

Less than half of UK businesses have sustainability targets in place

2 years ago



New research from leading business and financial adviser [Grant Thornton UK LLP](#) finds that less than half (43%) of UK mid-sized businesses have sustainability targets, such as for net zero, in place.

This is according to data from the Grant Thornton International Business Report*, which surveyed 301 mid-sized businesses in the UK (3,748 businesses globally). While it finds that only 43% of UK businesses have sustainability targets in place, this is found to be higher than the global average (39%).

In fact, while many of the UK businesses surveyed have still not implemented core steps on their sustainability journey, they are outperforming the global average in several areas including:

- 60% have implemented a sustainability strategy (51% globally)
- 46% have implemented sustainability reporting (40% globally)
- 28% have implemented a sustainability policy (25% globally)

The research finds that there are numerous challenges facing UK mid-sized businesses when complying with sustainability regulation. The top concerns are:

- The speed at which requirements change
- The capital investment
- Understanding the requirements for different jurisdictions

Three quarters of the businesses surveyed, in the UK and globally, agreed that the need to navigate and understand the sustainability requirements of different jurisdictions is a barrier to international business

expansion.

Despite these concerns, almost two thirds (63%) of the UK businesses surveyed are expecting to maintain or increase their investment in sustainability over the next 12 months – above the global (58%) and Europe (53%) average – to invest in renewable energy, carbon reduction and sustainable procurement.

The research finds that their brand reputation is identified as the biggest driver behind UK and global businesses' investment and focus on sustainability initiatives.

Scott Wilson, Head of ESG and Sustainability, Grant Thornton UK LLP, said:

“Many UK mid-sized businesses have still not taken the key first steps on their sustainability journey, including implementing reporting or setting targets, and this may be because they just don't know where to start. But these businesses can be key parts of larger global and UK supply chains and may therefore have an important role to play in supporting the net zero and wider sustainability ambitions of their customers. Failing to align to their customers' needs could become a significant commercial risk to them. It's important that businesses act sooner rather than later when it comes to establishing their sustainability and reporting strategy, particularly as the information required and the expectations of stakeholders are only likely to get more demanding and complex.

“It's clear that concerns around changing regulation and the cost of necessary investment occupy the minds of mid-sized businesses. Larger companies should look to work with their mid-market partners and share any lessons learned from navigating regulation, to help reduce risk and improve efficiency. We know that having a sustainability strategy can offer a competitive advantage for organisations who get it right, and its impact on brand reputation is clearly a key driver for those already focusing in this area. Consumers want to support brands with strong credentials, while investors are increasingly looking for businesses who can demonstrate, and are accountable for, their performance in this area. It's important that businesses are getting the basics right and putting in place strong processes from which to grow.

“The sustainability journey is not a sprint. It can take years to perfect a strategy, but the most important action is to take the first step – acting now will give businesses the time to build up their knowledge, engage with stakeholders, secure resource and strengthen their processes.”

*The Grant Thornton International Business Report (IBR) is a quarterly survey of mid-market businesses. Launched in 1992, the IBR provides insights into the views and expectations of around 3,500 senior executives in mid-market companies, in 31 economies. The data in this release is based on interviews conducted between April-June 2024 with 301 mid-sized businesses in the UK (defined as revenue between £15million – £1billion) and 3748 businesses globally.