backbone of the global economy, and they must also be at the centre of the global climate response. Representing over 90% of the world's businesses, SMEs drive innovation and deliver the local solutions needed to achieve net zero. Yet they continue to face disproportionate barriers to accessing the finance and tools that would allow them to scale their impact.

ICC is proud to partner with Sage to ensure that the voice of small business is heard at the highest levels of the climate negotiations. This fifth global SME Climate Finance Stocktake demonstrates both the scale of SME ambition and the practical pathways to unlock it. Enabling SMEs to access green finance is not only good climate policy, it is the foundation of inclusive, resilient economic growth. We look forward to working through COP30 to ensure that this potential is realised.



Steve Hare
CEO of Sage

SMEs are the engine of the global economy, and their success is essential to the world's transition to net zero. Every day, we see small and medium-sized businesses making tangible progress, cutting emissions, improving efficiency, and building resilience in their supply chains. Their determination is clear. What they need now is access to finance to go further, faster.

At Sage, we believe that digital technology and AI are the unlocks that can remove the barriers holding SMEs back from accessing sustainability finance. By automating reporting, connecting trusted data directly to finance, and reducing the cost and complexity of compliance, these tools make sustainability practical and scalable for every business. This year's Stocktake shows what is possible when innovation, and policy align. Together with the ICC and our global partners we are committed to ensuring that the world's transition is powered by SMEs, turning their ideas and ingenuity into lasting impact for people and the planet.



Nigar Arpadarai
The UN Climate Change
High-Level Champion for
COP29

As the world prepares to gather in Belém for COP30, this report builds on the progress achieved at COP29, where the vital role of SMEs in global climate action was firmly recognised.

Empowering SMEs is essential to delivering a just and effective transition. They are the backbone of our economies and a driving force for innovation, inclusion and resilience. This Stocktake highlights both the advances made and the barriers that still limit SME access to finance, technology and support.

As we look to COP30, there is a crucial opportunity to turn recognition into action, mobilising investment, scaling solutions and ensuring SMEs everywhere can help shape a more sustainable and resilient global economy.

SME ambition is rising - but progress remains too slow

SMEs sit on the frontline of climate change. From soaring energy bills to supply-chain shocks and extreme weather, climate risks bite harder for smaller firms with fewer buffers.² At the same time, making net zero happen is impossible without them. For instance, previous studies by Sage show that SMEs generate over 40% of the UK's business emissions, rising to nearly two-thirds once supply chains are included.³

Now, into the second half of the decade, SMEs are not standing still. Our SME tracker, built from five years of time series, is showing greater ambition, deeper engagement, and that SMEs are a key driving force in delivering the sustainability agenda. SMEs report that:

36% now have a formal sustainability plan — up five percentage points from last year (31%).



70% say sustainability is central or important to their business — up from 67% last year.



30% have made a public claim about their environmental performance — up from 24% last year.



While this marks a steady rise in both awareness and action, most of these actions are still **'first steps'** rather than transformative shifts. The top three actions are:

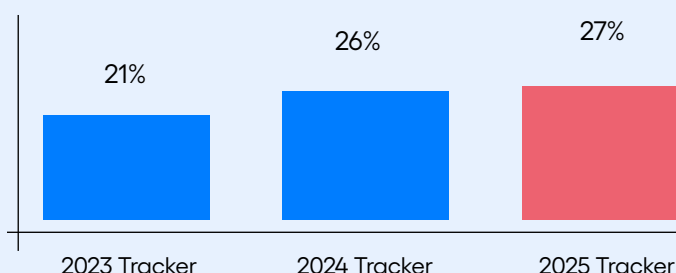
1 58% report energy-efficiency measures, up from 53% last year.

2 53% have introduced waste reduction or circularity steps up from 50% last year.

3 32% have adopted renewable energy in their operations up from 30% last year.

Progress into more transformative measures - for instance, electrifying a delivery fleet or overhauling production lines - often demands substantial capital investment and operational change, both of which require access to finance. It is therefore **unsurprising that SMEs show strong and steady interest in this kind of finance**: 27% are interested in applying for sustainability finance, similar to 26% from a year ago and a big jump from 21% in 2023. Yet, fewer than 3% of SMEs in our research had applied for a green finance product during that period - no statistical difference from last year, highlighting a persistent gap between intent and action.

