



DEMYSTIFYING ENVIRONMENTAL MANAGEMENT SYSTEMS FOR SMPS

ACCA

Think Ahead



About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global professional body for professional accountants.

We're a thriving global community of **233,000** members and **536,000** future members based in **178** countries and regions, who work across a wide range of sectors and industries. We uphold the highest professional and ethical values.

We offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance and management. Our qualifications and learning opportunities develop strategic business leaders, forward-thinking professionals with the financial, business and digital expertise essential for the creation of sustainable organisations and flourishing societies.

Since 1904, being a force for public good has been embedded in our purpose. In December 2020, we made commitments to the UN Sustainable Development Goals which we are measuring and will report on in our annual integrated report. We believe that accountancy is a cornerstone profession of society and is vital in helping economies, organisations and individuals to grow and prosper. It does this by creating robust trusted financial and business management, combating corruption, ensuring organisations are managed ethically, driving sustainability, and providing rewarding career opportunities.

And through our cutting-edge research, we lead the profession by answering today's questions and preparing for the future. We're a not-for-profit organisation.

[> FIND OUT MORE](#)



CONSCIOUS BUSINESS PERFORMANCE

About Profit Impact

Profit impact is a B Corp certified management consulting business guiding small and medium sized enterprises to a sustainable future, through education and practical support. We provide CPD accredited education, baseline emission calculations, net-zero strategies and B Corp certification guidance to businesses who want decision making and reporting to consider their triple bottom line impact.

[> FIND OUT MORE](#)

Introduction

The imperative and opportunity for SMEs

Small and medium-sized enterprises (SMEs) represent about 90% of businesses – and more than 50% of employment worldwide. Global environmental and social challenges can only be addressed appropriately if the SME sector is fully involved. Larger companies are already required to take specific steps and report on their non-financial performance. And those requirements are gradually cascading to SMEs down the supply chain.

Embracing sustainable change creates significant opportunities for SMEs to reduce costs, attract talent and investment to develop business, provide a point of difference, and improve their brand reputation.

It's therefore important that SMEs understand and engage with a sustainability agenda.



About the series

Our series of practical toolkits, continuing the **SME sustainability series**, is aimed at supporting accountants in SMEs and small and medium-sized practices (SMPs). Accountancy and finance professionals will play a leading role in guiding small businesses through their sustainability journey.

The series consists of three toolkits:

- Mapping your business goals to UN SDGs
- Demystifying environmental management systems for SMEs
- Supply chain code of conduct for SMEs





What is an environmental management system (EMS)?

An EMS sounds complicated for an SME, but it is way more straightforward when you learn more about it.

The system is a set of processes and practices that enable an organisation:

- to reduce its environmental impacts,
- increase its operating efficiency, and
- report specialised environmental performance information to your internal and external stakeholders.

Put simply it's:

IT'S A WAY TO MEASURE, MANAGE AND REPORT YOUR BUSINESS'S ENVIRONMENTAL IMPACT, THAT IS ESSENTIAL FOR FUTURE PROOFING ANY TYPE OF SMALL BUSINESS.

What is an EMS for?

It is a structured approach to:



Minimise your impact on the planet – either through the products you sell or the way you operate your business.



Reduce the risk of fines and penalties created by negative environmental impact.



Enhance your reputation, as it allows you to share your impact – underpinned by tangible evidence – with your teams and customers.

What are the global imperatives for environmental management?

Governments are introducing new legislation to mandate net zero targets. The UK, for example, is already working towards its commitment to reduce emissions in 2030 by at least 68% – compared to 1990 levels from the UK's latest Nationally Determined Contribution. This is the highest reduction target made by a major economy to date.

Recent measures require that prospective suppliers bidding for government contracts above £5 million per year must have committed to the UK government's net zero target – and have published a carbon reduction plan.

In June 2021, the European Union (EU) approved a law to make its greenhouse gas emissions targets legally binding. Twenty-seven nations must collectively slash greenhouse gas emissions by 55% by 2030 – compared to 1990 levels – with the aim to become climate-neutral by 2050.

