SESSION SUMMARY

Session 1 summary: engaging SME clients on sustainability

Supporting the Sustainability Journeys of SME Clients | Session 1 | 7 October 2026

Key insights, poll results and emerging practices shared during the peer discussion

Session purpose and context

This first session launched the Supporting the Sustainability Journeys of SME Clients workstream (the SME client engagement workstream), one of four workstreams under the PRB Worktrack on Engaging Clients on Sustainability Impacts, Risks and Opportunities. Around 35 participants from member banks across Europe, Africa, North America and Latin America took part.

The workstream takes a holistic view. SMEs touch every PRB impact area, including climate, nature, decent work, value chains and inclusive economies, so how banks engage them matters across all of these. The proposed scope covers how banks set themselves up internally and how they integrate sustainability into existing SME client relationships, through both financing and non-financial support.

SMEs carry much of the economy, and the gap between offer and uptake is wide. SMEs provide most jobs in many economies and face growing expectations from their own customers. Most financial institutions offer them green finance, yet very few apply for it.

70%
of employment in 99 countries comes from self-employment and micro and small enterprises[1]

73%
of financial institutions offer green finance to SMEs[2]

2.8%
of SMEs surveyed in 13 countries applied for it in the previous three years

61%
of SMEs taking climate action cite customer expectations as a driver, up from 40% a year earlier[3]

The social dimension is part of the same picture. The quality of employment, including working conditions and safety at work, matters as much as its quantity. Who can access support also counts: women-owned businesses accounted for an estimated 34% of the finance gap for formal MSMEs in emerging market and developing economies.[4] And financing only helps if the SME can meet its obligations and withstand shocks, both dimensions of financial health.

[1] ILO (2019), Small Matters, covering 99 countries. See the ILO announcement.

[2] International Chamber of Commerce and Sage (2024), Unlocking sustainable finance for SMEs, citing OECD data.

[3] SME Climate Hub (2025), global SME survey of 471 SMEs. Responses illustrate pressures and needs but do not necessarily represent all SMEs.

[4] Estimate published by the IFC using 2019 data.

Key takeaways for PRB banks

- **Keep the full picture in view.** SMEs touch every PRB impact area. Today's conversations start mostly from climate and energy, and the SME client engagement workstream will also address decent work, inclusion, financial health and the other social dimensions of SME sustainability.
- **Start with data, proportionately.** Missing SME data is the first barrier. Members want clear, size-appropriate guidance on what to request and what counts as credible evidence.
- **Design for scale.** Relationships that do not scale are the second barrier. Members called for fast, simple and often digital approaches suited to many small clients rather than corporate-style processes.
- **Embed sustainability in business priorities.** Engagement works best when linked to growth, costs, productivity and customer requirements, starting from the first client interaction.
- **Build the business case on solid foundations.** The business case ranks lower because many banks have not yet reached it. Who makes the case for the client is still an open question.
- **Make sustainability simple.** Clients choose simple working capital over sustainability products when evidence requirements outweigh the benefit. Product design must balance simplicity with integrity.
- **Combine finance with wider support.** Guarantees, grants, government incentives and practical support help SMEs turn intentions into investable projects.
- **Expect SME portfolios to need their own target-setting approach.** Existing guidance is hard to apply where clients are many, small and data-poor.

Who was in the room: participant and client landscape

The group consists mainly of sustainability specialists, with some business, lending and finance specialists. Some 40% of respondents have established SME sustainability engagement in selected areas, and 27% are integrated and scaling. Banks' SME clients are mostly aware of sustainability but not yet acting on it. Results are summarized below.

