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ESG4SMEs
Sustainability in Action

Summary Needs Analysis Report on ESG in Rural SMEs



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Introduction

Section 1

1 INTRODUCTION

1.1 ESG4ESMEs project overview

ESG4SMEs proposes the development of the ESG Manager for rural SMEs job profile to help rural SMEs transition to a sustainable economy. The job profile will be based on a needs analysis and key competencies framework, leading to the development of a specialized curriculum. The project aims to support professional development for rural SMEs, contribute to skills development for VET learners, and establish the certification process of the ESGM for rural SMEs, ultimately recognized at an EU level.

The ESG4SMEs project aims to focus primarily on the needs of the SMEs of the Food and Agricultural sector, while in parallel promoting an interdisciplinary approach, which is characterized by high transferability and replication potential to SMEs and businesses of wider economic sectors and/or operational fields. By providing high-quality and innovative training opportunities, the project aims to successfully address the upskilling and/or reskilling needs of SMEs managers. The emphasis will be not only on the needs of individuals and SMEs, but also on the needs of VET institutions in order to promote the innovation, attractiveness, and impact of VET educational opportunities in sectors of great international, European, and national interest. The labour market will also benefit from the project, due to the offering of a more equipped workforce with high adaptability and readiness skills, thus a workforce which is properly prepared to address the current labour market needs.

1.2 Brief overview of the report's purpose and objectives

The goal of the Report on Needs Analysis for ESG Practices in Rural Small and Medium-sized Enterprises (SMEs) is to provide a detailed insight into the specific needs and challenges faced by rural SMEs in the process of adopting ESG practices. This report conducts an analysis of the situation in the agriculture and food sector in several European countries, including Germany, Cyprus, Greece, Italy, and Slovenia, to highlight the varying capacities of SMEs in these regions and their ability to actively engage in ESG.

In addition to providing insights into the current situation, this report aims to serve as a foundation for the development of tailored solutions and tools to support SMEs in transitioning to more sustainable business practices. Specifically, the report will enable the identification of needs for creating an **ESG Manager Profile and Framework**, empowering SMEs to better manage their environmental, social, and governance practices.

The needs analysis conducted through this report will not only enable partner organizations to provide targeted support to SMEs in rural areas but will also serve as a basis for further project development activities. This will facilitate directing efforts towards more effectively supporting SMEs in their transition to sustainable business practices, ultimately contributing to achieving sustainable economic growth in rural communities.

1.3 Explanation of the methodology employed for desk and field research

We initiated our research on ESG practices in rural small and medium-sized enterprises (SMEs) by combining desk and field research to gain a comprehensive understanding of the current situation, challenges, and needs of these enterprises regarding the adoption of ESG practices. In the desk research phase, we first analysed existing information, literature, and resources to identify trends, qualifications, tools, and techniques used in the field of ESG. Following a thorough analysis of available data, we proceeded to the field research phase. This research stage involved direct interaction with real SMEs in rural areas to collect primary data.

During the field research, we interviewed various SMEs in rural areas to delve deeper into their perceptions, challenges, and needs regarding ESG practices. These direct discussions provided us with authentic insights into the real challenges faced by SMEs and allowed us to identify areas where support and improvement are needed.

By combining desk and field research, our goal was to obtain a more comprehensive picture of the perceptions, challenges, and needs of SMEs in rural areas regarding ESG practices.

1.3.1 Desk Research

Desk Research Questions that we used:

1. What are the current trends in ESG education and training programs?

This question aims to investigate the latest developments and trends in education and training initiatives focused on Environmental, Social, and Governance (ESG) practices. It involves examining academic research, reports, publications, and industry insights to identify emerging approaches, methodologies, and topics in ESG education and training.

2. What qualifications are typically required for ESG manager positions? (job advertising)

This question involves analysing job advertisements to understand the qualifications, skills, and experience sought by employers for positions related to ESG management. By examining job postings in relevant sectors, we aim to identify common requirements and trends in the qualifications expected from ESG managers, such as educational background, certifications, and professional experience.

3. Which tools and techniques do small and medium-sized enterprises use to assess and compare their ESG performance?

This question explores the various tools, methodologies, and frameworks employed by small and medium-sized enterprises (SMEs) to evaluate and benchmark their performance in terms of environmental, social, and governance criteria. It involves researching reports, case studies, and industry publications to identify commonly used assessment tools, such as sustainability reporting frameworks, ESG rating systems, and self-assessment tools.

4. Case studies (best practices)

This question focuses on identifying and analysing case studies that showcase exemplary practices and success stories in ESG management within SMEs. It involves researching and reviewing documented cases of SMEs implementing effective ESG strategies, initiatives, and programs.

1.3.2 Field Research

Field Research Questions that we used:

Theme 1: Perception and Awareness of ESG Practices

1. How do SMEs perceive the significance of ESG practices in relation to their business operations?

This question aims to explore the awareness and understanding of SMEs regarding the importance and relevance of ESG practices in their day-to-day operations. It seeks to uncover

their attitudes, beliefs, and motivations towards integrating ESG considerations into their business strategies.

2. Who is responsible for overseeing ESG practices in your company?

This question focuses on identifying the individuals or departments within SMEs that are responsible for overseeing ESG practices and initiatives. It seeks to understand the organizational structure and allocation of responsibilities related to ESG management.

a. Are there plans to hire someone specifically for managing ESG practices and reporting?

This sub-question delves deeper into future hiring plans within SMEs regarding the recruitment of dedicated personnel for managing ESG practices and reporting. It aims to ascertain the potential for creating specialized roles within the organization to address ESG-related needs.

3. How do you think an ESG manager's role can fit into the setup and workflow of rural SMEs?

This question explores the perceived role and feasibility of integrating an ESG manager position into the organizational structure and workflow of rural SMEs. It seeks to gather insights into the practicality, challenges, and potential benefits of having a dedicated ESG management role within these enterprises.

Theme 2: Barriers and Challenges in ESG Adoption

1. What prevents SMEs from engaging with ESG topics and practices?

This question aims to identify the barriers, obstacles, and factors that hinder SMEs from actively engaging with ESG topics and practices. It seeks to uncover internal and external challenges that may impede the adoption of ESG initiatives within SMEs.

2. What problems do rural SMEs encounter when trying to adopt ESG practices, and how can training programs help solve them?

This question explores the specific challenges and difficulties faced by rural SMEs in adopting ESG practices. It aims to identify areas where training programs can provide support and assistance in overcoming these challenges, facilitating the successful implementation of ESG initiatives.

3. What frameworks or rules do rural SMEs currently use to handle their environmental, social, and governance duties?

This question investigates the existing frameworks, guidelines, regulations, or industry standards that rural SMEs utilize to manage their environmental, social, and governance responsibilities. It aims to gain an understanding of the regulatory landscape and compliance requirements relevant to ESG practices in rural areas.

4. Do you know about any laws or standards about ESG management that affect rural SMEs in your area?

This question seeks to assess the awareness and knowledge of rural SMEs regarding relevant laws, regulations, or standards pertaining to ESG management in their geographical area. It aims to identify gaps in awareness and potential areas for education and support.

Theme 3: SMEs Needs for the Implementation of ESG

1. What kind of support do you need (Project side)?

This question aims to identify the specific types of support and assistance that SMEs require to effectively implement ESG practices. It seeks to understand their needs and preferences in terms of resources, guidance, and collaboration opportunities.

2. What would you like to learn?

This question explores the learning needs and interests of SMEs regarding ESG practices. It aims to identify the topics, skills, and knowledge areas that SMEs are eager to acquire through training and educational initiatives.

1.4 Understanding the approach taken for the report

This report has been written as part of the project ESG4SMEs and is intended as a key input for the project's subsequent research and development stages, namely the design of the ESG Manager for Rural SMEs Management Framework, the ESG Manager for Rural SMEs Profile, and the ESG4SMEs curriculum. The research team, however, believes that the report also provides valuable insights for those working on similar challenges and thus makes the report publicly available and disseminates it as widely as possible.

With respect to the report's approach, the following aspects need to be taken into account:

- The results of the report are **not intended for generalization**. The intention of the research undertaken is to gain valuable insights into the current state of research and especially practice. The research is exploratory, not explanatory.
- The **geographical focus of the research is limited to the host countries of the ESG4SMEs project partners**. Each partner contributed to the research performed in their own country.
- While general guidance was provided, the **project partner(s) responsible for the creation of a country profile adjusted the methodology** for data collection, data analysis and data presentation to the context.

Country Profiles

Section 2



Cyprus

Conducted by:

AB iED

Research Period:

February – March 2024

Desk Research

Methodology

After a review of education programs, 25 job advertisements published in jobfind, indeed, and CV World; and academic articles, the documents were qualitatively analysed using thematic coding and content analysis techniques. Each document was carefully reviewed to identify recurring themes, patterns, and key insights related to ESG (Environmental, Social, and Governance) practices in rural SMEs. The methodology employed in our research for the ESG4SMEs project involved a multi-faceted approach aimed at comprehensive desk and field research.

Desk research formed the foundation of our methodology, where we conducted an extensive review of existing literature, reports, and studies related to ESG practices in the agricultural and food sector, as well as the challenges and opportunities faced by rural SMEs in Cyprus. This desk research provided us with valuable background information and insights into the broader context of ESG implementation, guiding our understanding of key issues and trends.

Complementing desk research, we conducted field research activities to gather primary data directly from stakeholders in rural SMEs, industry experts, and relevant organizations. This involved conducting interviews, focus group discussions, and surveys with key informants to gain firsthand insights into ESG practices and challenges faced by rural SMEs. Field research enabled us to collect real-time, contextual data, allowing for a deeper understanding of the nuances and complexities involved in ESG implementation at the grassroots level.

Findings

Current trends in Education and training programs

Despite the questioning of the validity of ESG factors for corporate sustainability¹, it is today a fact that the EU and its member states (including Cyprus) accept a holistic approach both at the public level (public authorities, laws, and regulations) and at the private level (corporations) considering ESG factors necessary for corporate sustainability.

¹ Arguments against ESG include that ESG is a distraction, is not feasible, is not meaningful for financial performance, or is not measurable. These arguments are proposed by the economic approach and ignore the fact that ESG is based on a holistic approach including economic, environmental, social and democratic elements of businesses and growth. For more on the arguments against ESG see Perez L, et al, Does ESG really matter -and why? McKinsey, August10, 2022, p. 4.

ESG is not only an established department under this name in many companies, but it is also taught as a seminar. Institutes, such as the Corporate Governance Institute², offer diplomas in ESG for any interested person and directors of companies.

The implementation of ESG standards is leading to the gradual establishment of an ecosystem with a significant increase in the number of people dedicated to ESG in companies and a concentration of the non-financial rating market, with the ESG analysis and investment recommendation market growing exponentially³.

ESG education and training programs in Cyprus are experiencing significant growth and evolution, reflecting a broader global trend towards sustainability literacy and responsible business practices. Key trends include:

- Integration into formal education: Educational institutions are integrating ESG principles into their curriculum, spanning disciplines such as business, finance, environmental studies, and social sciences. This ensures that future professionals are equipped with the necessary knowledge and skills to address sustainability challenges.
- Professional development courses: Demand is rising for courses tailored to professionals across sectors, including business leaders and sustainability practitioners, seeking to deepen their understanding of ESG issues and implement sustainable practices.
- Collaboration with international organizations: Cyprus-based institutions collaborate with global entities to develop and deliver ESG education, leveraging international expertise and best practices.
- Emphasis on practical skills: Programs focus on hands-on learning experiences, exposing participants to real-world case studies and interactive exercises to apply ESG concepts in business scenarios.

Certification and accreditation: Recognition of formal certification and accreditation for ESG professionals is growing, prompting institutions to develop programs and seek accreditation to validate their offerings.

Overall, these trends reflect Cyprus's commitment to sustainability literacy, responsible business, and capacity-building to address environmental, social, and governance challenges effectively.

² The Corporate Governance Institute is a global educational technology company specializing in training and certifying the next generation of company directors and board members.

³ Pietrancosta, id.

ESG Manager qualifications (e.g. Job advertising)

When it comes to ESG (Environmental, Social, and Corporate Governance) manager positions, employers often look for candidates with a combination of specialized knowledge, skills, and experience. In addition to browsing more than 3 job platforms, some qualifications that are typically sought after in job openings in Cyprus, include:

1. Knowledge of Key Reporting Frameworks:

Familiarity with major ESG reporting frameworks such as GRI (Global Reporting Initiative), SASB (Sustainability Accounting Standards Board), CDP (formerly Carbon Disclosure Project), and TCFD (Task Force on Climate-related Financial Disclosures) is essential. Understanding how to measure and report ESG performance is crucial.

2. Industry-Specific Expertise:

Depending on the industry, ESG managers may need specialized knowledge. For example:

- In the tech industry, experience managing ESG issues and disclosures related to technology companies is valuable.
- In finance, understanding sustainable investment strategies and financial ESG metrics is important.

3. Communication Skills:

Exceptional written and oral communication skills are vital. ESG managers need to convey complex information to various stakeholders, including investors, employees, and the public¹.

4. Organizational Skills and Creativity:

ESG managers must be organized, resourceful, and creative. They often work in deadline-oriented environments and need to prioritize effectively.

5. Attention to Detail:

ESG reporting involves data accuracy and precision. Strong attention to detail ensures reliable reporting.

6. Education and Experience:

While specific degrees may vary, relevant backgrounds include:

- Environmental science, sustainability, business administration, or finance.
- Master's degrees in environmental management, Sustainability, or related fields.

Experience in managing ESG issues, sustainability programs, or corporate social responsibility (CSR) initiatives is highly valued.

Best practices

ESG Implementation in Cyprus: Case Studies from the Financial Sector



In Cyprus, apart from the aforementioned hard law, there are soft law instruments to encourage the application of ESG factors in business practices. Apart from soft law instruments, businesses in Cyprus adopt ESG practices in the context of sustainable corporate.