In addition, central bankers from the G7 countries have agreed to make Task Force on Climate-Related Financial Disclosures (TCFD) disclosures mandatory for large businesses. This will force more organisations than ever to calculate – and confront – their greenhouse gas emissions.

Other governments and private organisations have also pledged net zero goals, although none are legally binding – yet.

The International Trade Centre (ITC), an agency of the UN, has developed a **Sustainability Standards Map**. It provides free 'comprehensive, verified and transparent information' on more than 300 standards for environmental protection, worker and labour rights, economic development, quality, food safety, and as business ethics.

68%



The UK is already working towards its commitment to reduce emissions in 2030 by at least 68%

55%



7 nations must collectively slash greenhouse gas emissions by 55% by 2030

Learn more about Sustainability reporting standards from ACCA and CA ANZ co-branded playbook:

How SMEs can create a more sustainable world – A playbook for accountants in practice and finance teams in small and medium-sized organisations.

What's coming on the horizon for environmental management?

Regulation is slow for small and medium-sized organisations globally, although it seems that the market will regulate itself.

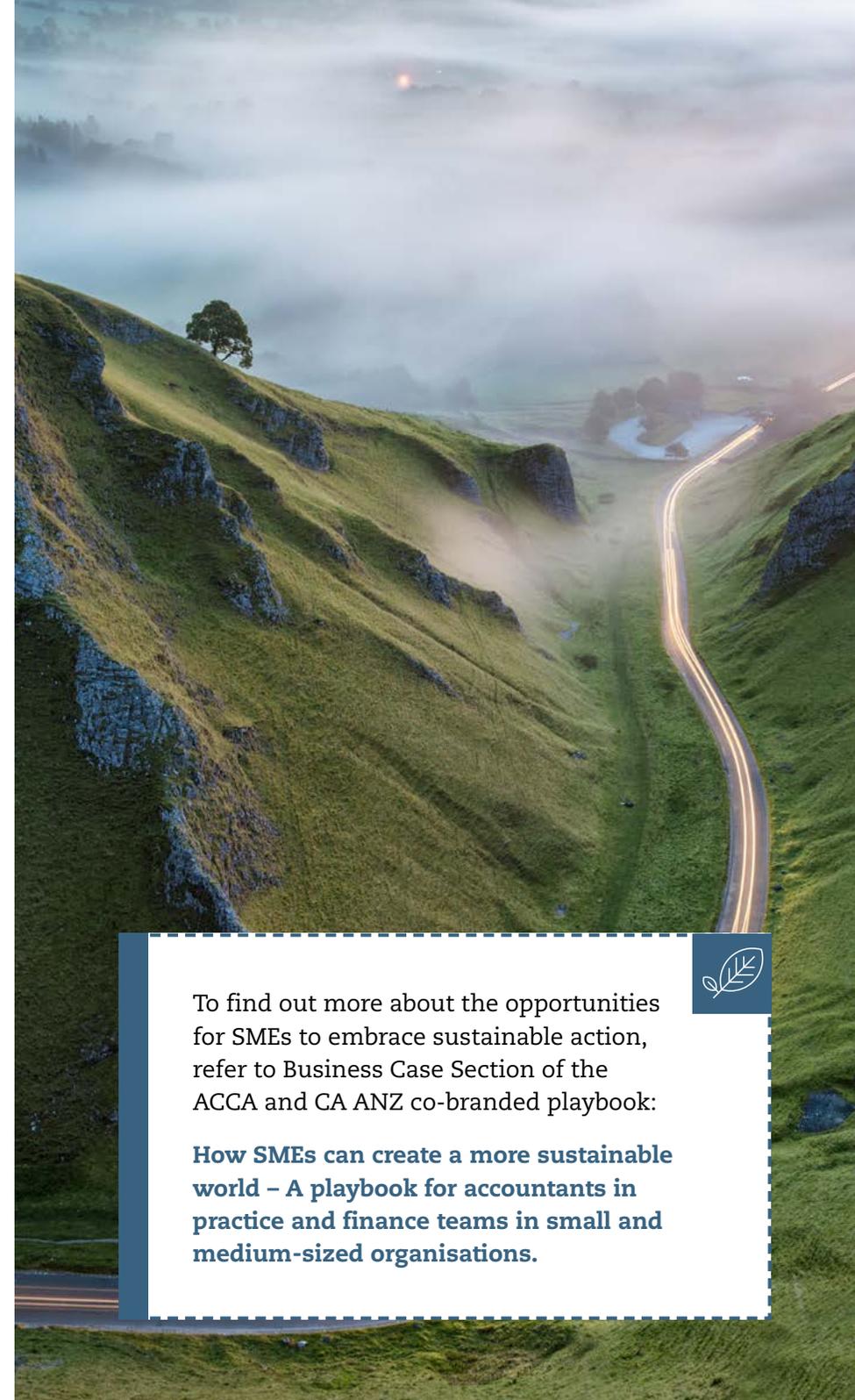
The requirements from corporate and the public sector are only going to intensify. Larger organisations are working to understand the impact throughout their supply chains, driven by growing regulation. Furthermore, the disruption of supply chains is leading to a reassessment of the risks and decisions about supply chains such as for example nearshoring (the practice of transferring a business operation to a nearby country).