Poll question	Responses	Results (number of respondents)
Role or primary function	30	Sustainability or ESG roles: 25 (83%) Business, lending or finance roles: 5 (17%)

Poll question	Responses	Results (number of respondents)
How established is your bank's approach to SME sustainability engagement?	30	Established in selected areas: 12 (40%) Integrated and scaling: 8 (27%) Exploring: 5 (17%) Piloting: 4 (13%) Unsure: 1 (3%)
Which SME segments are most relevant to your work? (select all)	35	Medium-sized enterprises: 28 (80%) Small enterprises: 26 (74%) Micro-entrepreneurs: 17 (49%) SMEs in high-impact or priority sectors: 16 (46%) Self-employed and sole proprietors: 11 (31%) Suppliers in corporate value chains: 9 (26%) Women-led, youth-led or underserved groups: 7 (20%)
Which readiness profiles are most common among your SME clients? (up to two)	35	Aware but no structured action: 25 (71%) Limited awareness, little or no data: 22 (63%) Initial actions, seeking practical guidance: 18 (51%) Developing plans, targets or investment proposals: 8 (23%) Seeking finance for an identified measure: 3 Established strategy, data and reporting: 3
What do you already discuss with SME clients that touches on sustainability? (free text, grouped)	58	Climate risk, transition and adaptation: 14 Energy efficiency: 11 Renewable or clean energy: 11 Carbon emissions and footprint: 11 Cost savings and energy costs: 6 Agricultural practices: 5 Regulation: 4 Social topics: 4

Source: Session 1 live polls, 7 October 2026.[5]

KEY OBSERVATIONS FROM THE POLLS

- No single segment dominates. Most banks serve medium, small and micro clients at once, so a single approach will not fit all.
- Client readiness is low. Only three respondents cited clients with an established strategy as common.
- Sustainability conversations already start from climate risk, energy and costs. Social topics, water and supply-chain requirements appear less often.

Ranking the bottlenecks

Missing data is the clearest barrier to SME engagement. Nearly two-thirds of respondents (15 of 24) ranked it as the most material bottleneck, with an average rank of 1.8 out of 5. A relationship that does not scale ranked second. The remaining three bottlenecks were within 0.2 of each other on average rank, so their relative order is indicative only.

[5] Polls were anonymous and run in Microsoft Teams. Response counts differ by poll because participants joined and answered at different times. The role and maturity polls exclude one test response from the UNEP FI facilitator. Ranking polls exclude responses submitted in the original A to E or A to H order, which were treated as unranked (4 of 28 for bottlenecks, 5 of 28 for UNEP FI focus). Free-text topics were grouped into themes by UNEP FI, and one response may count towards several themes.

Rank	Bottleneck	Ranked most material	Average rank
1	**A. Data is missing:** SME clients cannot, or will not, provide reliable sustainability information	15 of 24 (63%)	1.8
2	**D. The relationship does not scale:** clients are too small for one-to-one engagement, and standardized or digital approaches are lacking	4 of 24	2.7
3	**E. The business case does not work:** SME engagement cannot yet be shown to strengthen profitability or resilience	2 of 24	3.4
4	**B. Data does not reach decisions:** information is collected but does not enter credit, pricing or product decisions	2 of 24	3.5
5	**C. Mandate and incentives are missing:** nothing in regulation, policy, product terms or frontline objectives requires or rewards it	1 of 24	3.6

Source: Session 1 ranking poll (1 = most material), 24 ranked responses.

What we heard: common challenges and emerging practices

1. SME data: availability, burden and proportionality

Participants confirmed that many SMEs simply do not maintain the environmental and social data that banks, development finance institutions or sustainability frameworks may require, such as energy usage, carbon emissions, waste metrics, workforce diversity statistics, and occupational health and safety records. Many SMEs are informal, and there is no single source of truth for what should be collected. Where clients do hold information, asking them to provide and evidence it can be a hurdle they are unwilling to clear given their business priorities. For very small businesses with limited administrative resources, participants questioned what it is proportionate to request at all.

MEMBER NEEDS AND EMERGING PRACTICES

- **Proportionate information requests.** Practical guidance on what sustainability information is proportionate to request from SMEs of different sizes, and what constitutes credible evidence of transition progress.
- **Risk-based screening by economic activity.** Assessing environmental and social risk based on the client's main economic activity, with an ESG checklist completed with the client and verification of environmental-permit requirements for medium- and high-risk cases.
- **Context-sensitive assessment.** Clarity on how to assess transition in sectors where environmental performance is already relatively high.

