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Article

Understanding your carbon footprint: what it means and how to measure it

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Please note this content was curated for SME businesses in the UK

For small business owners, understanding the concept of a carbon footprint is more important than ever. It's not just a buzzword – it's a way you could measure your business's environmental impact.

Simply put, your carbon footprint represents the total amount of greenhouse gases, like carbon dioxide, that your business is responsible for, both directly and indirectly. Think of it as a footprint you leave on the planet's environmental path.

So, why should you care? Well, as a small business owner, being eco-conscious is more than just a trend, it could be an asset for your

business.

This guide brings together expert insight on what a carbon footprint is, why it matters, and shares practical steps that you could take to measure and reduce it, contributing to an eco-friendlier future.

Why should you understand and measure your carbon footprint?

Meeting regulator and government requirements: businesses, no matter what their size, are facing increasing pressure to reveal and cut down on their carbon emissions. The UK government has called upon small businesses to halve their carbon footprint by 2030 and achieve net zero emissions by 2050 **(1).**

Eco-conscious customers: 66% of consumers view companies who demonstrate their efforts to reduce their carbon footprint more favourably **(2)**. In a world where sustainability is a driving force behind consumer choices, your business's commitment to being environmentally responsible could set you apart from the competition.

Future proofing: as the world moves towards a low carbon economy (and eventually net zero), small businesses that proactively reduce their carbon footprint may be better positioned to thrive in a fast evolving business landscape.

What makes up your carbon footprint?

Your business's carbon footprint is made up of your carbon emissions. Carbon emissions are categorised into three scopes:

- **Scope 1 emissions:** these are direct emissions from sources that your business owns or controls, like company-owned vehicles or on-site industrial processes.

  Examples include: emissions from the fuel used by company-owned vehicles for client visits or business-related travel, or emissions from the fuel or energy used in on-site equipment such as generators or water heaters.

- **Scope 2 emissions:** indirect emissions originating from the electricity, heating, or cooling your business consumes. These emissions occur outside your company but are associated with your operations.

  Examples include: the carbon footprint of the electricity your business consumes for lighting, computers, and heating or cooling systems, and the energy used for powering tools and equipment like hairdryers, computers and lighting.

- **Scope 3 emissions**: these are indirect emissions stemming from activities beyond your immediate operations. Think of your supply chain, business travel, and even customer product use. While not under your direct control, they still contribute to your footprint.

  Examples include: carbon emissions from your employees' daily commutes to your office or location, emissions from air travel for business meetings, and emissions from your customers' transportation to your premises. This also includes emissions from the transportation of products and supplies in your supply chain, and the carbon footprint associated with packaging materials used for products you use or sell.

Getting started measuring your carbon footprint?

Setting a baseline: before you embark on any carbon reduction journey, it's important to know where you stand. Calculating your current carbon footprint serves as a starting point – a baseline that you could measure your progress from. This baseline not only informs your sustainability goals but could also help in tracking your achievements over time.

- **Carbon Trust's SME Carbon Footprint Calculator (3)** is an online tool specifically designed for UK businesses to estimate their carbon footprint and identify areas for improvement.

Quantifying reduction targets: reducing your carbon footprint isn't a vague concept; it's a goal-driven process. Setting clear reduction targets, such as aiming for a certain percentage decrease in emissions over a specified period, could give you a tangible roadmap. It could keep your efforts focused and allows you to communicate your commitment to stakeholders effectively.

- Learn more about how to set **science based targets (4)** for your business.

Measuring progress: as a small business, you might wonder how to track your progress accurately. Enter data. Regularly monitoring and recording your emissions data could allow you to see if you're on track to meet your reduction targets. It could also highlight areas that might need extra attention or innovative solutions.

- The UK government's **environmental reporting guidelines (5)** could help you to understand how you might better track your progress. There are also many carbon tracking software systems out there, known as carbon accounting tools, that cater to businesses of different sizes and industries. One example of a carbon accounting tool you might look at is **Ecologi Zero (6)**.

Transparency and communication: it's important to share how you're working to reduce your carbon footprint. This isn't just a nice

thing to do – it's a smart move. People who buy your products and work with you value honesty. Sharing your progress and achievements could show how committed you are to being environmentally friendly, and in turn could enhance your brand's reputation and building trust.

- One area to watch out for when crafting your communications is greenwashing. Learn more about the topic and how you could get your green claims right **here (7).**
- Learn more about how to share your climate action story in this **article (8)** from South Pole.

Getting the hang of these basic elements of a carbon footprint will help to equip you with the know-how to make smart choices. When you put that knowledge into action, you're not only helping the environment, but you could keep your business on track for growth. It's like putting two puzzle pieces together for a greener and more successful future.

For more resources on the topic take a look at some of the following:

- **Carbon Intelligence**
- **Planet Mark**
- **SME Climate Hub**

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1 Calling all small businesses to lead the charge to net zero:

https://www.lbhf.gov.uk/business/business-support-and-advice/guide-energy-efficiency-and-cost-savings-your-workplace
2 Product carbon footprint labelling: https://www.google.com/url?q=https://www.carbontrust.com/our-work-and-impact/guides-reports-and-tools/product-carbon-footprint-labelling-consumer-research-2020
3 Carbon Trust's SME carbon footprint calculator: https://www.carbontrust.com/our-work-and-impact/guides-reports-and-tools/sme-carbon-footprint-calculator
4 Science based targets : https://sciencebasedtargets.org/small-and-medium-enterprise-sme-target-setting-process
5 Environmental reporting guidelines: https://www.gov.uk/government/publications/environmental-reporting-guidelines-including-mandatory-greenhouse-gas-emissions-reporting-guidance
6 Is your communication on climate action up to scratch?: https://www.southpole.com/blog/is-your-communication-on-climate-action-up-to-scratch
7 Carbon manager: https://www.carbonmanagers.com/
8 Carbon intelligence: https://www.carbon.ci/
9 Planet mark: https://www.planetmark.com/
10 SME climate hub: https://smeclimatehub.org/carbon-reporting-regulations-are-rising-globally-small-businesses-need-to-keep-up/

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