Consequently, there is an increasing number of SMEs getting non-financial data requests cascaded down the supply chain.

The pressure from society is significant. There are very few people now who would dispute the need to address our climate crisis.

So, whether regulation arrives or not, the drive for change within your business will come from your employees, your investors and your customers, and your leaders.

To drive this change you will need a proven system to manage, measure, report and improve your environmental impact.



To find out more about the opportunities for SMEs to embrace sustainable action, refer to Business Case Section of the ACCA and CA ANZ co-branded playbook:

How SMEs can create a more sustainable world – A playbook for accountants in practice and finance teams in small and medium-sized organisations.



How does it fit with finance professional ethics?

Professional ethics is all about your obligation to society.

This strong ethical foundation can be vital when faced with tough, and complex decisions, or the need to uphold values in the face of peer pressure and financial stress. Accountants have a duty not only to their clients but to society as well. This puts them in an ideal position to help their clients understand how to be accountable to other stakeholders and to position this as an ethical choice, not just a compliance issue contributing to the development of more sustainable businesses.

You're consequently expected to accept and support your profession's public interest obligations.

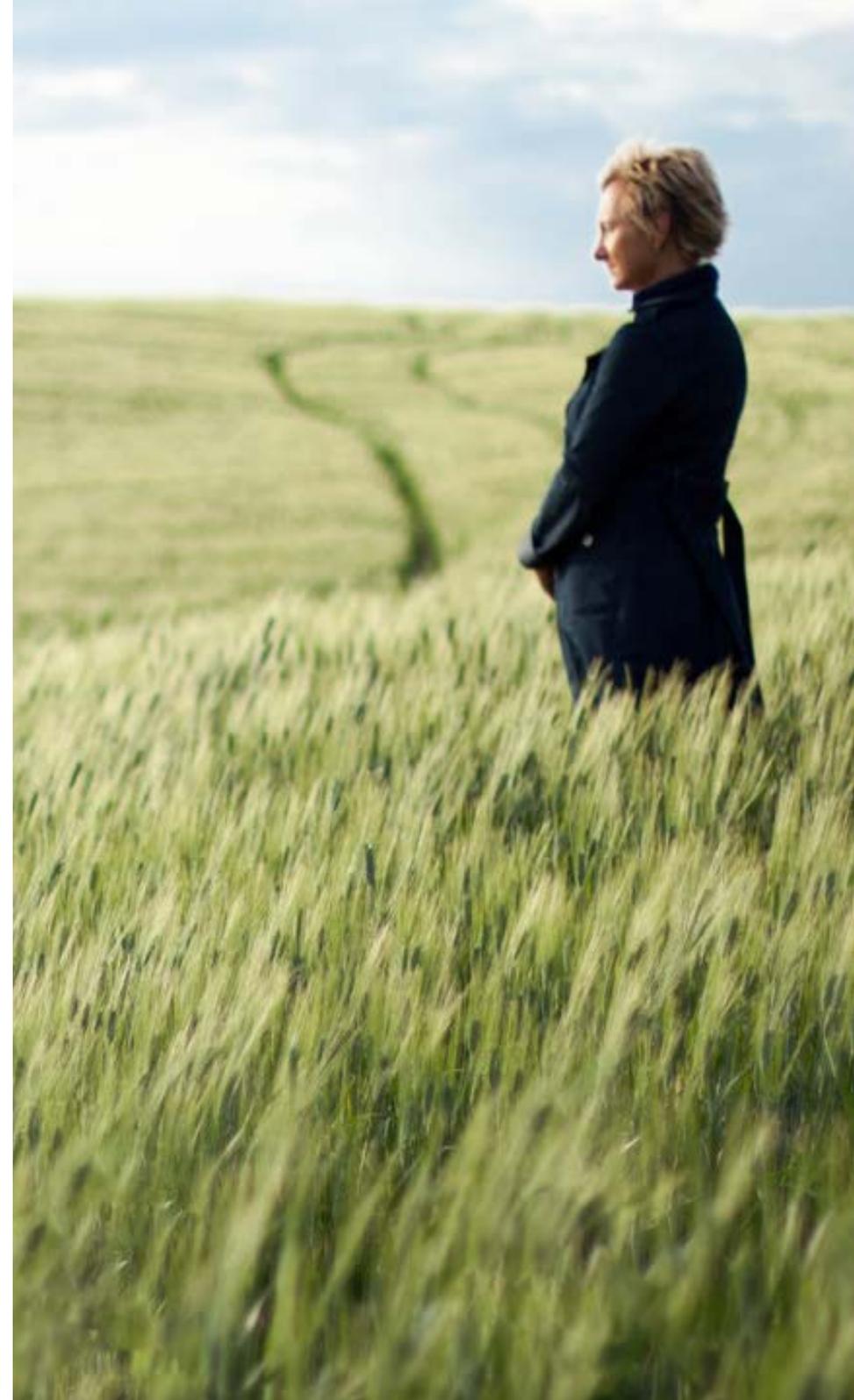
The public can also be defined as your stakeholders, including

- employees
- customers
- suppliers
- community organisations
- the environment
- subsidiaries and affiliates
- local neighbourhoods
- the planet
- investors and
- shareholders



Companies can enhance ethical governance by integrating sustainability principles into their own operations and relationships – allowing for greater transparency, accountability and inclusiveness.