Looking forward. Participants see SME data as the foundation for other progress. Without it, information cannot be connected to decisions and a business case cannot be built.

2. Scaling engagement and embedding it in the client relationship

A relationship that does not scale was ranked the second most material bottleneck. Clients are often too small for tailored, one-to-one engagement by relationship managers, and banks lack standardized or digital approaches. Participants also noted that sustainability is often presented as a standalone topic, while SME owners are focused on growth, productivity, workforce challenges and customer requirements.

EMERGING PRACTICES

- **Embed sustainability in business priorities.** Engagement is more successful when sustainability is built into the strategic priorities of the client rather than presented as a separate ESG agenda.
- **Start early in the lending journey.** Integrating sustainability from prospecting onwards, with relationship teams checking whether an activity is sustainability-related at the first client interaction rather than adding it later.
- **Build knowledge across sales and SME teams.** Early integration requires extensive sustainability knowledge among both the sales force and SME staff.
- **Start with tangible topics.** Energy efficiency, renewable energy and cost savings are already the most common entry points in SME conversations, according to the polls.

Looking forward. Participants noted that integrating sustainability from the first client interaction depends on building that knowledge across sales and SME teams.

3. The business case: a later bottleneck, not a solved one

The business case ranked third of five, behind missing data and a relationship that does not scale. One participant suggested this is because many banks have not yet reached it: without data, and without data connected to decisions, a business case cannot be built or shown to clients. In a quick poll, 16 of 18 respondents (89%) agreed with this explanation.

Another participant distinguished the business case for the bank from that for the client. For the bank, data and the other bottlenecks are the binding constraints. For the client, the case is individual, and the open question is who makes it. Relationship managers are lending bankers rather than ESG specialists, and SME owners may lack the time or willingness to prioritize sustainability while running the business.

The framework presented in the session sets out a broader case for the client than energy savings alone: lower energy and input costs, but also buyer and export requirements, resilience and insurability, and access to finance.

Looking forward. Who makes the business case for the client remains an open question. UNEP FI will introduce its client engagement business case work in Session 2.

4. Product design: making sustainability simple

Several participants observed that existing sustainability products are often too complicated or not attractive enough, because the benefit-cost balance for the client is not right. Many SMEs finance smaller investments through general working capital facilities rather than dedicated investment loans. For larger sustainability-related investments, green products may require evidence such as energy consumption before and after the investment, or energy performance certificates. For the SME, this means additional administrative work and cost, while financing conditions may not be significantly more attractive. As a result, clients are reluctant to engage even when the investment would support their transition.

> As one participant put it: **“Let us make green simple.”**

EMERGING PRACTICES

- **Speed and digital access.** SMEs value fast, agile financing when they need it, through digital channels, end-to-end digital loans or very short approval processes.
- **Retail-style models for small tickets.** Treating SMEs more like private individuals than large corporates, and designing for many small tickets with a simple approach rather than corporate-style documentation.
- **Targeted, easily provable eligibility.** Focusing green or social offers on defined client groups (for example by sector code, or women entrepreneurs) or on investments that are easy to prove, such as a move to a higher energy rating, rather than documenting every past and future spend.
- **Inclusive offers with lower barriers.** Supporting women entrepreneurs through fast, competitively priced financing and business accounts with lower fees.

Looking forward. One participant noted a tension between simplicity and integrity. Green and social loans require clear eligibility, documented use of proceeds and project evidence to avoid greenwashing. The challenge is to keep these requirements proportionate for SMEs whose investments and documentation are less mature.

5. From intention to implementation: the role of public support

Participants highlighted a capability gap between SMEs' intentions and their ability to act. Members observed that many entrepreneurs intend to adopt new practices, whether digital or sustainability-related, but have not taken any actions yet. SMEs often need practical guidance, planning support, trusted expertise and implementation resources to turn intentions into investable projects.

MEMBER SUGGESTIONS

- **Guarantees and blended support.** More guarantee schemes, and combinations of loans with grant programmes, would encourage clients to invest.
- **Government incentives and lighter requirements.** Public incentive programmes and a reduction in mandatory documentation would make sustainability investments more accessible.