The specific examples presented hereinafter include Cyprus Investment Funds Association, Bank of Cyprus, and the ESG Forum. Cyprus Investment Funds Association's legal advisor Nicole Kallasides notes that:

"When a trend showcases continued value extending into the future, then the trend in question becomes a norm. Such is the case with sustainable investing, or "ESG investing", as the term has evolved and is used within the financial sector: The infrastructure, mechanism, and consumer demands developing around it project that it is here to stay. ESG is an umbrella term for a broad range of environmental, social, and governance factors against which investors can assess the behaviour of the entities they are considering for investment. The environmental aspect of ESG is a measure of a company's impact on the natural environment. It takes into account factors including its carbon footprint, its impact on biodiversity, and its production of waste and pollution. The social aspect measures how a company treats people such as employees, customers, and the communities in which it operates, while the governance aspect measures how a company operates in terms of audits, board diversity, internal controls, and shareholder rights. These factors enable investors and other stakeholders to measure performance and ensure the accountability of companies. Hence, one crucial aspect of ESG is that it is not simply about seeking compliance with current regulations but rather, it focuses on the potential for a company to have a more positive impact alongside seeking to make a financial return".

ESG's rise in importance has been driven by several key factors. First, there has been a rise in public concern for the environment and social equity. This has been reflected in an increasing desire to see that investments are ethically placed. Millennial investors, for

instance, are more likely to invest in companies targeting social or environmental goals. Moreover, the growth of the ESG agenda has been influenced by several key organizations and regulator drivers, including the UN Principles for Responsible Investment (UNPRI) and the package of EU sustainable Regulations which seeks to integrate ESG considerations into the investment and advisory process in a consistent manner across sectors. Last but not least, and simply put, the driver amongst many people working in the sector to simply do the right thing.

Given the substantial attention towards sustainability and its relative immaturity as an investment trend, ESG is having a fast-growing impact on the investment funds sector on a worldwide basis. At a national level, and in light of the newly enforced Sustainable Finance Disclosures Regulation (EU) 2019/2088 ("SFDR" or "Disclosure Regulation"), the Cyprus Securities and Exchange Commission ("CySEC") has recently reinstated in a recent announcement its commitment and focus to fostering compliance with sustainable finance standards. The Disclosure Regulation has imposed harmonized transparency and disclosure requirements on financial market participants and financial advisers and requires firms within scope to consider how sustainability risks are incorporated into the investment decision-making process and even how the remuneration of individuals is consistent with sustainability issues. As such, the SFDR is expected to affect a large proportion of the financial services industry in Cyprus."⁴

Bank of Cyprus notes that "it has already covered the considerable distance in our ESG journey. We have an 'A' rating from MSCI, which is the global benchmark on ESG. The company also started a few years ago shifting towards a more mature model in our charitable work. We are now focused on generating Social Capital through long term partnerships and structured cooperation with other organizations-including businesses, customers, NGOs, and the state"⁵.

Bank of Cyprus having a sustainability committee in its organization grants green loans to its customers in Cyprus. The aforementioned reveal that ESG policies according to international and European laws and policies are widely followed by business practices under a holistic approach in Cyprus.

⁴ Cyprus Investments Funds Association, ESG [www.cifacyprus.org/en/news/esg-movesinto-the-mainstream-how-the-esg-revolution-is-shaping-the-fund-industry] - accessed on 11/11/2022.

⁵ Bank of Cyprus, ESG [www.bankofcyprus.com.cy/en-gb/group/news-archive/cyprus-4.0-bank-of-cyprus-forges-ahead-with-esg-policy-and-products/]-accessed on 11/11/2022.

www.cifacyprus.org/en/news/esg-movesinto-the-mainstream-how-the-esg-revolution-is-shaping-the-fund-industry

KPMG ESG Stories



KPMG Global shares client stories that highlight sustainable strategies and solutions. These stories demonstrate how KPMG professionals help clients develop responsible and sustainable approaches to business.

For instance:

- Changing Weather: KPMG assisted global asset manager Apollo in embedding a comprehensive climate management strategy.
- Seeing the Wood for the Trees: KPMG pushes the boundaries of corporate reporting while preserving natural capital.
- Strength Through Diversity: A case study on inclusion, diversity, and equity.
- Reap the Wild Wind: Simply Blue Group harnesses ocean power for the blue economy.
- Philips: Making a positive impact on billions of people.
- A Healthy Catch: Creating a more sustainable seafood sector.

ESG Reporting in Europe:

- Regulatory changes in certain EU countries emphasize efficient and timely reporting of non-financial performance by corporate businesses.
- It's important to note that ESG reporting is primarily aimed at larger businesses rather than SMEs.

ESG Integration in Europe, the Middle East, and Africa (EMEA):

- CFA Institute and the Principles for Responsible Investment (PRI) launched a report focusing on ESG integration in the EMEA region.
- The report highlights best practices, market trends, and data related to ESG integration

Link to website: <https://kpmg.com/xx/en/home/insights/2021/03/esg-stories.html>

Link to case study Europe: https://link.springer.com/chapter/10.1007/978-3-319-46849-5_7

Link to case study EMEA: <https://www.unpri.org/news-and-press/new-report-highlights-best-practices-in-esg-integration-across-emea/4212.article>

Conclusion

The current trends in ESG education and training programs reflect a growing recognition of the importance of Environmental, Social, and Governance (ESG) factors for corporate sustainability. Despite initial scepticism about the validity of ESG factors, both public authorities and private corporations in the EU, including Cyprus, are increasingly adopting a holistic approach to ESG.

Institutions such as the Corporate Governance Institute offer diplomas in ESG, reflecting the establishment of dedicated departments within companies and a rising demand for ESG expertise. This trend is contributing to the growth of the non-financial rating market, with increased focus on ESG analysis and investment recommendations.

However, challenges remain, including the absence of universally agreed-upon competencies for sustainability professionals. Nonetheless, there are common skills and frameworks relevant across sectors, such as critical thinking, stakeholder engagement, and familiarity with standards like the UN Sustainable Development Goals and the Global Reporting Initiative.

The accessibility of ESG education is expanding, with diverse formats and platforms available, including online courses and certifications from platforms like Coursera and Udemy. Collaboration and innovation are emphasized, with initiatives like the UN Global Compact fostering cross-sectoral exchanges.

ESG integration into core business functions is increasing, requiring a strategic approach to demonstrate value and align with organizational goals. Leadership and influence in ESG are also recognized as crucial, with resources available to develop these qualities.

In terms of qualifications for ESG manager positions, employers seek candidates with knowledge of key reporting frameworks, industry-specific expertise, communication skills, organizational abilities, attention to detail, and relevant education and experience.

For SMEs, tools such as ESG maturity assessments, business profile mapping, and climate resilience tools are available to assess and improve ESG performance, despite potential challenges in ESG reporting.

In Cyprus, businesses are adopting ESG practices, influenced by factors like public concern for the environment, regulatory drivers, and the desire to do the right thing. Organizations like

the Cyprus Investment Funds Association and the Bank of Cyprus are implementing ESG policies and receiving recognition for their efforts.

KPMG shares client stories highlighting sustainable strategies, while regulatory changes in the EU emphasize efficient ESG reporting for larger businesses. The CFA Institute and PRI focus on ESG integration in the EMEA region, highlighting best practices and trends.

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Field Research

Methodology

Following the completion of 5 interviews, consisting of two sessions with key stakeholders from SME management and two sessions with consultants specializing in advising SMEs in the food sector, the collected data underwent thematic analysis. Throughout the interviews, detailed notes were recorded to capture the discussions, enabling us to synthesize the comprehensive findings presented in this report. These interviews aimed to gather insights and perspectives from key stakeholders involved in SMEs or providing consulting services within the agri-food sector. Due to the exploratory nature of the research and the specific focus on the Nicosia district, the findings are not intended to be universally applicable but rather offer valuable insights into the local context and practices.

Number of Responses and target groups: We conducted five semi-structured interviews/discussions with various stakeholders from the agri-food sector and agricultural organizations in the Nicosia district. The interviewees represented a diverse range of roles, including SME owners and employees, consultants specializing in ESG reporting.

Findings



THEME 1: PERCEPTION AND AWARENESS OF ESG PRACTICES

QUESTIONS

How do SMEs perceive the significance of ESG practices in relation to their business operations?

- Who is responsible for overseeing ESG practices in your company?
- Are there plans to hire someone specifically for managing ESG practices and reporting?
- How do you think an ESG manager's role can fit into the setup and workflow of rural SMEs?

SUMMARY OF RESPONSES

INT1_AB IED

- Reputation and Brand Value: "Adopting ESG practices enhances our reputation and brand value, attracting socially conscious consumers and investors." INT1_AB IED
- Access to Capital: "We recognize the link between ESG performance and access to capital. Prioritizing ESG practices improves our chances for investment and growth." INT2_AB IED
- Risk Management: "Integrating ESG practices helps mitigate risks associated with environmental, social, and governance issues, reducing operational risks and regulatory costs." INT3_AB IED
- Innovation and Market Differentiation: "ESG initiatives drive innovation and help differentiate us in the market, leading to cost savings and new revenue streams." INT4_AB IED
- Employee Engagement: "Our focus on ESG fosters a positive work environment, attracting and retaining top talent who value sustainability and social responsibility."
- Regulatory Compliance: "Aligning with ESG regulations ensures compliance and access to new markets with stringent sustainability requirements." INT5_AB IED

2. Senior Management Team: The senior management team, including the CEO or managing director, plays a crucial role in setting the tone from the top and providing leadership on ESG issues. They are responsible for establishing ESG goals, allocating resources, and fostering a culture of sustainability throughout the organization.

INT1_AB IED

3. ESG practices are managed by various departments and stakeholders across the organization. Executive leadership team, including the CEO and senior management, provides oversight and guidance on ESG issues.

Role of Dedicated ESG Committee or Working Group:

- A dedicated ESG committee or working group coordinates ESG efforts, tracks performance metrics, and facilitates communication and collaboration among departments. INT3_AB IED

Plans for Hiring a Dedicated ESG Professional:

- Recognizing the growing importance of ESG practices, there are plans to hire more people specifically for managing ESG practices and reporting in the near future. This individual, likely holding a role such as ESG Manager or Sustainability Officer, will be responsible for developing and implementing ESG strategies, conducting assessments, engaging stakeholders, and preparing reports in accordance with relevant frameworks and standards. INT4_AB IED

Expected Impact of Hiring Dedicated Professional:

By appointing a dedicated professional, the company aims to enhance transparency, accountability, and performance in addressing environmental, social, and governance issues. The goal is to position the company as a leader in sustainable business practices within the industry and beyond. INT5_AB IED

4. Understanding Local Context:

- The ESG manager should have a deep understanding of the social, environmental, and economic dynamics of the rural community.
- "Engagement with local stakeholders is crucial to identify relevant ESG issues and opportunities." INT1_AB IED

Tailored Strategies and Initiatives:

- Customized strategies should be developed to address specific ESG needs of rural SMEs, such as land use, biodiversity, and water management. INT1_AB IED

Integration into Business Operations:

- ESG considerations should be integrated into day-to-day operations, including procurement decisions, energy efficiency measures, waste management, and community support.
- "Collaboration with different departments is essential for effective ESG integration." INT2_AB IED

Capacity Building and Training:

- The ESG manager should provide training and support to employees and stakeholders to enhance ESG awareness and implementation.
- "Training sessions can empower individuals to contribute to sustainable practices." INT3_AB IED
- Partnerships and Collaboration:
- Collaboration with other rural SMEs, local governments, NGOs, and industry associations can leverage collective resources and address common sustainability goals.
- "Partnerships enable sharing of best practices and resources." INT4_AB IED

Performance Measurement and Reporting:

- Appropriate metrics should be developed to measure ESG performance, and regular reporting enhances transparency and accountability.
- "Tracking indicators provides valuable feedback for improvement." INT4_AB IED

Adaptability and Innovation:

- The ESG manager should demonstrate adaptability and innovation in finding creative solutions to ESG challenges, considering the dynamic nature of rural areas.
- "Innovation is key to addressing evolving sustainability needs." INT5_AB IED

THEME CONCLUSION

ESG practices play a multifaceted role in SMEs, impacting reputation, access to capital, risk management, innovation, employee engagement, and regulatory compliance. The senior management team's leadership is crucial in setting the tone for ESG integration, while various

departments and stakeholders manage ESG practices within the organization. Plans to hire dedicated ESG professionals reflect a commitment to enhancing transparency and accountability.

Understanding the local context is key for effective ESG integration in rural SMEs, necessitating tailored strategies and initiatives. Collaboration, capacity building, partnerships, and innovation are vital for addressing specific needs and driving positive impact. Ultimately, the goal is to position SMEs as leaders in sustainable business practices, contributing to industry and societal sustainability goals.



THEME 2: BARRIERS AND CHALLENGES IN ESG ADOPTION

KEY QUESTIONS

1. What prevents SMEs from engaging with ESG topics and practices?
2. What problems do rural SMEs encounter when trying to adopt ESG practices, and how can training programs help solve them?
3. What frameworks or rules do rural SMEs currently use to handle their environmental, social, and governance duties?
4. Do you know about any laws or standards about ESG management that affect rural SMEs in your area?

