

ESG principles and practices as well as sustainability reporting are becoming ever more important both for small and medium enterprises (SMEs) and entrepreneurs. A focus on ESG within business models brings with it opportunities for companies and has a lasting positive impact on the planet. Within the framework of our project Strategic partnership to up-skill European SMEs in the development of Environmental, Social and Governance Strategies (ESG-UP; KA220-VET-2C66CC49), we are developing a free online training package on ESG, a Panorama of sustainable business practices, and self-assessment tool. If you are an entrepreneur or representative of an SME, we invite you to join our pilot phase and test the modules you are most interested in.

What is ESG?

According to the European Commission ESG 'refers to the process of taking environmental, social and governance (ESG) considerations into account when making strategic decisions for companies, leading to more long-term development in sustainable economic activities and projects.' ESG criteria function as a rating system to measure businesses' activities and supply chain taking into consideration 1) environmental concerns such as pollution, biodiversity, climate change, deforestation, resource depletion and waste management; 2) social issues such as human rights, child labour, product safety, product mis-selling, labour standards, and employee relations, and 3) matters of governance as for instance accounting, board composition and diversity, bribery and corruption, executive pay, tax avoidance, and shareholders' rights.

Why ESG?

ESG is becoming increasingly important both for SMEs and entrepreneurs due to an increased focus on sustainable finance which makes ESG criteria fundamental for investors, as well as due to reporting requirements on sustainability as outlined by the EU's Corporate Sustainability Reporting Directive (CSRD). Regardless of reporting requirements, here are some advantages of including ESG criteria in business strategies:

- We are currently facing various sustainability challenges such as inequalities, environmental hazards and not least climate change. ESG principles contribute to a long-term positive impact in terms of sustainability. The incorporation of ESG practices into business strategies helps investors to actively choose companies who make efforts to protect the planet to invest in.
- ESG practices are not only good for the planet but also for your company's finances. The assumption that a focus on ESG results in higher costs and financial losses is misguided. On the contrary, recent studies have shown that businesses that follow ESG principles achieve similar or even notably higher returns than those who do not.
- ESG is linked to top-line growth. ESG criteria not only help businesses to expand into existing markets but also to enter new ones, and to attract new clients and partners.
- ESG minimises your operational risk in the long-term. The likelihood of an investor or consumer making a risky investment is decreased if they can evaluate a genuine ESG firm.

A new EU directive expands requirements of sustainability reporting

In January 2023, the European Union Council approved the Corporate Sustainability Directive which will be implemented gradually between now and January 2029. The directive requires all large companies – companies with over 250 employees and/or €40M turnover and/or €20M in total assets – as well as listed SMEs to publish reports on their environmental and social impacts on a regular basis. Thereby it makes ESG criteria relevant for a wider range of businesses than were previously included in the Non-Financial Reporting Directive (NFRD) which only applied to large companies with more than 500 employees.

The CSRD also increases the level of required disclosure, adding the following points to those already included in the NFRD:

- Environmental protection measures – including resource conservation and pollution prevention strategies.
- Social responsibility and treatment of employees – including employee health, safety protocols to employee benefits, and company culture.
- Human rights – including human rights policies, and how compliance with them is ensured.
- Anti-corruption and bribery measures – including corporate governance measures and ethics training programmes.
- Diversity on company boards – including a focus on aspects such as gender, age, and nationality.
- How sustainability risks might affect the company's performance.

Is ESG only relevant for established companies?

While there may be many things to focus on and handle when setting up a business, ESG is not only relevant for well-established companies. In fact, it likely pays off to take ESG criteria into consideration from the very beginning. While larger companies that have been on the market for some time will often need to rework their strategies and practices, start-up companies have the advantage of being able to include ESG into their company set-up. It is an additional step to take but the extra work pays off as it saves costs later on as the scope of environmental impact reporting requirement widens to include smaller companies.

Join the pilot phase for our free ESG training!

ESG-UP is a 2-year not-for-profit project that is co-funded by the Erasmus+ programme of the European Union. The goal of the project is to train SMEs, entrepreneurs and organisations supporting them – i.e., trainers, consultants and assessors – on how to operate businesses sustainably by incorporating ESG criteria and practices into their business model.

Within the scope of the project, we are developing a free online training package including the following modules:

- Paradigm for sustainability.
- Introduction to circular economy
- Circularity in industrial companies.
- Circularity applied to service companies.
- Standard and certification system.
- Sustainable innovation.
- Sustainable management and governance.
- Sustainable finances.
- Social skills.
- Marketing and commercialization of sustainable ideas.

We invite you to participate in the pilot phase for the training package during which you have the opportunity to test the lesson(s) of your choice.

You can register your interest here and let us know which module(s) you would like to test: <https://forms.gle/JW8T53ndwSvNjp7s5>

When?

November 28th, November 29th, and December 5th, 2023, between 17:00 and 19:00 CET.

ESG-UP is a project co-financed by the Erasmus + program of the European Union which addresses the training and knowledge gaps of SMEs in sustainability practices to become more competitive and resilient, developing Environmental, Social and Governance strategies. The project gathers partners from 5 EU countries, namely Ireland (DUBLIN CHAMBER OF COMMERCE), Poland (STOWARZYSZENIE CENTRUM WSPIERANIA EDUKACJI I PRZEDSIĘBIORCZOŚCI), Spain (MARKEUT SKILLS SOCIEDAD LIMITADA, INSTALOFI LEVANTE SL), Greece (INSTITUTE OF ENTREPRENEURSHIP DEVELOPMENT), and Sweden (SWIDEAS AB).