Looking forward. Participants see bank products as one part of a wider support system that includes government programmes, guarantees, grants and practical implementation support.

6. Target setting and transition planning for SME portfolios

Participants noted that the bottlenecks above also make it difficult to set an appropriate level of sustainability or climate targets for SME portfolios. Existing UNEP FI guidance on climate target setting for banks was described as hard to implement for banks with many small and micro clients, because of data gaps and other circumstances.

MEMBER SUGGESTIONS

- **An SME target-setting guide.** A guide comparable to existing UNEP FI target-setting guidance, focused on SMEs and micro, small and medium-sized enterprises (MSMEs).
- **Proportionality across segments.** Guidance on applying sustainability requirements, transition planning and target setting proportionately across SME segments, particularly micro-enterprises.

Looking forward. UNEP FI will explore what type of targets members have in mind, such as green finance product uptake, through the one-to-one interviews.

Where should UNEP FI focus?

Members asked UNEP FI to start with a data and proxies checklist. It was placed in the top three by 16 of 23 respondents (70%), consistent with data being the leading bottleneck. An SME engagement toolkit and financing pathways followed. Places two to five were close, and this ranking differs from the provisional result shown during the session, which included unranked responses.[6]

Rank	Option	In top three	Ranked first
1	**D. Data and proxies checklist:** what information to request from SMEs, proportionate to client size	16 of 23 (70%)	5
2	**G. SME engagement toolkit:** what relationship managers and SME owners each need to know, delivered at volume	10 of 23 (43%)	3
3	**H. Financing pathways:** how products, blended finance and risk-sharing fit into the client journey	9 of 23 (39%)	3
4=	**C. Client segmentation map:** which SME clients and sectors to prioritize, and why	8 of 23	3
4=	**F. SME business case:** what is different for SMEs in volume, ticket size and client value	8 of 23	3
6	**E. Shared voice on SME data:** how banks' SME data needs reach regulators and standard-setters	7 of 23	2
7	**B. Shared SME case library:** SME case studies and free tools in a shared UNEP FI library	6 of 23	2
8	**A. Operating-model guidance:** who owns SME sustainability, and how it works in volume-based SME books	4 of 23	2

Source: Session 1 prioritization poll, 23 ranked responses.

In addition, members proposed an SME-specific target-setting guide and a platform for banks to exchange experience of SME business, including how banks in different countries implement SME sustainability. These requests are not yet scheduled and will be reconsidered alongside the rerun of the bottleneck ranking in the second half of 2027.

Next steps

The sequence follows members' priorities: data first, then engagement, then finance. It is set out in a refined concept note, shared with members for feedback before Session 2.

Date	What	Details
2 November, 14:00 to 15:00 CET	**Learning opportunity: Client Engagement for SME Decarbonization**	Not a session of the SME client engagement workstream. Participants who cannot attend can register to receive the recording.

[6] The provisional result shown during the session ranked the data and proxies checklist, shared SME case library and client segmentation map as the top three, based on all 28 responses including unranked submissions.

Date	What	Details
5 November	**Session 2: the data gap**	What banks ask SME clients for today, what they actually use and where it breaks down, for environmental and social information. A short introduction to UNEP FI's client engagement business case work.
9 December (tentative)	**Session 3: the data checklist**	Test a draft data checklist, prepared by UNEP FI from Session 2 and the one-to-one interviews. Final version in early 2027.
First half of 2027	**SME engagement toolkit**	What relationship managers and SME owners each need to know, delivered at volume.
Second half of 2027	**Financing pathways**	How products, blended finance and risk-sharing fit into the client journey. A rerun of the bottleneck ranking, with the same wording, to see how priorities have shifted.

From UNEP FI. The session presentation, a link to book one-to-one interviews, and the refined concept note for your feedback.

How members can contribute. Before Session 2, members can join a 30-minute bilateral, non-attributed interview, share a one-page example of something that worked (or did not), and bring a colleague from SME banking, credit or risk to Session 2.