SUMMARY OF RESPONSES

Question 1:

- Limited Resources: "SMEs and organizations often struggle with limited financial, human, and technical resources, making it challenging to prioritize and invest in ESG initiatives." - INT1_AB IED
- Lack of Awareness and Understanding: "Many SMEs have limited awareness and understanding of ESG issues, frameworks, and best practices, hindering their ability to effectively address ESG risks and opportunities." - INT2_AB IED

- Short-Term Pressures: "Competitive markets and short-term financial pressures can lead SMEs to prioritize profitability over sustainability, viewing ESG practices as secondary to core business objectives." - INT2_AB IED
- Complexity of ESG: "ESG topics are complex and multifaceted, making it daunting for SMEs to navigate fragmented standards, regulations, and reporting frameworks without dedicated resources or guidance." - INT3_AB IED
- Burdensome Regulations: "ESG regulations and reporting requirements may be perceived as burdensome by SMEs, diverting attention from core business activities and growth opportunities." - INT4_AB IED
- Risk Aversion: "SMEs may be risk-averse and hesitant to adopt ESG practices due to uncertainty about costs, benefits, and potential outcomes." - INT5_AB IED

Question 2:

- Limited Access to Information: "Rural SMEs often lack access to information, training programs, and technical assistance on ESG topics, hindering their ability to implement initiatives effectively." - INT1_AB IED
- Resource Constraints: "Limited financial, human, and technical resources pose challenges for rural SMEs in investing in ESG-related infrastructure and expertise." - INT2_AB IED
- Stakeholder Engagement: "Rural SMEs struggle to engage with diverse stakeholders, hindering trust-building and dialogue necessary for mobilizing support for ESG initiatives." - INT3_AB IED
- Regulatory Compliance: "Compliance with ESG regulations and reporting requirements is challenging for rural SMEs due to limited awareness, expertise, and resources." - INT4_AB IED

Role of Training Programs:

- Raising Awareness: "Training programs raise awareness among rural SMEs about the importance of ESG practices and their relevance to business operations." - INT1_AB IED

- Building Capacity: "Training programs build the capacity of rural SMEs to assess, prioritize, and implement ESG initiatives effectively through workshops and seminars." - INT2_AB IED
- Providing Technical Assistance: "Training programs offer technical assistance to rural SMEs in areas such as energy efficiency, waste management, and environmental compliance." - INT3_AB IED
- Facilitating Networking: "Training programs facilitate networking and collaboration among rural SMEs, enabling them to share experiences and learn from each other." - INT4_AB IED
- Accessing Funding: "Training programs provide guidance on accessing funding and incentives for ESG initiatives, connecting rural SMEs with financial institutions and government programs." - INT5_AB IED

Question 3:

- Compliance with Local Environmental Regulations: "Adhere to local environmental regulations to minimize their environmental impact and avoid legal penalties." - INT1_AB IED
- Adoption of Industry-Specific Standards: "Adopt industry-specific standards such as ISO 14001 for environmental management or Fair Trade certification for social equity." - INT2_AB IED
- Voluntary Sustainability Reporting: "Voluntarily report on their ESG performance using internationally recognized frameworks such as GRI or SASB." - INT3_AB IED
- Stakeholder Engagement Strategies: "Develop stakeholder engagement strategies to involve stakeholders in decision-making processes related to ESG issues." - INT4_AB IED
- Community Outreach and Social Responsibility: "Engage in community outreach and social responsibility programs to support local development initiatives." - INT5_AB IED
- Development of Internal Policies and Guidelines: "Develop internal policies, procedures, and guidelines to manage their ESG duties effectively." - INT5_AB IED

Question 4:

- Some responders knew about the European Union Directives: Cyprus is a member of the European Union (EU) and is subject to EU directives and regulations related to environmental protection, social welfare, and corporate governance. These directives often set standards and requirements for ESG practices that affect SMEs across different sectors, including rural businesses. But they don't use it in their organization at this moment.

THEME CONCLUSION

The challenges faced by SMEs and agrifood organizations in Cyprus, particularly in rural areas, in adopting Environmental, Social, and Governance (ESG) practices are multifaceted, stemming from limitations in resources, awareness, and regulatory compliance. These challenges include constrained resources, limited awareness of ESG issues, short-term financial pressures, the complexity of ESG topics, burdensome regulations, and risk aversion. Addressing these hurdles necessitates comprehensive support, including education and training programs, compliance with local regulations, adoption of industry standards, voluntary reporting, stakeholder engagement, community outreach, and internal policy development. While some respondents acknowledge the influence of European Union directives on ESG practices, there is room for further integration of these standards to enhance sustainability efforts within SMEs and agrifood organizations across Cyprus.



THEME 3: SMES NEEDS FOR THE IMPLEMENTATION OF ESGS

KEY QUESTIONS

1. What kind of support do you need (Project side)?
2. What would you like to learn?

SUMMARY OF RESPONSES

Question 1.

- Technical Expertise and Guidance: Require support in understanding ESG frameworks, conducting assessments, and

implementing sustainable practices, particularly in areas like energy efficiency, waste management, and environmental compliance.

- "SMEs often struggle to grasp ESG frameworks and need guidance to implement sustainable practices effectively."
INT1_AB IED
- Access to Funding and Incentives: Securing financing, grants, and incentives is crucial for them to invest in ESG initiatives, overcoming financial constraints and making sustainable investments.
- "Access to funding and incentives is critical for SMEs to implement ESG projects and make sustainable investments."
INT2_AB IED
- Building Internal Capacity: Developing skills, knowledge, and capabilities among employees is essential to take ownership of ESG projects and drive continuous improvement.
- "Building internal capacity is essential for SMEs to effectively implement ESG initiatives and drive sustainable practices."
INT3_AB IED
- Collaboration with External Partners: Partnerships with government agencies, industry associations, non-profit organizations, and academia can facilitate knowledge sharing, resource pooling, and collective action on shared sustainability goals.
- "Collaboration with external partners is key for SMEs to access resources and drive collective action on sustainability."
INT4_AB IED
- Adoption of Innovative Technologies: Implementing innovative technologies and solutions can help improve efficiency, reduce environmental impact, and drive business innovation.
- "Innovative technologies play a crucial role in enhancing SMEs' sustainability and driving business innovation." INT5_AB IED

Question 2:

- Education on Fundamental ESG Concepts: Require training on fundamental ESG concepts, principles, and terminology to understand the importance of ESG and its relevance to their business operations.

- "Learning about fundamental ESG concepts is crucial for SMEs and other organizations to grasp the importance of sustainability." INT1_AB IED
- Guidance on Regulatory Requirements: Need guidance on regulatory requirements, reporting frameworks, and disclosure standards related to ESG to comply with regulations and communicate ESG performance effectively.
- "Understanding regulatory requirements is essential for SMEs to build trust and credibility in their ESG practices." INT2_AB IED
- Learning from Real-World Examples: Access to case studies, best practices, and industry benchmarks can provide practical insights into effective ESG implementation strategies and inspire our organization.
- "Learning from real-world examples can help SMEs benchmark their performance and identify improvement opportunities." INT3_AB IED
- Understanding ESG Risks and Opportunities: SMEs require knowledge on assessing and managing ESG risks, identifying market opportunities, and capitalizing on sustainability trends to enhance resilience and competitiveness.
- "Understanding ESG risks and opportunities is crucial for SMEs to make informed business decisions." INT4_AB IED
- Effective Stakeholder Engagement: Learning how to engage with stakeholders on ESG issues fosters trust, collaboration, and support for sustainable initiatives.
- "Effective stakeholder engagement is key to successful ESG implementation in SMEs." INT5_AB IED

THEME CONCLUSION

The challenges and needs expressed by SMEs in Cyprus highlight the multifaceted nature of adopting Environmental, Social, and Governance (ESG) practices. They require technical expertise and guidance to navigate ESG frameworks effectively, access to funding and incentives to overcome financial constraints, and the development of internal

capacity among employees to drive sustainable practices. Collaboration with external partners and the adoption of innovative technologies are also crucial for advancing sustainability efforts. Additionally, SMEs seek education on fundamental ESG concepts, guidance on regulatory compliance, and opportunities to learn from real-world examples to enhance their understanding and implementation of ESG practices. Effective stakeholder engagement is emphasized as vital for fostering support and collaboration on sustainability initiatives.

Conclusion

SMEs require education and training on fundamental ESG concepts, such as environmental, social, and governance dimensions of sustainability, to understand their relevance to business operations. Guidance on regulatory requirements, reporting frameworks, and disclosure standards related to ESG is essential for compliance and credibility. Real-world examples and success stories provide practical insights into effective ESG implementation strategies, while understanding ESG risks and opportunities helps SMEs make informed decisions and enhance competitiveness. Effective stakeholder engagement and communication are crucial for building trust and collaboration around sustainable initiatives.



Germany

Conducted by:

WEST, ACEEU

Research Period:

February – March 2024

Desk Research

Methodology

Our research methodology comprises two paths. First, we delved into job advertisements, examining 40 postings related to ESG and sustainability roles. The purpose was to identify trends, emerging job roles, qualifications, knowledge requirements, and typical future tasks in this job. Simultaneously, we delve into 7 studies related to sustainability topics in German enterprises and 10 vocational programs related to the agri-food industry and the inclusion of ESG practices in the curriculum. We analysed these findings to understand how ESG principles are integrated into education strategies, and their impact.

Findings

Current trends in Education and training programs

Vocational education: We have identified 10 vocational programs linked to the Agri-food sector in Germany, from agricultural services, bakery, butcher and farmers. We have extracted from the programs relevant information about how the programs implement ESG practices mostly in their curriculums or through the relationships they establish with the companies they work with.

Environmental: Training programs such as agricultural service professionals and gardeners, place a strong emphasis on environmental awareness and compliance. While the forestry training program emphasizes environmental protection and stresses the importance of conservation. Some of the contents including in the curriculum are:

- Environmentally friendly disposal.
- Strategies for problem solving in compliance with the relevant accident prevention and environmental protection regulations.
- Environmental protection and landscape conservation; rational use of energy and materials.
- Possible specializations in nature and environmental protection options.
- Sustainable use of natural production resources such as soil, water and air
- Organic market fruit and field vegetable cultivation.
- Ecological Fundamentals.

Social: There are programs for farmers that include in the curriculum or in the description of the following contents and competences:

Shaping social relationships within and outside the company

- Intercultural Competence
- Alternative agriculture
- Community studies

Governance: This is the aspect that is less covered by the training programs. In one of the programs in Agricultural service specialist one learning field in participating in business management

ESG Manager qualifications (e.g. Job advertising)

What qualifications employers expect (examples):

- Completed commercial or technical training / studies in the field of sustainability / studies in economics, law, industrial engineering or sustainability management or comparable training / studies in natural sciences.
- Experience with EU environmental, climate, energy and sustainability legislation.
- Analytical skills, technical understanding and the ability to interpret complex data.
- Business fluent English and German.
- Ability to work in a team, structured independent work, strong communication skills.
- Passion for sustainability issues and environmental protection.
- Knowledge of MS Office.
- Intercultural competences.

Typical future tasks in this job (examples):

- Project management for the implementation and control of sustainability reporting, especially in the context of legal requirements with a focus on the EU taxonomy.
- Development and implementation of the ESG strategy.
- Analysis of global business activities, coordination and documentation of the annual classification of global business activities.
- Responsibility for ESG within the company, participation in national working groups and the ESG group network as well as operating the interfaces to authorities.
- Promote and implement the ESG Group strategy with a focus on renewable energy supply, building and facility design and environmental concerns such as greenhouse gas emissions reduction, pollution and recycling.
- Taking on and independently processing ESG-specific task packages.
- Participation in the development of holistic sustainability reporting.
- Controlling and reporting.

- Exchange with internal and external stakeholders.
- Support in the development of sustainability management.
- Regular analysis of sustainability metrics.
- Monitoring and evaluation of operational processes under ESG criteria.

Sustainability manager should possess comprehensive knowledge in various areas:

- Basic Understanding of ESG:
 - Definition and Significance: Knowledge of what ESG encompasses and why it is important for companies.
 - Deep understanding of the specific requirements and goals in the areas of Environment (Environmental), Social (Social), and Corporate Governance (Governance).
- ESG Strategy Development:
 - Ability to develop an ESG strategy that aligns with the company's business objectives.
 - Knowledge on setting measurable ESG goals and using metrics and indicators for performance measurement.
- Knowledge of Laws and Standards
 - Awareness of local, national, and international laws and regulations related to ESG.
 - Understanding of common ESG reporting standards and frameworks, such as GRI (Global Reporting Initiative), SASB (Sustainability Accounting Standards Board), and the UN Sustainable Development Goals (SDGs).
- Sustainability Reporting:
 - Ability to produce sustainability reports that transparently and understandably present the company's ESG performance and objectives.
- Stakeholder Management:
 - Understanding how to identify and involve different stakeholder groups, including employees, customers, suppliers, and the local community.
 - Knowledge on how to communicate about ESG initiatives and progress internally and externally.
- Risk Management:
 - Understanding the risks and opportunities arising from ESG aspects and how they can be integrated into the company's overall risk management strategy.
- Promoting Sustainability and Change Management:
 - Internal Awareness and Training: Ability to promote awareness and engagement for ESG throughout the company.

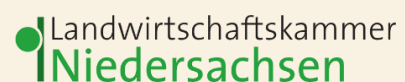
- Competence to identify and promote sustainability innovations that can lead to improvements in products, services, or processes.
- Networking and Partnerships:
 - Ability to develop cooperation and partnerships with other organizations, industry associations, and sustainability initiatives to achieve common ESG goals.

Possible content of further training in the field of ESG / sustainability based on research into current job advertisements in Germany:

- Current environmental, climate, energy and sustainability legislation at EU and national levels.
- Data Analytics: Handling data & key figures/KPIs relating to sustainable development (define, collect, evaluate, interpret data).
- Development of strategies/concepts for sustainable transformation or an ESG strategy (approach/methodology, content, examples).
- Project management in the field of sustainability.
- Sustainability reporting.
- Strategies for successful internal and external communication in the field of sustainability.
- Know-how about funding for climate protection projects and initiatives.
- Establishing and maintaining collaborations and networks with relevant partners and organizations in the areas of sustainability and climate protection.
- Monitoring & analysis of sustainability trends / ESG risks & ESG opportunities.
- Best practices in sustainable development.
- Measures to develop an ESG culture in the company.