Your EMS plays an important role in your ethical governance.



HOW CAN YOU CREATE YOUR EMS?



Decide who is going to take care of this important process.

STEP
1



Decide your digital tools and data collection methods to measure and manage your footprint.

STEP
2



Define your baseline – your baseline is your environmental footprint today.

STEP
3



Set your targets. Decide what your targets will be to reduce your footprint – and over what time.

STEP
4

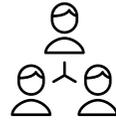


Integrate your EMS into your business.

STEP
5

STEP
1

Decide who is going to take care of this important process.



Take into account that this is not a one-off piece of work – it's an ongoing process of improvement, measurement and reporting.



Do you want to outsource to a consultancy?



Can you train up in-house staff to lead on this project?



Should you consider a hybrid approach, where you use a consultancy to upskill in-house staff – enabling them to support the implementation and ongoing management of your EMS.



To find out more about ways of measuring carbon footprint refer to the TAKE Action: Climate and Environment Section of the ACCA and CA ANZ co-branded playbook:



How SMEs can create a more sustainable world – A playbook for accountants in practice and finance teams in small and medium-sized organisations.



STEP
2

Decide your digital tools and data collection methods to measure and manage your footprint.

- If you have a complex business – eg multiple premises – and/or you make or sell a product, you can use a carbon calculator such as **Compare Your Footprint**. The ability to upload data into this software is important to get a comprehensive image of your performance that will enable you to identify the areas for improvement.
- If you are a small service business, you could find that a simple spreadsheet satisfies your needs.
- For both these options, it's important you have processes in place that make it easy to collect the data and convert it into tangible numbers that you can track over time.