The % of SMEs interested in green finance has risen by six percentage points since 2023.



Recent analysis by the OECD has underscored the critical importance of getting this financing flowing. SMEs account for about 40% of aggregate business sector greenhouse gas emissions, and finance is seen as a critical catalyst for their net-zero transition. However, access to finance remains one of the most important obstacles: in a recent survey, 48% of SMEs cited lack of funding as a key barrier to climate action, and nearly 70% said they need more finance to accelerate emissions reduction.⁴

A small group of SMEs are at the leading edge of accessing finance

A small cohort of medium-sized firms (50+ employees), particularly in manufacturing and transport, is beginning to break through this barrier. They are applying for green finance at over **4.1 times the rate of their smaller peers** (12% vs. 3%), and are **3.5 times more likely to have formal sustainability reporting systems** (27% vs. 8%) as well as features like dedicated sustainability staff and more advanced digital tools and AI in place. Furthermore, in the past year we have seen clear growth in both of these measures - from 8% to 12% in applying for green finance, and from 21% to 27% in reporting systems.

SME tracker data 2025	All SMEs	SMEs in manufacturing and transportation sectors	Medium sized SMEs (50+) employees	Medium sized SMEs (50+) employees in the manufacturing and transportation sectors	Observation
% who say sustainability is central or important	70%	73%	71%	72%	Interest in sustainability is fairly similar between these groups
% who have made a public claim about their environmental performance	30%	35%	36%	41%	
% who are interested in green finance	27%	30%	31%	34%	
% who have formal sustainability reporting systems	8%	12%	20%	27%	Reporting levels are much higher
% who applied for green finance	3%	5%	4%	12%	Applications and successful applications are much higher
% who successfully received green finance	1%	2%	3%	6%	

Reporting is critical to giving lenders greater confidence in effectively assessing risk and price finance. Research by the OECD has found that over 80% of financial institutions state that lack of reliable sustainability-related data from SMEs is a top barrier to expanding green finance. It is clear from our research that better reporting and data is critical in enabling this 0.4% of our sample to unlock capital that remains out of reach for most SMEs. This group's success demonstrates what is possible when the conditions are right, and why creating those conditions for many more SMEs must now be a priority.⁵

With early movers proving what is possible, the next step is to bring many more SMEs into the fold: turning green finance from niche to mainstream.

Banks and policymakers are responding - but momentum needs to accelerate

Interviews for this report and in-depth reports from the OECD demonstrate that **financial institutions are aware of the gap and are acting to close it.**

Key step identified by the OECD	Details	Read more
Widening lending options	This includes traditional loans, leasing, supply-chain finance and trade finance products that integrate green criteria.	OECD Guidance on Transition Finance (2022) and OECD Green Finance ⁶
Introducing new sustainability-linked products	Such as green equipment leasing, green export finance, and energy-efficiency retrofit loans.	
Blended Finance	Supporting portfolio risk-sharing schemes with public institutions - to reduce pricing and collateral requirements	OECD Blended Finance Guidance ⁷

Policy is also starting to align in a very impactful way. The European Commission's new **VSME reporting framework**⁸ creates the foundations for a **short, consistent data pack** SMEs can share with lenders and large buyers - reducing reporting burdens and speeding up decisions.

Meanwhile, the importance of adaptation finance is growing: according to an ICC report on the role of the private sector in climate adaptation, the private sector's mobilisation remains far below what is required to build resilience.⁹

Private capital can support adaptation investments, for example, in infrastructure, water, agriculture and urban systems, yet structural barriers persist.

To turn ambition into action, banks, governments and businesses need to grow tools like resilience-linked bonds and blended finance that fund adaptation projects, capture their real benefits, and make investment less risky for the private sector.

Reporting remains the key bottleneck for streamlining access to finance

A key bottleneck to further progress is the lack of formal sustainability reporting. Among SMEs, any level of sustainability reporting has risen to 32%, and "more comprehensive" reporting to 19%. However, mature and formal reporting remains low at around 8%, with no statistically significant change from last year. This challenge is echoed by contributors to this report from financial institutions, with one noting, "Reporting is – and has been – a major issue for us, especially for the follow-up after investment."