Best practices

Vocation academic program for the occupation of "Farmer" (Landwirt/in)



The plan description and in general all the information provided in the website integrates implicitly and explicitly ESG practices either in the activities promoted by the institution or the curriculum. For instance, they are offering a workshop named "Green jobs – very trendy" for teachers who support students with career orientation. With regard to the curriculum, the contents linked to ESGs include:

- Shaping social relationships within and outside the company: Describe the tasks of agricultural and municipal administrations, Participate in cooperation with professional organizations, trade unions, and administrations.
- Labor and collective bargaining law; Occupational health and safety.
- Environmental protection and landscape conservation; rational use of energy and materials: Show the influence of agriculture on the landscape and environment.

https://www.lwk-niedersachsen.de/lwk/thema/882_Landwirt_Landwirtin

Vocation academic program for the occupation of “Agricultural service specialist” (Fachkraft Agrarservice)



The plan includes contents about work and operational organization. Some of them are linked to the ESGs such as, Labour and collective bargaining law and conflict resolution.

<https://www.berufskolleg-kleve.de/bildungsganginformationen/agrarwirtschaft/berufsschule-fachkraft-agrarservice>

ESG toolkit to assess micro, small and medium-sized enterprises standards. Created for the project “Responsible Enterprise Finance”



The toolkit was created by GIZ and the Small Industries Development Bank of India (SIDBI) to facilitate sustainable-oriented investment in MSMEs by supporting them in meeting the requirements of financial institutions. The tool assesses the enterprises practices through the answers provided for each parameter (ESG) in 3 categories, High, Medium or Low. Some of the questions that the enterprises need to answer while they are using the toolkit are:

Environmental

Does the company comply with all relevant local environmental laws, standards and regulations? Does the company have an Environment Policy? Do the company generate waste water or other effluents?

Social

Social policy: Does the company have a human resource policy? Does it cover the following aspects: employee benefits and requirements, retrenchment policy, commitment towards non-tolerance of child labour and forced labour, discrimination of any kind, equal opportunities, collective bargaining; Does the company have a health and safety policy for its employees in place?

Health and safety policy and training

Monitoring

Governance

Promotes a fair and transparent way of doing business: Does the company have an annual report / financial statements? Are minutes prepared and approved after board meetings? Please provide the last two minutes of meeting.

Ensure good governance practices at the company: Does the company adopted anti-corruption, counter-fraud (ACCF) policies?

Internal checks for managing risks: Does the company have adequate internal controls in place? Are these properly documented and periodically reviewed?

Link to website: <https://www.giz.de/en/worldwide/31344.html>

Link to the toolkit: <https://www.giz.de/en/downloads/ESG%20toolkit.xlsx>

Conclusion

- The topic of sustainability is in most cases viewed from the perspective of ecological transformation (focus on energy and resource efficiency). We should find a way to inform companies about the other two areas of ESG transformation ("Social" & "Governance") and to support them in positioning themselves better in these areas.
- Qualifying the employees of medium-sized companies in the area of sustainable transformation is both a requirement and a success factor on the way to greater sustainability. There is a great need for further training in this area.
- Small and medium-sized companies need support when it comes to sustainability reporting.
- Small and medium-sized businesses in particular need support in creating sustainability strategies.
- The biggest internal obstacles to sustainability transformation are a lack of monetary and human resources, knowhow and a lack of data availability.

- Besides that the vocational education programs usually incorporate in their description and objective some aspects relevant for SME such as environmental protection, landscape conservation, Show the influence of agriculture on the landscape and environment, apply profession-related regulations for environmental protection, particularly waste, emission control, water, soil, and nature conservation law Shape social relationships within the company and in the professional environment, Shape social relationships within the company and in the professional environment. There are not specific contents that directly address the social and governances ESG aspects.

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Field Research

Methodology

8 semi-structured interviews with a diverse group of individuals to capture a broad range of experiences and knowledge. Interviewees included SME owners (2), sustainability manager within an SME (1), multipliers (2), sustainability consultants (2), accountant with specialization in ESG reporting (1). While the majority of interviews have been conducted with representatives from the District of Steinfurt, interviews have also been undertaken with experts from Berlin and Sachsen-Anhalt. The purpose of these interviews was to gather insights from relevant stakeholders working in SMEs or providing consulting services for them in the

Agri-food sector. As such, the research is exploratory in nature, and the results are not considered to be generalizable.

Number of Responses and target groups: 2 key owners of SMEs, 1 sustainability manager and 2 multipliers, 2 sustainability consultants, 1 accountant with specialization in ESG reporting

Findings



THEME 1: PERCEPTION AND AWARENESS OF ESG PRACTICES

QUESTIONS

WEST (in German)

Strukturen / Abläufe / Strategie

- Wie ist die Verantwortung für Nachhaltigkeitsthemen im Unternehmen strukturiert? Wer ist bei Ihnen im Unternehmen für das Thema „Nachhaltigkeit“ verantwortlich? Wie wird dieses Thema aktuell personell besetzt?
- Gibt es eine Strategie für Nachhaltigkeit oder ein Handlungsplan? Welche Nachhaltigkeitsziele hat das Unternehmen festgelegt, und wie wurden diese Ziele entwickelt? Welche kurz- und langfristigen Ziele hat das Unternehmen im Bereich Nachhaltigkeit?
- Gibt es spezifische Nachhaltigkeitsprojekte oder -initiativen, die aktuell umgesetzt werden?
- Wie messen und berichten Sie über Ihre ESG-Leistungen / Praktiken? Welche Kennzahlen oder Indikatoren werden verwendet, um den Fortschritt in Bezug auf Nachhaltigkeit zu messen?
- Können Sie Beispiele für konkrete Erfolge bei der Umsetzung der Nachhaltigkeitsziele nennen?
- Wie wird das Engagement und die Beteiligung der Mitarbeiter an Nachhaltigkeitsinitiativen gefördert?

ESG-Kompetenzen im Unternehmen:

- Welche Kompetenzen mussten Sie mitbringen, als Sie sich für die Stelle beworben haben? Welche Kompetenzen / welches Wissen benötigen Sie im aktuellen Job?
- Haben Sie bestimmte Weiterbildungen in diesem Themenfeld wahrgenommen, um Expertise aufzubauen? Wenn ja, welche / bei welchem Anbieter?
- Haben Sie persönlich Bedarf an bestimmte Schulungen oder Weiterbildungen zum Thema Nachhaltigkeit? Wenn ja, zu welchen Themen? Was möchten Sie künftig inhaltlich vertiefen?
- Welche Medien / Kanäle nutzen Sie grundsätzlich, um sich Expertise zum Thema anzueignen?

ACEEU

1. How do SMEs perceive the significance of ESG practices in relation to their business operations? (do they think it is important and why?)
2. Who is usually responsible for overseeing ESG practices in SMEs (in the Agri-food sector)?
3. From your perspective, do SME managers contemplate hiring someone dedicated to overseeing ESG practices and reporting them?
4. How do you think an ESG manager's role can fit into the setup and workflow of (Agri-food) SMEs?
5. What specific knowledge or skills do SMES managers need to acquire to effectively implement ESG practices in their company?

SUMMARY OF RESPONSES

- The ESG concept of sustainable development is largely unknown to small businesses. The larger the business, the more likely the business has already raised interest. There is a significant difference between industry sectors. Differences are also expected within the (value chain of the) agri-food sector. However, some of them already consider them as strategic practices to reduce costs and to improve their business models.

- The topic of sustainability is in most cases viewed from the perspective of ecological transformation (focus on energy and resource efficiency) and legal requirements.
- Sustainable transformation is an additional topic that companies have to deal with. It is often not yet an integral part of the business strategy and business model.
- There are often external reasons (example: inquiries from customers or suppliers) or external requirements (legal obligations) why companies deal with the issue of sustainability. ESG is seen as a burden that needs to be taken care of. It is not yet seen as an opportunity (e.g. to add credibility to the brand). Companies do not recognize (yet) that their competition (no matter if for talent, customers, partners or others) is more and more impacted by the ESG (e.g. new employees asking for ESG performance).
- Small companies in the agri-food sector generally do not have a written strategy for sustainable development, even if there are corresponding measures and projects in the area of climate protection or social commitment in the company.
- ESG and sustainable transformation is seen as a very complex topic and companies struggle to make the first steps.
- Many perceive sustainability and the ESG still as a “fancy term” that will (“hopefully”) disappear.

THEME CONCLUSION

Companies require comprehensive knowledge on issues related to sustainable development. There is a need for practical, accessible, and concise information regarding ESG topics to drive awareness, create desire to address the topic and realize and exploit the opportunities that the topic brings. Increased access to information and knowledge would facilitate policy documentation and reporting processes.



THEME 2: BARRIERS AND CHALLENGES IN ESG ADOPTION

KEY QUESTIONS

WEST (in German)

1. Welche Herausforderungen sehen Sie bei der Umsetzung von Nachhaltigkeitsprojekten / ESG-Praktiken in Ihrem Unternehmen?

ACEEU

1. What prevents SMEs from engaging with ESG topics and practices?

SUMMARY OF RESPONSES

- The majority of small agricultural businesses in the Steinfurt district generally do not have any external workers but rather work with family members → very little capacity to deal with certain topics. Given the size of the companies, appointing someone dedicated to Sustainability Manager or Officer is considered a luxury. Moreover, usually the ESG strategies and practices are either integrated into general management functions or overseen by other departments. For instance, Human Resources may handle social issues, while production managers might oversee CO2 control measures.
- In small companies there is little time in everyday life for further training. Research on the Internet often replaces attending seminars or further training. The lack of time and knowledge can be also be perceived in practices such as hiring external consultants to advise them in ESG practices. Such as part time external ESG managers from consultancy agencies.
- Often there are no key figures or data for evaluating indicators in the area of sustainable development.
- There is also a generational gap, young managers are often more aware and have a better understanding about ESG practices relevance.
- Legal requirements in the area of sustainability often only describe what companies have to implement and by when, but not how the requirements should be met → complexity and also a lot of bureaucracy. There is a lack of clarity in terms of what are the reporting obligations, even tax consultants and auditors are aware of this issue emphasizing the ambiguity surrounding these requirements.

- High investments in the area of sustainable transformation are required (Examples: energy-efficient or resource-efficient systems, qualification measures, external consulting services)

THEME CONCLUSION

The main challenges identified are linked to the SMEs lack of resources such as relevant knowledge about SDGs practices and its applicability, trained staff, allocation of time and money. There are many Challenges in this area. It would be important for the project to focus on a specific topic or address a particular challenge.



THEME 3: SMES NEEDS FOR THE IMPLEMENTATION OF ESGS

KEY QUESTIONS

WEST (in German)

1. Welche Art von Unterstützung würde Ihnen helfen, die Nachhaltigkeitsziele und -projekte des Unternehmens erfolgreich umzusetzen? Sparringspartner, Netzwerke, Schulungsinhalte ...
2. Welche Art von Inhalte wäre hilfreich für Ihre Arbeit? Z. B. Videos, Arbeitsblätter, Zusammenfassungen von gesetzlichen Anforderungen
3. Wie stehen Sie zum Thema Apps im beruflichen Kontext? Nutzen Sie welche? Würden Sie eine App nutzen, um mehr über das Thema Nachhaltigkeit zu erfahren?

ACEEU

1. How could training programs help to solve these problems?
2. What frameworks, laws, or standards do rural SMEs rely on to manage their environmental, social, and governance responsibilities?

SUMMARY OF RESPONSES

- Awareness and sensitization (about the ESG, but also about how to make the first steps).
- Understanding the links between subject areas, which data is required, how to analyse it and keep controlling it.
- Strategy development support (training, coaching ...).

- Guidelines, checklists, best practices and summaries of legal requirements would be a good help for business owners in addressing the topic of sustainable development in a structured manner.
- Learning materials but also individual support from public institutions (sparring partner).
- Better understanding of legal requirements and how they should be implemented.
- Basic management skills and how to use them for ESG strategy and practice development and implementation (e.g. communication skills to win over the hearts and minds of the employees).
- Good role models within and external to the organisation. Especially the SME leadership is needed to be a role model.
- A lot of training offers for sustainable development exist already. Specific training for the ESG is needed.

THEME CONCLUSION

SMEs need support through the provision of information and training (materials) but also personal, individual support and advice on the path to sustainable transformation. Specifically, they need clear guidance on the actionable steps required for implementing these practices and integrating them holistically across all company departments.

Conclusion

In conclusion, SMEs in the Agri-food sector in Germany, face significant challenges in understanding and integrating ESG practices and principles into their operations. Currently, sustainability is often narrowly perceived, primarily focusing on ecological transformation and legal compliance and not as business strategy. There's a prevailing perception that ESG is a burden and overly complex, rather than an opportunity for competitive advantage. Additionally, SMEs lack of dedicated resources and struggle to prioritize these practices among their daily operations. Lastly, there's a lack of clarity regarding reporting obligations and a need for guidance on strategy development and legal compliance.

Raising awareness about ESG practices is crucial for companies for them to understand the relevance of its implementation. This entails understanding that ESG goes beyond resources ecological transformation, like focusing on energy and resource efficiency. Moreover, to make it easier for the companies to navigate this practices knowledge acquisition about legal requirements, frameworks, and steps to follow are needed. As one of the interviewees

mentioned “I don’t know what I don’t know”, it is imperative for the companies to understand the requirements to evaluate where they are lacking.

It is vital to change SMEs perceptions of ESG practices, from finding them complex and as a burden obligation, to opportunities to drive competitiveness and value creation. More efforts should focus on assessing, recognizing and celebrating already do well, the lack of clarity about what ESG practices encompass doesn’t allowed them to be aware of the practices and policies that are already implemented by them. Therefore, it is fundamental for the SMEs to have access to methodologies, tool boxes and best practices that facilitate the development, transformation and implementation of ESG strategies, using the resources they have available.