Examples of data you may be collecting include:

Energy usage within your buildings 	Number of flights 	Number and duration of video calls 	Business mileage in electric vehicles 	Business mileage in non-electric vehicles 
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- You will need to consider which pieces of data are already stored in other software you hold – you may find an Application Protocol Interface (API) can collect some of the data together to reduce your workload. Integrity of the data and good data governance are essential.



**STEP
3**

Define your baseline.

Your baseline is your environmental footprint today.

List all your environmental impacts:

Scope 1	Scope 2	Scope 3
Covers direct emissions from owned or controlled sources.	Covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.	Includes all other indirect emissions that occur in a company's value chain, including your digital, waste recycling and water usage.

A good tip is to start with those areas you think you can make an impact.

You may want to start by asking yourself the following questions. Once you know the answers to these questions, it will help you create and prioritise your list.

- Do you use renewable energy?
- Do you buy environmentally friendly office supplies?
- Do you use refurbished tech?
- Do you have a life cycle assessment of the products you sell?
- Is your website planet-friendly hosted?
- Do you limit travel to a needs-only basis?
- Have you got a policy to limit data storage and emails?
- Do your teams know how to dispose of any e-waste (electronic products nearing the end of their 'useful life')?
- If you have a car fleet, do you have any electric vehicles?
- Do you provide any carbon training for your teams?
- Do you measure any of your energy or water usage?
- Do you have any employee incentives to encourage greater carbon awareness?
- Do you have any idea of your suppliers' carbon footprint?



Calculate

- The measures for each of your environmental impacts that will provide your carbon emissions – your footprint baseline.
- You can find the emissions data for each category using the **GHG Emissions Calculation Tool**.
- You will find excellent guidance here for calculating your **Scope 3**
- For a complete calculation, you may choose to add in your digital carbon footprint.
- The lifetime carbon footprint of a typical business laptop from Dell is (350 kg CO₂e) – comparable to that for 240 litres of orange juice.

You can assume that:

- video call for an hour is 0.150 CO₂e (kg)
- each email sent is 0.008 CO₂e (kg)
- visiting a website page is 0.003 CO₂e (kg).

- You can use this **Website Carbon Calculator** to work out your website footprint.

While every effort should be made to correctly account for these numbers, don't let the fear of getting it wrong put you off starting.

**STEP
4**

Set your targets.

Decide what your targets will be to reduce your footprint – and over what time.

The reductions should be linked to specific actions, with each action having an owner.

To find out more about Carbon offsets, refer to p. 28 of the ACCA and CA ANZ co-branded playbook: [How SMEs can create a more sustainable world – A playbook for accountants in practice and finance teams in small and medium-sized organisations.](#)



Here we've shared some suggestions for managing and reducing your operational environmental impact:



Switch to renewable energy.



Buy refurbished technology – eg laptops.



Limit travel to a needs-only basis.



If you have a car fleet, switch to electric vehicles.



Introduce carbon training for your teams.



Purchase environmentally friendly office supplies.



Host your website on a planet-friendly platform.



Introduce a policy to limit data storage and emails.



Offer employee incentives to encourage greater carbon awareness.



Make sure your teams know how to compliantly dispose of any e-waste.

**STEP
5**

Integrate your EMS into your business.



The first step is the hardest. Once you have your current measurements and planned actions to implement positive change, it's really important to share your progress and wins. This will greatly boost team morale and inspire others.



Share highlights of your successes on your website.



Discuss wins and challenges with your teams.



Place the progress of your environmental impact on your management team's agenda.



Encourage your suppliers to create their own EMS. Recognise that to report your environmental impact fully you will need to understand your suppliers' footprint. Make discussions around carbon footprint a natural part of your procurement process.

Certificate in Sustainability for Finance (CertSF)

ACCA certificate in sustainable for finance will support you in gaining further understanding of sustainability.

[Find out more >](#)

To find out more practical insight about sustainability in small business sector, refer to the ACCA and CA ANZ co-branded playbook: **How SMEs can create a more sustainable world – A playbook for accountants in practice and finance teams in small and medium-sized organisations.**





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