Establishing consistent, digital reporting systems is not just about efficiency, it's about building the trust and transparency that lenders need to confidently expand green finance to SMEs.

This leaves a largely untapped financial opportunity for SME projects of around US\$789 billion.¹⁰ Based on this new tracking research, no statistically significant differences were found for the size of that opportunity or the ability for SMEs to access it. Market voices interviewed in this research confirm that the opportunity remains relatively stable: "For the amount of SME finance, it is hard to see a strong trend either way at the moment," said an institutional investor.

Recent OECD guidance notes emphasise that fragmented and complex sustainability reporting requirements remain a central obstacle to SME finance, with most SMEs struggling to meet information demands from banks and supply chains.¹¹

Until this bottleneck is resolved, green finance will remain concentrated amongst a small minority of SMEs.



OECD Leading the shift on SME green finance

In 2024–2025, the OECD has led the way on galvanising action on SME green finance. Through its Platform on Financing SMEs for Sustainability, the OECD convened banks, governments, and business groups to identify what was blocking small businesses from accessing green finance - and rapidly moved to solutions.

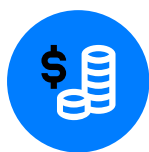
A key breakthrough came in mid-2025 with the OECD Guidance Note on Fostering Convergence in SME Sustainability Reporting, developed with extensive international consultation. This landmark document sets out a core set of practical, globally-recognised reporting indicators and metrics for SMEs, making it far easier for them to apply for loans or grants and for lenders to compare and price their risk. Crucially, the new guidance emphasizes interoperability, simplicity, digital templates, and country/sector flexibility, so reporting doesn't become a new barrier. Countries seeking to develop tailored SME sustainability reporting frameworks can benefit from using this guidance to contribute to enabling SMEs to tap into new green finance products and reduce their sustainability reporting burden.

The OECD Platform on Financing SMEs for Sustainability has also worked to identify innovative and good practices in public financial and non-financial support for SME sustainability. Building on more than twenty case studies from around the world, a new report identifies innovations and good practices that can be used to scale financial and non-financial support tailored to SME innovators, enablers and adopters.

Through the work of the OECD, governments and financial institutions now have a direct policy blueprint to turn SME climate ambition into green growth opportunities for smaller firms.

Please see: OECD Guidance Note on Fostering Convergence in SME Sustainability Reporting (2025); Scaling up Public Financial and Non-financial Support for SME Sustainability: Innovations and Good Practices (2025); OECD Global Dialogue on SME Sustainability Reporting (2025); Fostering Convergence in SME Sustainability Reporting (2025).¹²

Digital and AI are emerging as a key enabler



Digital tools and AI have the potential to help SMEs overcome this challenge, making reporting faster, cheaper and more reliable. In our research, SMEs using digital accounting and carbon-tracking tools are 2.4 times more likely to have formal reporting systems and 1.6 times more likely to be applying for green finance than those that do not.



SMEs that are already adopting AI and digital tools report significant benefits. Over seven-in-ten (71%) say that they've already used them to reduce their environmental impact, while 78% say that they could offer their business a competitive advantage in the next 5 years.



Building on this momentum, new innovations are emerging: Accounting platforms are now piloting automated emissions calculators and pre-filled green loan application forms using real accounting data. Development banks are backing shared SME data hubs, allowing firms to upload once and share across lenders, buyers and government portals.



AI-enabled reporting tools, when combined with structured data, are accelerating this digital shift: AI can directly address this bottleneck. When combined with e-invoicing, AI tools can populate sustainability templates, benchmark SMEs against peers, and flag anomalies for auditors, creating the trusted, low-cost reporting data lenders need.¹³

Scaling these kinds of tools will be essential to give banks the data they need and open the door to green finance for many more SMEs.