Finally, considering the lack of financial and time resources in the managerial area, utilizing bottom-up approaches, such as grassroots, could be a more effective in fostering ESG awareness and implementation. By empowering individuals, instead of the one manager, within companies and offering training opportunities, companies can build internal capacity and foster a culture of sustainability. This approach leads to having a specific ESG leader that coordinates, collects data and do the required analysis, thereby facilitating managerial leaders in making decisions and strategies.



Greece

Conducted by:

AITCG, ETAM SA

Research Period:

February – March 2024

Desk Research

Methodology

At least 10 education programs offered by academia, certification bodies and consulting firms, job advertisements published in three major online portals (skywalker, indeed and kariera); few sectoral and academic articles, online experts' interviews, and ESG devoted websites were reviewed. The documents were qualitatively analysed using thematic coding and content analysis techniques and were carefully reviewed to identify recurring themes, patterns, and key insights related to ESG (Environmental, Social, and Governance) practices in rural SMEs.

Findings

Current trends in Education and training programs

Relative educational programs are offered mainly by academia, accreditation bodies and the international organization Centre for Sustainability and Excellence national branch. These educational programs address mainly executives of special branches of the private and public sectors, executives of the energy sector, the shipping sector, the manufacturing sector, engineers, executives of municipalities and regions, educators and consultants, Corporate Social Responsibility executives, young scientists, and researchers etc. Their curriculum is not centered to particular sectors but analyses the general ESG principles, legislation and reporting mechanisms.

Tools and techniques available to assess and compare ESG2

Some of the tools available include CRI Pass platform provided by the Corporate Responsibility Institute, the HDB ESG Tracker, supported by the ESGenius! Sustainability Management Platform, the ATHEX ESG Data Portal of the Athens Stock Exchange, whilst some organizations use tailored made tools (e.g. Integrated Value Creation Scorecard Sustainability Actions Map). ESG monitoring is also offered as a service by some Consulting Services companies.

ESG Manager qualifications (e.g. Job advertising)

ESG positions are not common in job advertising. The ones advertised address mainly business consultants or are linked to quality management and / or communication departments. ESG training is amongst the desirable rather than required qualifications.

Note that according to a recent national survey (ICAP SA, 2022), Greek companies were asked about which department/department decides and manages sustainable development related actions. More than one in three companies (35%) responded that the management of the company itself undertakes the management of ESG actions, a fact related to the inextricable connection of sustainable development with the vision, values, and business strategy of the companies.

Best practices

**OPAP Offer Group app,
OPAP Sports Academies
OPAP Forward for Employment
opportunities and many more.**



OPAP SA (gambling company), through the **OPAP Offer Group app**, undertakes the renovation of paediatric hospitals and funds projects of organizations that support children. It also implements the **OPAP Sports Academies** program (that enables access to sports), **OPAP Forward for Employment opportunities and many more**

<https://www.opap.gr/etairiki-upeuthunotita-opap>

Youth Empowered



Coca-Cola Tria Epsilon, implements the program Youth Empowered, the most extensive and free program to enhance employability for young people in Greece, with more than 3,000 participants having acquired new skills and connection with the labour market.

<https://gr.coca-colahellenic.com/gr/a-more-sustainable-future/empowered>

Women in Banking



The Digital Accelerator program

EUROBANK focuses on Sustainable Development with actions such as "**Women in Banking**" (a program of mentoring and development of leadership skills by women for women) the green **housing buildings** (Piraeus Port Plaza), the **Digital Accelerator** program (for the development of digital skills of employees), inclusion **in the Bloomberg Gender Equality Index** (GEI) 2022, etc.

<https://www.eurobank.gr/el/omilos/poioi-eimaste/oi-diakriseis-tou-omilou-eurobank/etairiki-koinoniki-euthini>

Intelligent Agriculture Program



Εδώ, το καλό
είναι για όλους

AB Vassilopoulos (supermarket chain) has an extensive range of activities. People are at its center (in 2021, 1 million euros were offered in products, actions, and programs for more than 140 organizations), but corresponding attention is also given to Producers and Products (support of Greek primary production, "**Intelligent Agriculture Program**", etc.), as well as in the Environment (reduction of plastic by 50% by 2025, electric car charger network in Greece in collaboration with PPC, etc.).

<https://www.ab.gr/el/responsible/reports>

Smart Cities



MYTILINEOS group of companies has introduced the logic and technology of **Smart Cities** to the public. It is a "package" of solutions for cities, communities, settlements that want to reduce their environmental footprint, taking advantage of the company's experience and know-how. The first "smart city" has already been created in Aspra Spitia of Distomo Beach (Central Greece).

<https://www.mytilineos.com/sustainability/sustainability/>

Acceptance of diversity and combating discrimination



KOTSOVOLOS (Electronics retail company) focuses its efforts - among others - on the critical issues of acceptance of diversity and combating discrimination. In May 2022, it became one of the few companies in Greece to have signed the Diversity Charter, the European Commission's initiative to promote diversity in businesses.

<https://corporate.kotsovolos.gr/gia-tin-koinonia/>

Conclusion

Overall conclusions: Greece is constantly progressing in the integration of ESG criteria, while we see an increase in the number of companies following the ESG data submission process. The Athens Stock Exchange gives a very representative picture of how many listed companies follow standards harmonized with the Environment, Society and Corporate Governance. In July 2021 there were 35 companies following the ATHEX ESG index, whilst in May 2022 they had risen to 49. Naturally, ESG also concerns small and medium enterprises, but not listed on the Stock Exchange, as it also concerns the Public sector. Note that amongst the 100 largest companies in Greece (based on turnover) according to the Forbes "ESG Transparency Index", only 5 are active in the agrifood sector. Additionally, SMEs are lagging when it comes to the adoption of ESG. The reasons for this lag are mainly focused on the reluctance of traditional Greek business to change, as well as on the complexity displayed by the standards for compiling sustainable development reports issued so far. Trainings programs are of a general curriculum and mainly introductory to ESGs. They are mainly carried out by academic institutes and certification bodies. Some tools / techniques are available but not widely adopted. Note that there are some ESG consulting companies that offer ESG reporting services. ESG managers are not a common job position and is mainly covered by company managers, whilst the position is usually connected to marketing or quality management departments. Finally best practices in ESG at the moment are promoted by larger companies. Most SMEs in Greece are mostly content with isolated social awareness actions (eg cleaning up a beach of litter), while failing to invest in meaningful sustainable development moves (such as effectively managing their own waste).

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- Covering ESG indicators: Compliance or sustainable development roadmap – Opportunities and risks (Chrysagi Evdokia). TÜV Academy. Retrieved March 5, 2024, from <https://tuvaustralia.academy/event/kalypsi-ton-dikton-esg-odikos-chartis-symmorfosis-i-viosimis-anaptyxis-efkeries-ke-kindyni-evdokia-chrysagi-2-2/>
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Tools and techniques available to assess and compare ESG

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- <https://www.infocom.gr/2024/01/15/index-ergaleio-ensomatosis-kai-aksiologisis-tis-viosimis-anaptyksis-kai-kritirion-esg-anavathmismeni-platforma/76285/>
- <https://www.naftemporiki.gr/business/1466674/hdb-esg-tracker-neo-psifiako-ergaleio-axiologisis-ton-ellinikon-epicheiriseon-vasei-kritirion-esg/>

https://www.athexgroup.gr/el/permalink/-/asset_publisher/contentdispl/content/athex-esg-data-portal-e-neap-sephiak-platphorma-sylloges-esg-plerophorion-tou-chrematisteriou-athenon

<https://sdr2021.mytilineos.gr/el/sdr/esg-performance-visualization-tools>

ESG Manager qualifications (e.g. Job advertising)

<https://gr.indeed.com/jobs?q=esg&vjk=54799eaf6e1690e9>

<https://www.skywalker.gr/el/aggelies-ergasias?keywords=esg&offset=25&page=1>

<https://resources.kariera.gr/el/blog/category/esg/>

https://biosafety.gr/esg-gr/?gad_source=1&gclid=CjwKCAiAuNGuBhAkEiwAGld4aoGhnj37a0Zn-F2tjm5j2E5P64ENiA3Gj4lt2gFqvm2Swyx17TKLcxoC3l8QAvD_BwE

Best practices

<https://www.esgstories.gr/>

<https://corporate.kotsovolos.gr/gia-tin-koinonia/>

<https://www.mytilineos.com/sustainability/sustainability/>

<https://www.ab.gr/el/responsible/reports>

<https://www.opap.gr/etairiki-upeuthunotita-opap>

<https://www.eurobank.gr/el/omilos/poioi-eimaste/oi-diakriseis-tou-omilou-eurobank/etairiki-koinoniki-euthini/empowered>

<https://gr.coca-colahellenic.com/gr/a-more-sustainable-future>

ESG Manager qualifications (e.g. Job advertising)

https://dir.icapcrif.com/mailimages/PublishingServer/PR_ICAP-CRIF/2023/LEiG/PR_ICAP-CRIF_ESG_18052023.pdf

https://www.businessdaily.gr/oikonomia/89320_ependyoyn-stin-biosimi-anaptyxi-kai-sto-esg-oi-ellinikes-epiheiriseis

<https://www.esgstories.gr/business-esg/forbes-i-proti-elliniki-lista-esg-ton-100-top-etaireion>

<https://www.naftemporiki.gr/business/1594912/pos-epirezoynta-kritiria-esg-tis-epicheiriseis-kai-ti-chrimatodotisi-toys/>

<https://www.dianeosis.org/2023/12/ta-esg-kritiria-stin-ellada-kai-ston-kosmo>

Field Research

Methodology

Five interviews were conducted, having provided the interviewers with the questions commonly agreed from the program's partners, (from the template) and having asked the participants to reply- comment on the ones that could give an answer.

Two replies were received in written form, whereas the others were received during discussion, either when participants visiting our premises (INT3-AITCG), or when they were visited in theirs (INT5-AITCG), or by telephone communication (INT4-AITCG). Of course, the questions posed were according to the replies already received and the interviewers' familiarization to ESG matters.

Number of Responses and target groups: 5 responses - 1 Agriculture Cooperative (INT1-AITCG), 1 Food Sector company (INT2-AITCG) 1 Family business engaged in organic production (INT3-AITCG), 1 Sustainability Consultancy Company (INT4-AITCG), 1 Cooperative Bank providing loans, especially to medium size enterprises (INT5-AITCG),

Findings



THEME 1: PERCEPTION AND AWARENESS OF ESG PRACTICES

QUESTIONS

1. How do SMEs perceive the significance of ESG practices in relation to their business operations?
2. Who is responsible for overseeing ESG practices in your company?
3. Are there plans to hire someone specifically for managing ESG practices and reporting?
4. How do you think an ESG manager's role can fit into the setup and workflow of rural SMEs?

SUMMARY OF RESPONSES

Positive aspect for reducing environmental footprint and better control of raw material. Need for an external consultancy company to advice and organize the necessary steps and to collect the necessary data.
 INT1-AITCG

«ESG can help all companies reduce their environmental footprint and save costs by optimizing their energy use, water consumption, and

waste management. ESG can also help them enhance their resilience by identifying and mitigating climate-related risks and opportunities» Responsible team for the ESG and Sustainable Development procedures.

«We foster a culture of sustainability by involving employees in the decision-making process and showcasing the benefits of ESG initiatives". INT2-AITCG

Useful additional burden, much overheads, owner responsible for environmental procedures, no plan to hire someone to manage ESG matters INT3-AITCG

During the last two years the attitude of SMEs has gradually started to change, incorporating ESG criteria to their strategy, realizing that they become more "attractive" for investments, Companies active in 'exports' procedures are more positive in ESG adoption, since it is required from their customers. INT4-AITCG

Misconception of many SMEs that they have nothing substantial to expect from ESG procedures, a lot of burden. SMEs gradually realise that it is scheduled to achieve more favourable financing terms from banks if they adopt ESG procedures. INT5-AITCG

THEME CONCLUSION

Large companies are in a more favourable position as they are able to allocate financial and human resources to adopt a successful sustainability strategy.

Small and medium-sized enterprises are lagging behind in terms of adopting ESG criteria for sustainable development. This is due to lack of awareness of all these procedures, especially for small enterprises, reluctance of the traditional Greek company to change.

Until recently there was a misconception that they had nothing to gain from all this burden.



THEME 2: BARRIERS AND CHALLENGES IN ESG ADOPTION

KEY QUESTIONS

1. What prevent SMEs from engaging with ESG topics and practices?
2. What problems do rural SMEs encounter when trying to adopt ESG practices, and how can training programs help solve them?
3. What frameworks or rules do rural SMEs currently use to handle their environmental, social, and governance duties
4. Do you know about any laws or standards about ESG management that affect rural SMEs in your area?

SUMMARY OF RESPONSES

Low awareness about ESG procedures, complexity of standards and criteria, low understanding of the whole procedure and 'how to start'. Application of procedures for the protection of the environment, training to the cooperative members of new environmental friendly cultivation methods, application of national and European legislation for health and safety matters for the employees. INT1-AITCG

Barriers are resistance to change within the organization, employees may be hesitant to embrace new practices. Barriers to the implementation of ESG reporting are the time it takes to collect, refine, and disclose company's data, may be lack of access to data, the added cost that might be incurred, the complexity of the work itself, the culture change, the understanding of the value of change. Rural SMEs usually rely on and apply standards and certifications for the industry sector, which may include environmental regulations, , labour laws and corporate governance guidelines INT2-AITCG.

Limited financial and human resources. No enough time to collect, refine, and disclose company's data. complexity of the work. . INT3-AITCG

Reluctant to culture change and understanding the value of change. Use of informal practices for the protection of the environment and the cultivation methods used national and European legislation for health

and safety matters for their employees in the context of different management systems. INT4-AITCG

THEME CONCLUSION

Low awareness about ESG procedures, complexity of standards and criteria, low understanding of the whole procedure and 'how to start'. Application of procedures for the protection of the environment, training to the cooperative members of new environmentally friendly cultivation methods, application of national and European legislation for health and safety matters for the employees. INT1-AITCG

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Limited financial and human resources. Not enough time to collect, refine, and disclose company's data. complexity of the work. INT3-AITCG

Reluctant to culture change and understanding the value of change. Use of informal practices for the protection of the environment and the cultivation methods used national and European legislation for health and safety matters for their employees in the context of different management systems. INT4-AITCG



THEME 3: SMES NEEDS FOR THE IMPLEMENTATION OF ESGS

KEY QUESTIONS

1. What kind of support do you need (Project side)?
2. What would you like to learn?

SUMMARY OF RESPONSES

Greek rural SMEs need support in various areas for implementing ESG practices, including access to funding for sustainability activities, technical assistance for implementing environmental management systems. INT1-AITCG

SMEs in Greece would like to learn practical strategies for integrating sustainability into their business targets, including energy efficiency measures, waste reduction techniques suitable for rural areas, sustainable agriculture practices. (INT3-AITCG)

Support- technical assistance for implementing environmental management systems tailored to local conditions (INT4-AITCG), (INT5-AITCG)

THEME CONCLUSION

Greek rural SMEs need support for implementing ESG practices, including access to funding for sustainability initiatives and technical assistance for implementing environmental management systems.

Conclusion

Greek small and medium-sized enterprises are lagging far behind in terms of adopting ESG criteria.

The main reasons for this lag according to the replies received is that smaller companies do not have the necessary human resources and many times the financial resources to collect, refine, and disclose company's data. In addition, the complexity of the work itself, the follow up of multiple indicators that the GRI standards require and the support of issuing a sustainability report are barriers for adopting and implementing ESG procedures.

Overall, SMEs perceive the significance of ESG practices differently depending on various factors such as their sector of activity, geographical location, and organizational culture. Some may view ESG practices as integral to their business operations, understanding that they can enhance long-term sustainability and mitigate risks. Others see them as additional burdens or unnecessary overheads.

Moreover, the resistance to change and to embrace new practices, the lack of understanding the value of a change can also contribute to negative approach of the theme.

Many small companies carry out concrete isolated informal action concerning one of the 3 pillars of ESG, especially action for protecting the environment. Such actions are from

companies in agriculture sector using, for example, probiotics instead of chemical fertilizers and pesticides for cultivation, or agrifood companies carrying out social awareness actions, such as cleaning a place from waste, whereas they do not implement an efficient permanent procedure for management of their own waste.

Rural SMEs encounter challenges such as limited access to information and resources, difficulty in finding appropriate training programs tailored to their needs, and overcoming traditional mindsets resistant to change. Training programs can help by providing practical guidance, case studies, and tools specifically tailored to the context of rural businesses.

It is clear that companies must have a concrete reason for investing money in a certain procedure and there was a misconception in many SMEs that they had nothing substantial to expect from adopting ESG practices.

During the last two years this attitude has started to change gradually. This is due to the fact that there is lot of discussion about ESG criteria and that companies that incorporate these criteria into their strategy become more "attractive" for investments and it is scheduled to achieve more favourable financing terms from banks.

From the answers received it is clear that agrifood companies that are active in 'exports' procedures, especially in intra community trade, are more active in ESG adoption and issue of sustainability reports, since it is required from their customers.

The procedures are mostly applied from companies that are active in B2C procedures, since they use it for the promotion of their products to the end consumer and less from companies active in B2B procedures.

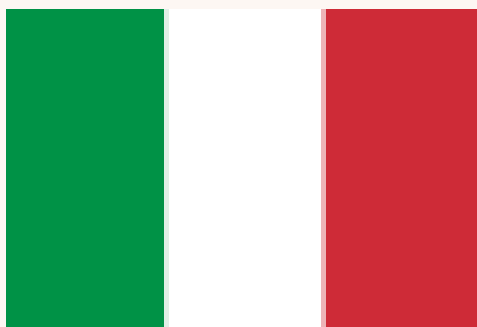
Greek rural SMEs need support for implementing ESG practices, including access to funding for sustainability initiatives and technical assistance for implementing environmental management systems as well as training on ESG reporting frameworks and tools to measure and communicate their sustainability performance effectively.

A recommendation is to involve employees in the decision-making process and highlight the benefits of ESG initiatives, in order to foster a culture of sustainability.

The companies in Greece, that take concrete actions concerning sustainable development and corporate responsibility matters and issue Sustainability Reports, are those that in terms of both turnover and human resources, are large companies.

The role of an ESG manager in Greek rural SMEs can fit into the setup and workflow by integrating ESG procedures into daily operations, making use of local resources, and collaborating closely with existing teams for sustainability, to implement sustainable practices tailored to the regional context.

SMEs in Greece would like to learn practical strategies for integrating sustainability into their business models, including energy efficiency measures, waste reduction techniques suitable for rural areas, sustainable agriculture practices, and community engagement strategies. Additionally, they may seek training on ESG reporting frameworks and tools to measure and communicate their sustainability performance effectively.



Italy

Conducted by:

Confartigianato Imprese Salerno

Research Period:

February – March 2024

Desk Research

Methodology

- Literature/regional and national studies on ESG and its enforcement at administrative level for SMEs.
- regional/national policies applied in terms of ESG and SMEs governance/impact assessments papers.
- job opportunities open at national and regional level related to ESG Manager/Consultant profile.
- desk research related to the ESG profile in terms of education and skills required by companies and entrepreneurs.

After a review of 15 education programs offered by different Italian Universities, in particular, within the Departments of Management Engineering and the Departments of Economics and Finance, only few of them have specific courses focused exclusively on the creation of ESG expertise:

- Bologna Business School – Master in ESG E SUSTAINABLE FINANCE,
- Università degli Studi di Udine – Advanced Course in "Environmental, Social and Governance - ESG TRAINING PROGRAM",
- 24Ore Business School – Master ESG,
- Universitas Mercatorum – PhD Research in Sustainability and Agenda ESG.

All the other programmes evaluated present one single course on ESG within the overall Bachelor or Master Study Plans.

15 job advertisements published in 8 in Indeed, 6 in Randstad and 1 in Michael Page.

The job ads have been qualitative analysed in order to identify common features, elements and references to capacities, skills and education as to establish whether a common profile could be defined.

What has come out from those job ads, is the common reference to skills related to financial management, rather than to sustainability skills, recurring in almost all the ads, the requirement of a specific education (Master or PhD level) in Finance and Economics and, also, the capacity to establish business development plans.

What have arisen is the lack of homogeneity in terms of ESG expertise, meaning that not all profile were designed to cover the crucial topics of Environmental, Social and Governance

patterns, and key insights related to ESG (Environmental, Social, and Governance) practices in rural SMEs.

Findings

Current trends in Education and training programs

Since this is a relatively emerging professional figure, an ad hoc training course is not really defined on the national level in terms of specific educational and capacities requirements. Access to the profession does not require registration in specific registers and official certificates and attestations are not necessary.

However, from our research, it emerged that, obtaining a Master level degree in Economics, Management, Engineering, Law, Management and Environmental subjects represents the minimum academic requirement for those wishing to pursue this career.

The preferential possession of qualifications relating to Research Doctorates or Master's degrees specifically dedicated to the topic of sustainable management certainly represent an added value.

Among these, we found Master in Eco-sustainable Design, Joint Master in EU Trade and Climate Diplomacy, Master in Economics, Management and Policies for Global Challenges, Master in Digital Skills for Sustainable Social Transitions, Master in Green & Sustainability Management, Master in Sustainability and Circular Bio Economy, Master in Management of the Circular Economy, Master in Green Management, Master in eco-social design, Master in Public Procurement Management for Sustainable Development, Master in Social Innovation for Sustainable Development, Master in Nature Sciences and Management: Global Change Ecology and Sustainable Development Goals - GCE and SDG, Master in Climate Science, Master in Transformative Sustainability, Master in Sustainable Design, Master in Food and Beverage Sustainable Entrepreneurship (MFBSE), Master in Corporate Social Responsibility (CSR) and in Sustainability and Business Management: Ecological Strategic Management.

ESG Manager qualifications (e.g. Job advertising)

From the assessment exercise of job ads related to ESG Manager/Consultants profile, Confartigianato identified, on the national territory, several common elements which almost all ads presented (skills/fields of applications and main tasks):

IDENTIFIED SKILLS

The main skills related to the profile of ESG Manager emerging from our desk research could be represented by the following:

managerial and technical skills, but also social and communication skills, together with a predisposition for leadership and problem solving.

Analytical and reporting skills cannot be missing either. Must have organizational autonomy and know how to coordinate internal teams and external consultants.

By interacting with various types of interlocutors including suppliers, customers and institutions, those soft skills seem to be necessary to establish relationships and generate trust. In addition to being predisposed to listening, the ESG Manager must be able to manage multitasking situations.

Knowledge of the ISO standards dedicated to environmental management, health and safety, quality, social issues, risks and the conduct of audits is essential to fulfil the criteria related to the professional profile of the ESG Manager.

IDENTIFIED FIELDS OF APPLICATION

The ESG Manager would apply his services to a wide range of companies from start-ups, to small, medium and large enterprises, including multinationals; the profile of the ESG Manager fits into all company dimensions and contexts, operating in both the private and public sectors.

Since the ESG Manager should play a fundamental role in driving sustainability and social responsibility within an organization and ensuring that it operates in an ethical, transparent and responsible manner, almost all job descriptions involve continuous discussion with stakeholders inside and outside the organizations, the drafting of reports, the monitoring of projects, the identification of compliance, financial, operational and reputational opportunities and risks.

One important element that we have been stating through the assessment of job ads, has been also the ESG Manager responsibility for identifying and evaluating changes that can influence the company strategy, adapting processes to new regulatory frameworks and

introducing new indicators and targets based on technological and systemic innovations that can respond to new needs.

IDENTIFIED DUTIES

The main task of an ESG Manager would be to help define the organization's ESG roadmap and strategy, taking into account the cost-effectiveness and feasibility of each ESG proposal.

As a multifaceted professional figure, the ESG Manager should collaborate with several functions within an organization, including management, the offices responsible for finance and communication and those responsible for environmental and social policies. Furthermore, the ESG Manager should constantly keep up-to-date on ESG and sustainability rules and regulations to ensure the company is always in line with industry best practices and standards.

It also affects the consolidation of a corporate culture in which sustainable practices are welcomed and practiced by employees in an authentic and vocational and non-instrumental way, challenging the consolidated beliefs and behaviors of the company.

In particular, the ESG Manager would:

- develop and implement ESG strategies and policies,
- conduct environmental, social and governance risk analyzes and assessments to identify potential risks and areas for improvement and opportunities for sustainable growth,
- collect, analyze and communicate ESG data and metrics to stakeholders, such as investors, regulators and supply chain actors,
- advocate internal and external stakeholders to promote ESG awareness and commitment,
- work with legal, compliance and finance departments to ensure ESG practices are integrated into business operations,
- remain updated on ESG regulations and standards and provides guidance and recommendations to ensure compliance,
- engage external organizations, such as industry associations and non-profits, to share best practices and promote ESG initiatives,
- provide specialized rating agencies with company documents, public information and data that are used to obtain an ESG certification, i.e. that judgment which attests to

the solidity from the point of view of commitment in the environmental, social and governance fields.

Best practices

Focus on ESG principle and works for a sustainable and clean energy transition



EnergyCo is a company operating in the green building and green energy sector, being a point of reference in the area of Salerno and in the entire Campania region for promoting energy and environmental sustainability. EnergyCo uses eco-friendly materials and cutting-edge technologies and follow rigorous ecological standards in the development of our designs. EnergyCo has been awarded the Bronze Pledge by the European Covenant of Companies for Climate and Energy for its strong commitment in promoting the twin transition.

Link: <https://www.energycospa.it/>

Academic VET program in Sustainability Management and Green Finance



The one-year University Specialization Course in Sustainability Management and Green Finance is aimed at training highly qualified and specialized professional figures. The training objective of the course is to provide participants with theoretical and operational tools aimed at a proactive approach to sustainability.

Therefore, managerial, financial, legal and IT aspects aimed at supporting the implementation of business management models oriented towards sustainable innovation will be addressed from a multidisciplinary perspective.

Link: <https://www.disa.unisa.it/didattica/focus?id=646>

Focus Annual Report on Sustainable Investments and Climate Risks



The Bank of Italy provides an active contribution to sustainable finance through the various functions it carries out: investor, monetary authority, supervision of financial intermediaries and research institute. In those areas, it publishes speeches and research based on analyses conducted internally to increase knowledge and awareness of the importance of measuring and managing sustainability profiles in financial choices by intermediaries, investors and policy makers. Furthermore, the Bank participates in international initiatives such as the Network for Greening the Financial System which, since 2017, has coordinated analyses, according to common objectives and lines of action, to strengthen the role of the financial system in managing climate risks and redirecting financial flows towards sustainable investments.

Link: <https://www.bancaditalia.it/focus/finanza-sostenibile/index.html?dotcache=refresh>

Advanced Academic program in ESG Compliance



The course aims to provide students with understanding of the ESG compliance standards elaborated by different organizations, the reasons for the “social responsibility” of business and the evolution of this idea. During the classes the system of binding and voluntary systems for ESG compliance will be explained, with the particular focus on the UN and OECD standards. Different systems of international certification will be considered. Working in groups the students will be asked to evaluate the success of ESG compliance of the key MNEs, analyze the impact of voluntary certification on a given business and on protection of labour rights (eg. Fair Wear, Better Work, Fairtrade, SA8000 etc.) At the end of the course students will be able to: understand the reasons of ESG reporting; be aware of hard and soft law instruments on this issue; deal with ESG compliance standards.