Five urgent actions to turn ambition into action

As the world prepares for COP30 in Belém, the need to turn ambition into concrete action has never been clearer. The opportunity to unlock this ambition is practical and within reach. Governments, financial institutions, standard-setters, technology firms, and large corporations must act together to enable SMEs to move from ambition to action by unlocking access to green finance. In particular, ICC and Sage will advocate in Belém for practical, collaborative steps that empower SMEs to take climate action, with a strong focus on the following five priority areas:



Governments and international standard-setters to develop simple, user-friendly and consistent reporting standards. Adopt simplified, streamlined and proportionate SME reporting standards aligned to the VSME standard and International Sustainability Standards Board (ISSB) baseline,¹⁴ with simple and clear terms, materiality guidance and ready-to-use templates. Keep requirements and terminology consistent across frameworks to cut complexity and elevate such approaches internationally so SMEs can report once and use that data many times across banks, buyers, and regulators.



Governments and development partners to establish a supportive ecosystem for SME sustainability reporting – by providing fiscal incentives, shared tools, and SME capacity-building. Raise awareness of the commercial benefits (market access, funding, cost savings) and offer targeted incentives (tax credits, grants, cash-back) for reporting and training. Provide shared tools and datasets so SMEs can report with real data, while allowing estimates and benchmarks during transition. Financial institutions and technology firms to develop affordable tools and leverage technology and AI for streamlined reporting.



Governments and technology firms to work together to leverage digital innovation and AI for streamlined reporting. SMEs need affordable digital tools that automate data capture and reporting, reducing the time and cost of compliance. By connecting accounting, e-invoicing, and energy data, reporting fields for banks and buyers can be pre-filled automatically. System-to-system integration can go further, enabling reporting data to trigger suggested actions and tailored finance options. This connector model also makes data easily verifiable by auditors and banks, increasing SME credibility and improving access to finance.



Governments, financial institutions and large corporations to standardise data requests and promote peer learning. The single most powerful step is to standardise data requests across banks and large corporations, with international interoperability to prevent re-reporting across borders. Around this, governments and industry can publish sector toolkits for high-impact activities, and foster peer learning and a light adviser network to help SMEs implement and improve. These steps will make sustainability simpler, faster and more scalable for small businesses, while AI reshapes how capacity is built inside firms themselves.



Banks and public finance providers to expand sustainability-linked products and technical assistance for SMEs. Expand sustainability-linked loans, transition loans and green leasing, paired with guarantees or blended finance to lower prices and collateral. Ensure offers cover adaptation as well as mitigation, and reflect SME cash-flow cycles. Provide non-financial support — workshops, training, and light consulting — to move from plans to projects. Use procurement and large-buyer programmes to pull SMEs into the transition.

If efforts across these five areas are accelerated, COP30 could mark a true turning point where SME ambition translates into tangible investment on the ground, directly advancing NDC implementation and helping to close the global climate finance gap.



Methodology

We surveyed online 8,250 SMEs across 17 markets. Azerbaijan had 250 respondents; all other markets had 500. We drew on interviews with financial institutions and investors including Legal & General, Qalaa Holdings and AP2. We reviewed recent releases from the OECD, UNEP, IFRS/ISSB, EFRAG and the European Commission on disclosure; from the SME Finance Forum, IFC, EBRD and EIB on finance channels; and from UNDP on insurance and resilience. Where movements in our survey were not statistically significant, we state this plainly.

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The International Chamber of Commerce (ICC) is the institutional representative of more than 45 million companies in over 170 countries. ICC's core mission is to make business work for everyone, every day, everywhere. Through a unique mix of advocacy, solutions and standard setting, we promote international trade, responsible business conduct and a global approach to regulation, in addition to providing market-leading dispute resolution services. Our members include many of the world's leading companies, SMEs, business associations and local chambers of commerce.

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About Sage

Sage exists to knock down barriers so everyone can thrive, starting with the millions of small- and mid-sized businesses served by us, our partners and accountants. Customers trust our finance, HR and payroll software to make work and money flow. By digitising business processes and relationships with customers, suppliers, employees, banks and governments, our digital network connects SMBs, removing friction and delivering insights. Knocking down barriers also means we use our time, technology, and experience to tackle digital inequality, economic inequality and the climate crisis.

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