Link: <https://www.unibo.it/it/studiare/dottorati-master-specializzazioni-e-altra-formazione/insegnamenti/insegnamento/2023/488267>

Conclusion

The ESG Manager profile is a professional figure which in the last 10 years has been taking always more importance in order to respond to the needs of companies to comply with the EU and national regulations in terms of sustainability, social inclusion and governance.

Despite, this figure is becoming more and more important, the main trend in Italy, is led by large companies or SMEs in the main urban industrial Italian centres (Naples, Rome, Milan, Turin). In terms of rural areas, where the economy is pulled by small enterprises or family-led companies, ESG criteria are still not deemed to be an essential part of a good and efficient business governance model. The ESG Manager profile is a professional figure known especially by the younger generation of entrepreneurs in rural areas, who had the opportunity to study and even work, abroad or outside their native rural territory, and who came back to appreciate the rural way of life and have an interest in investing on the territory and try to create something innovative and successful.

Concerning the educational aspect, there is a good trend going towards the definition of specific academic courses and programs covering ESG as a part of the overall Bachelor or Master Degree's Courses, especially for Economics, Finance and Engineering academic pathways.

It is still difficult to find, nowadays in Italy, dedicated academic courses with the aim to shape the ESG practitioner and expert, even if almost all of the Economic courses incorporates elements of ESG, which means that there's a need expressed by the European and Italian business environment which are focusing, in the last year, in the identification of the most appropriate tools, means and support in terms of specialized expertise, to be more sustainable, inclusive and resilient.

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Field Research

Methodology

In order to conduct interviews for the field research, Confartigianato Imprese Salerno identified 4 SMEs and 1 Sustainability expert, among its stakeholders network.

Being a business support organization operating also in rural areas, it did not result difficult to reach out SMEs operating in rural areas which already cooperated with ConfSA through different initiatives and events on the territory. This exercise represented also the opportunity to identify 2 best practice among the experiences gained by the rural SMEs.

Confartigianato Imprese Salerno conducted 2 face-to-face interviews, 2 phone interviews and received 1 filled questionnaire via email. All interviews have been transcribed and data have been ordered by topic to allow an efficient analysis of the findings.

Findings have been reported in the current report to provide a comprehensive overview of the data collected and report the results of this interesting analysis.

Number of Responses and target groups: 3 key owners of SMEs in rural areas, of which:

- INT1_a winemaker, who made the responsible choice of respect for the vocation of his territory, working to allow the traceability of products, combining traditional knowledge with innovation & research activities.
- INT2_natural spa owner in a rural area of the Campania region where in ancient time there was a Roman bath, very particular and located in an internal part of the region.
- INT3_ the company is a small bistro that offers fusion cuisine with typical local products. With his cuisine he aims to simplify and clear the concept of haute cuisine by offering a simple menu but with attention to the smallest details, with proposals based according to the seasons, always fresh products are used to recreate flavors that vary according to seasonality.
- INT4_an innovative start-up specializing in the development of rural areas in Italy. By integrating top-notch digital solutions, the company helps property owners increase their income from short-term rentals.
- INT5_a business sustainability consultant, providing technical assistance to SMEs in their processes of circularity and green transformation as well as fundraising for achieving those results.

Findings



THEME 1: PERCEPTION AND AWARENESS OF ESG PRACTICES

QUESTIONS

1. As an entrepreneur, do you know what ESG is? If YES, do you have vision in terms of near future ESG/sustainability action plan for your company?
2. Does your company ever used services provided by an ESG Manager/Consultant?
3. Do you think that enforcement of ESG principle could make the difference for your company?
4. Has your company implemented significant projects and/or initiatives to improve environmental performance, standards and compliance?

SUMMARY OF RESPONSES

Two out of four entrepreneurs interviewed are not aware of what ESG is and never worked with an ESG Manager being very poorly aware of the reason an ESG Manager would be needed for their companies,

which kind of benefit this professional figure could provide to the company's business and social development.

INT1_ConfSA

The wine-maker has an ESG expert consultant with whom he cooperates. His new cellar, has been made of wood based on bio-architecture criteria and techniques by local workers: "It was imagined as a space of relationship between the countryside and man. A building process was implemented through the application of techniques and materials aimed at the environmental sustainability of the intervention. Solar energy is produced and rainwater is recovered with which the apple orchard in front of the cellar is irrigated" (CEO quotation)

INT4_ConfSA

The start-up adopted an internal Social Responsibility Policy and is already working with an external ESG expert in order to comply with the start-up goal of profit, as they define themselves as a social benefit enterprise: "We operate in disadvantaged areas, tackling serious economic and social problems, and work to create a more sustainable world, standing alongside the most vulnerable communities." (CEO quotation)

THEME CONCLUSION

Rural areas entrepreneurs do not fully perceive the importance and the need to apply ESG practices and measures. Most of them do not know what ESG criteria are and why it is important to apply those to their business development models.

On the other side, open-minded entrepreneurs which different kind of professional experiences who decided to settle back in their native rural areas, show a different approach, understanding in total both the benefits and risks of a business model based on ESG criteria. ConfSA managed to reach two of such entrepreneurs, who had the chance also to cooperate with an ESG Consultant and experience the change in their daily business running.

It is overall, difficult, especially in rural areas, to make entrepreneurs understand about the importance of ESG models for their companies,

due to the lack of a proper and targeted communication reaching those areas, and on a business approach set on traditional schemes.



THEME 2: BARRIERS AND CHALLENGES IN ESG ADOPTION

KEY QUESTIONS

1. What are the obstacles to an eventual sustainable and inclusive conversion of your company?
2. Can you identify any solutions to overcome these obstacles (i.e training, external experts/consultants advise and services, awareness raising, etc.)
3. What would be the short and long-term benefits for your company when dealing with ESG standard and criteria implementation?

SUMMARY OF RESPONSES

INT2_ConfSA + INT3_ConfSA:

- regulatory and bureaucratic context,
- the financial resources to redesign the production cycle and those relating to investment costs for people and consultancy,
- internal managerial skills,
- skills necessary to change the business model,
- difficulty in measuring success.

INT1_ConfSA

For sure the idea of having a stable external ESG Consultant was not taken into consideration until the need to build something valuable in a long-term perspective arose. The initial approach has been a bit difficult as the benefits for the company were not immediate. It is a mutual professional growing process with impacts in the medium-long term period, but it is worth it

INT2_ConfSA

It could be interesting to talk to similar companies who already adopted ESG measures or work with an ESG Consultant so to have a clearer overview of the benefits that an in-depth knowledge of those applied

criteria could provide to the company. Also, the exchange of practices and the involvement of the staff could encourage a conscious use of resources, making the most positive outcome for the company in this sense.

INT3_ConfSA

Maybe it would be better to be in touch with other companies that already went through this kind of

THEME CONCLUSION

Normally rural areas companies are usually very small and not really structured in different departments.

Also, they do not have the proper expertise in terms of human and financial resources to undertake such a pathway towards ESG standard compliance.

Also, there's a lack of communication related to sustainability and inclusive regulatory on a national and European level.

Some SMEs, if well informed, agree to apply ESG criteria in order to get a better internal structure and try to acquire those benefits that such a procedure could provide in terms of economic outcomes.

A solution could be to provide specific training and knowledge transfer procedure for those rural companies as to allow them to understand what exactly is ESG and why an ESG profile could fit the company's goals and missions.



THEME 3: SMES NEEDS FOR THE IMPLEMENTATION OF ESGS

KEY QUESTIONS

1. How would your company apply sustainable production models or service deliverable methodology? What will be the first thing needed to proceed in this sense?

2. Which kind of support would you need to implement it? (Technical/financial/etc...) And from whom? (BSOs/public entities/agencies/SMEs organizations/etc...)
3. What would be an company able to support your company towards a sustainable and inclusive pathway?

SUMMARY OF RESPONSES

INT1_ConfSA + INT5_ConfSA

It is difficult to find the right expertise in rural areas, especially among young people who often leave to open their career possibilities to new perspectives in the cities or even abroad. Rural areas present infinite growing potentials and the challenge is to identify those resources which allow to implement a change both in people mindset and in the society as a whole. Many professionals are coming back to their native places bringing back their experience and expertise and this is for sure an added value that rural companies could benefit from.

It is true that targeted and specific communication on topics like ESG, the European Green Deal and the Twin Transition are not really perceived by micro and small companies, but, on the other side, it is a fact that complying with sustainability and inclusivity standards could help those companies in being economically and environmentally performing.

INT2_ConfSA

An improvement in skills for the company 'staff would be possible through ad hoc training, which is most of the time very difficult to have in rural areas. Especially when the need does not arise: you do not think about responding to a need if you do not perceive it. So, basically, it is often a question of missing communication, also from our BSOs or financial consultants. An improvement would happen with the improvement of consultancy services for rural areas companies, this would be the best way to fully understand everything needed to comply with ESG criteria.

INT3_ConfSA

Company totally not aware about a ESG Manager profile, this is a limit for the company, and for the rural areas corporate ecosystem as a whole.

In order to apply ESG criteria, the company will for sure firstly need to understand what and how exactly can be applied and what will be the benefits in terms of investments for the company. So, more information will be required.

INT5_ConfSA

As a Sustainability Consultant, I usually work with medium to big companies which are not located in rural areas. I think this is an effort that both rural companies, from one side, and ESG Experts or Consultants from the other side, need to uptake to provide those kinds of services also to the rural areas business environment.

THEME
CONCLUSION

- More targeted communication,
- Possibility to be trained on ESG issues,
- Specific expertise in terms of staff and external experts and consultants,
- A clear methodology to adopt ESG models for rural companies,
- A clear profile related to the ESG corporate management.

Conclusion

SMEs which are not very familiar with ESG principles and are not mainly structured in departments or responsibility areas. They usually do not have the expertise to deal with sustainability and inclusivity criteria and most of the time are not aware of the EU specific legislation and regulatory measures in this regard.

We also have to say that rural areas do not have to be associated exclusively to agrifood productions and transformation processes. In recent years, in fact, the trend has been towards a repopulation of those areas, especially by managers, experts or young people who, for working and career reasons, left their native rural areas territories and who are now starting to coming back for a better quality of life, for their families and kids, bringing a new mind-set, open to innovation, from many points of view.

This trend is leading to the rise of rural start-ups, experiential tourism services development in rural areas focused on sustainability schemes, preservation of the rural way of life and its endemic resources models to which ESG assessment is required and successfully applied.

In this context, we could also observe the rise of best practices in this sense, even if currently, they are still just a few, great development potentials could be assessed.

In brief, the overall overview rising from the current research could be summarized as follows:

✓ Definition on educational and academic models always more specialized on the topic of ESG.

X Still no homogeneity in certification procedures for Managers and SMEs at national academic level.

✓ An increasing request for ESG professional profile from companies.

X No comprehensive approach to the definition of a ESG professional profile.

✓ A common trend among medium sized and big companies to set the company' structure around a ESG Department/orientation in industrial areas.

X Small companies in rural areas are not reached due to lack of information/communication and to lack of adequate expertise.

OPPORTUNITIES DETECTED BY SMEs

The advantages attributed to an ESG certification for a company operating in rural areas would be:

- Improvement of negotiating conditions in the opening of credit lines with the banking system.
- Increased possibility of winning tenders that refer to CAM (Minimum Environmental Criteria).
- Greater attractiveness towards possible new investors.
- Minimize the level of exposure to risks that can cause unexpected costs.
- Build loyalty in relationships with customers and suppliers.
- Attract new customers by leveraging sustainability and social responsibility.



Slovenia

Conducted by:

MIITR

Research Period:

February – March 2024

Desk Research

Methodology

- A detailed analysis of 8 educational programs offered by various types of education providers was conducted to understand the fundamental knowledge and practices related to ESG in rural SMEs.
- 2 active job advertisements posted on platforms such as 'Moje delo' and 'LinkedIn jobs' were analysed to assess the demand for specific skills and knowledge related to ESG practices in rural SMEs.

Findings

Current trends in Education and training programs

In Slovenia, there is a diverse range of educational programs focusing on the ESG (Environmental, Social, and Governance) domain, with seminars being the predominant form of training. These seminars cover a wide array of topics and aspects of ESG, including environmental sustainability, social responsibility, and corporate governance.

The price range of these seminars varies significantly, ranging from 100 to 1100 euros per participant, depending on the duration, intensity, and content of the program.

This wide availability and price adaptability enable organizations and individuals to find suitable educational programs that meet their needs and budget.

In addition to seminars, several private companies offer educational programs that businesses can utilize to enhance the knowledge and skills of their employees in the ESG field. These tailored training sessions often include practical case studies, simulations, and interactive activities that enable participants to acquire concrete skills and tools necessary for implementing ESG principles in real-world business environments.

One notable initiative is the "ESG Champion" program organized by a specific firm. This program rewards companies demonstrating excellence in implementing ESG principles, emphasizing the importance of recognizing leadership and engagement in the realms of ecology, social responsibility, and governance.

The University of Primorska offers an additional educational opportunity through the "Management of Sustainable Development" program, which provides a deeper understanding of sustainable development and resource management. This program equips students with theoretical and practical knowledge of ESG principles and their

application in the business context, preparing them for an active role in advancing sustainability in Slovenian society and the business sector.

ESG Manager qualifications (e.g. Job advertising)

In addition to browsing more than 5 job platforms, Slovenia currently has 2 active job openings. Some of the key details include:

Who can apply for the job as ESG manager:

- Operating as a specialist in the field of ESG involves coordinating all activities for sustainable development, including sustainability reporting, ensuring compliance with regulatory standards such as CSRD/ESRS and EU taxonomy, and actively shaping environmental protection strategies.
- The responsibility for accurate ESG data collection, comprehensive climate risk analysis, and assessing potential impacts through scenario calculations presents a challenge.
- Providing support in monitoring the development and implementation of ESG policies and procedures, ensuring compliance with regulatory requirements and industry best practices, is essential.
- Coordinating and guiding ESG activities with the aim of ensuring a unified and comprehensive approach to sustainability reporting, including conducting effective training and workshops, is a key aspect.
- Offering guidance and expertise on sustainability-related matters to senior management and key stakeholders, promoting a culture of sustainability and responsible business practices, and supporting the monitoring and evaluation of ESG performance metrics and goals are important tasks.

What is needed to know as a ESG manager:

- Have a good understanding of regulatory frameworks such as CSRD, ESRS, and EU taxonomy.
- Have professional experience in a similar role in the financial industry.
- Enjoy meticulous analysis and interpretation of data.
- Have some experience in project management.
- Fluent in English and possess clear and effective communication skills, both verbally and in writing.
- Find fulfillment in teamwork and demonstrate excellent organizational skills

Best practices

ESG Champion award: BSH Home Appliances d.o.o



The good practice of BSH Home Appliances d.o.o. Encompasses clearly defined environmental conservation goals, active ESG management, and a focus on social responsibility, including care for employees and contributions to society. Their responsiveness and recovery following a natural disaster demonstrated their resilience and commitment to sustainable practices, which would be appreciated in the assessment for the ESG Champion award.

<https://www.bsh-group.com/si/>

Focus on ESG (Environmental, Social, and Governance) criteria



In SKB Bank, the focus is on the well-being of the environment in which it operates. Recognizing the need to address environmental risks strategically, comprehensively, and with a focus on the future, SKB Bank has decided to orient the foundation of its strategy towards sustainable investments, thereby strengthening its sustainable approaches

<https://www.skb.si/sl/o-skb/trajnost>

DM Race for Women



The DM Race for Women distinguishes itself from other running events with its emphasis on socializing, positive energy, health care, active lifestyle, and solidarity.

<https://www.tekzazenske.si>

Electric truck for transporting goods in Slovenia



The introduction of the latest vehicle into Krka's fleet of electric vehicles sets a new standard for the future and continues the implementation of a long-term plan for sustainable mobility development. This is the first electric freight vehicle in Krka and Slovenia, weighing over 12 tons together with the cargo. It will use electric energy for propulsion and maintaining a precisely regulated temperature regime in the cargo space.

<https://www.krka.si/medijsko-sredisce/novice/uresnicujemo-trajnostno-mobilnost-prvi-tezji-elektricni-tovornjak-za-prevoz-izdelkov-v-sloveniji/>

Where there are female leaders, there are fewer emissions and corruption.



Recognition and promotion of the role of female leaders in reducing emissions and corruption. The significance of female leaders in driving positive change and inspiring others within the event. "Woman Power that Inspires," highlighting the importance of diversifying leadership for achieving a more sustainable and ethical business environment.

<https://www.finance.si/esg/kjer-so-zenske-vodje-je-manj-emisij-in-korupcije/a/9021977?src=undefined>

Conclusion

Companies have a strong commitment to the environmental aspect of ESG, but the social and governance aspects are lagging.

The maturity level of ESG practices within the Slovenian economy reveals a promising commitment to strategic and environmental aspects but underscores the need for greater attention to the social and governance dimensions of ESG. On ESG strategy, 92 percent of companies score between 2.5 and 4.5 (or higher), demonstrating a strong foundation in aligning their operations with ESG objectives. Similarly, in environmental impact, 76 percent of companies fall within the 2.5 to 4.5 score range, and an additional 20 percent of companies achieve the

highest score, indicating a substantial focus on ecological concerns. The data suggests a gap in ESG governance models, with 24 percent of companies scoring the lowest grade, revealing a need for more robust governance structures. Additionally, the social aspects of ESG, such as employee well-being and diversity, equity, and inclusion (DEI), are areas that require increased attention, as 32 percent of companies score in the lowest range in this category. This indicates that there is room for improvement in addressing the needs and concerns of employees and fostering diversity and inclusion (Kearney, n.d).

Source:

<https://www.kearney.com/documents/291362523/299192260/ESG+commitment+on+the+rise%E2%80%93unveiling+Slovenias+sustainability+landscape.pdf/f996befd-8383-8e9f-6a85-4d75be9d15da?t=1701285444000>

In conclusion, the detailed analysis of educational programs and job postings reveals a significant emphasis on Environmental, Social, and Governance (ESG) practices within rural small and medium-sized enterprises (SMEs) in Slovenia, indicating that these initiatives are still in their infancy. The diversity of educational offerings, ranging from seminars to tailored training sessions and specialized programs such as the "ESG Champion" initiative and the "Management of Sustainable Development" program at the University of Primorska, highlights the growing recognition of the importance of ESG principles in business operations, but also the need for further improvement and expansion in these areas in practice. The findings also underscore the increasing demand for ESG managers, as evidenced by active job postings requiring a combination of specialized knowledge and experience, suggesting that this field is still emerging and there is room for further development and engagement.

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Field Research

Methodology

In our field research, we engaged with two owners of small wineries in the Styria region of Slovenia, along with one individual from the HR department of 'Moje delo'. With these three participants, we conducted interviews aimed at exploring ESG practices in the Republic of Slovenia. Given Slovenia's relatively limited adoption of ESG practices, we didn't have the opportunity to interview large corporations. Nevertheless, by conversing with small wineries, we sought to understand their perspectives and plans for implementing changes in their operations. The HR representative provided insights into such practices in Slovenia.

Number of Responses and target groups: 2 owners of small wineries in the Styria region of Slovenia; 1 individual employed in the HR department of "Moje Delo".

Findings



THEME 1: PERCEPTION AND AWARENESS OF ESG PRACTICES

QUESTIONS

1. How do SMEs perceive the significance of ESG practices in relation to their business operations?
2. Who is responsible for overseeing ESG practices in your company?
3. Are there plans to hire someone specifically for managing ESG practices and reporting?
4. How do you think an ESG manager's role can fit into the setup and workflow of rural SMEs?

SUMMARY OF RESPONSES

Understands the concepts of ESG, however, the winery is a small family-owned business currently expanding, where the owner is the entire family. They don't have a manager for ESG issues; instead, a family member keeps track of announcements and market trends. There are no plans to hire someone externally to handle these issues now because they are a small family winery. However, they want to focus on

such issues themselves, for example, by introducing solar panels. - INT1_MIITR

"I think we apply ESG within the family; we function well and strive to have a good relationship - that's when we talk about the Social aspect in ESG." - INT1_MIITR

In the wine business, young people help their parents. They had a lecture at university covering ESG, so they implement some things on their own without the help of a manager. – INT2_MIITR

"We are one of the few in Slovenia to have an oldfashioned, ethno winery where everything is natural; we even have natural wine cooling." - INT2_MIITR

The HR department says that mainly banks are the first to apply these standards in Slovenia, so jobs are also directed towards banks in these areas. Others probably do these tasks as part of their job descriptions. - INT3_MIITR

"In banks, such jobs are certainly common, but they can also be found in larger companies like Perutnina Ptuj." - INT3_MIITR

THEME CONCLUSION

The conclusion of the first topic would be that in Slovenia, the abbreviation ESG has not yet been popularized. Many people have heard of some aspects individually, such as sustainable development. Small businesses are striving to implement sustainability in their operations, whether through purchasing solar panels for energy or by utilizing natural cooling instead of devices. However, the result is that these actions are taken for energy savings (cost-wise) or for the promotion of wine tourism. Awareness exists for individual aspects, but ESG practices are not fully known to small entrepreneurs in Slovenia.



THEME 2: BARRIERS AND CHALLENGES IN ESG ADOPTION

KEY QUESTIONS

1. What prevent SMEs from engaging with ESG topics and practices?
2. What problems do rural SMEs encounter when trying to adopt ESG practices, and how can training programs help solve them?
3. What frameworks or rules do rural SMEs currently use to handle their environmental, social, and governance duties
4. Do you know about any laws or standards about ESG management that affect rural SMEs in your area?

SUMMARY OF RESPONSES

There is consideration about ESG topics, but it's challenging for farmers alongside their regular work in production and marketing to deal with all ESG products, especially for small businesses. They research and apply what they can. - INT1_MIITR

"Standards related to sustainability, the agricultural sector is part of some of these standards, and we strive to adhere to them." - INT1_MIITR

Young people involved don't know how to access education and counseling regarding ESG. They simply don't follow. – INT2_MIITR

"I'm not familiar with any standards related to ESG." –INT2_MIITR
 There is currently no demand for small and medium enterprises to hire someone. Regarding employment, the HR department doesn't know how to advertise such courses, but there is 'something'. - INT3_MIITR

"There are probably educated individuals who are doing such work as part of another position." - INT3_MIITR

THEME CONCLUSION

The conclusion of the second topic is that small entrepreneurs find it difficult to research and deal with all ESG practices on their own. Most of them perform multiple tasks and claim they have no "time," as they put it, to dedicate to this. Large companies have ESG practices, either integrated into someone's school curriculum or another job, or there are specific positions for it. However, as we've seen, it's challenging, especially for young people, to keep up with such trends. Young people

desire education to implement these practices. However, most of these small firms are primarily concerned with what they can gain in return.



THEME 3: SMES NEEDS FOR THE IMPLEMENTATION OF ESGS

KEY QUESTIONS

1. What kind of support do you need (Project side)?
2. What would you like to learn?

SUMMARY OF RESPONSES

Assistance is needed in organizing education, or what they can do to improve. - INT1_MIITR

"We want to introduce solar panels; that's our next sustainability goal."
 - INT1_MIITR

Education is needed, primarily to learn everything necessary about ESG.
 – INT2_MIITR

"We need education on how ESG will help us in selling and adequately promoting our wines." – INT2_MIITR

"Large enterprises have everything they need; small and medium ones are still underdeveloped." - INT3_MIITR

THEME CONCLUSION

The conclusion of the third topic is that education is definitely necessary for young people. They need some form of assistance to enable them to keep up with all activities. Not only courses but also guidelines in implementation are essential. Someone needs to help and guide them through such processes. Courses for this purpose are intended for managers in Slovenia so that it could become their profession. There is little discussion about how such practices could be made interesting for young people to implement in their businesses.

Conclusion

The findings from the three topics discussed reveal several important insights regarding ESG practices among small entrepreneurs in Slovenia. Firstly, it is evident that while certain aspects of sustainability, such as energy efficiency and eco-friendly initiatives, are recognized and even implemented by some small businesses, the broader concept of ESG (Environmental, Social, and Governance) has not yet gained widespread popularity or understanding. Many entrepreneurs are unfamiliar with the term ESG and lack comprehensive knowledge of its principles and implementation.

Secondly, small entrepreneurs face significant challenges in researching and incorporating ESG practices into their operations. Time constraints, limited resources, and a lack of dedicated personnel contribute to the difficulty in navigating the complex landscape of sustainability initiatives. While larger companies may have the capacity to integrate ESG practices more effectively, small businesses often struggle to prioritize these efforts amidst competing demands.

Thirdly, there is a clear need for education and support systems to assist young entrepreneurs in adopting ESG practices. Courses and guidelines tailored to the needs of small business managers are essential for providing the necessary knowledge and tools for successful implementation. Moreover, efforts should be made to make ESG practices more appealing and accessible to young entrepreneurs, perhaps by incorporating innovative and engaging approaches to sustainability education.

In conclusion, while there is potential for small businesses in Slovenia to embrace ESG practices and contribute to a more sustainable future, concerted efforts are needed to raise awareness, provide education, and offer support to entrepreneurs. By addressing these challenges, small businesses can play a significant role in driving positive change towards environmental stewardship, social responsibility, and effective governance.

Summary

Section 3

3 MAIN TAKEAWAYS

From the desk research it is possible to identify that ESG education and training programs vary across Cyprus, Germany, Greece, Italy, and Slovenia, reflecting different stages of development and adoption of Environmental, Social, and Governance (ESG) practices. In general, there are some programs or platforms offering ESG education, however there is no alignments among the countries participating in the project.

For instance, in Cyprus the Corporate Governance Institute is offering diplomas specifically focused on ESG. In contrast, in Germany, vocational training programs predominantly cover environmental aspects, but lack focus on social and governance aspects. Similarly, in Greece the programs are mainly introductory and are conducted by academic institutes and

certification bodies; while in Italy dedicated academic courses for ESG expertise are challenging to find.

In terms of jobs, essential skills for practicing ESG practices across all countries include market knowledge of reporting frameworks, industry-specific expertise, communication skills, organizational abilities, and attention to detail where identified in as relevant skills to put in practices ESG practices across all the countries. The main of those overseeing ESG initiatives involve developing and implementing ESG strategies, conducting risk analyses, engaging stakeholders, ensuring compliance with regulations such as CSRD (Corporate Sustainability Reporting Directive) and EU taxonomy, and promoting sustainability within the organization.

On the other hand, from the field research there are four main insights from all the reports about SMEs' perceptions, challenges, and needs to implement ESG practices:

Challenges: across the countries, SMEs are facing common challenges in understanding and integrating ESGs practices. These challenges include limited resources such as time, personnel, and economic resources, complexity surrounding the ESG concept, and resistance to change. Additionally, there's a lack of clarity regarding reporting obligations and strategies for development and legal compliance.

Training focus on practical giddiness: It is possible to identify that SMEs benefit from practical training including guidance, case studies, and tools tailored to the specific needs of SMEs. Moreover, support systems, including access to funding, technical assistance, and training on reporting frameworks, are identified as essential for successful implementation.

Stakeholder engagement: Effective stakeholder engagement and communication are emphasized across the reports as crucial for building trust and collaboration around sustainable initiatives. Engaging employees in the decision-making process and highlighting the benefits of ESG initiatives are recommended to foster a culture of sustainability within SMEs.

Potential benefits: Despite the challenges, there's recognition of the potential benefits and opportunities associated with adopting ESG practices. These include improved competitiveness, attractiveness to investors, minimization of risks, loyalty-building with stakeholders, and attracting new customers through sustainability and social responsibility.



PARTNERS

