



ESG and SMEs

Feasible or just another urban legend?

A presentation by ATED SYNERGIA ADVISORY LIMITED



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“At present, we are stealing the future, selling it in the present, and calling it gross domestic product.”
- Paul Hawken

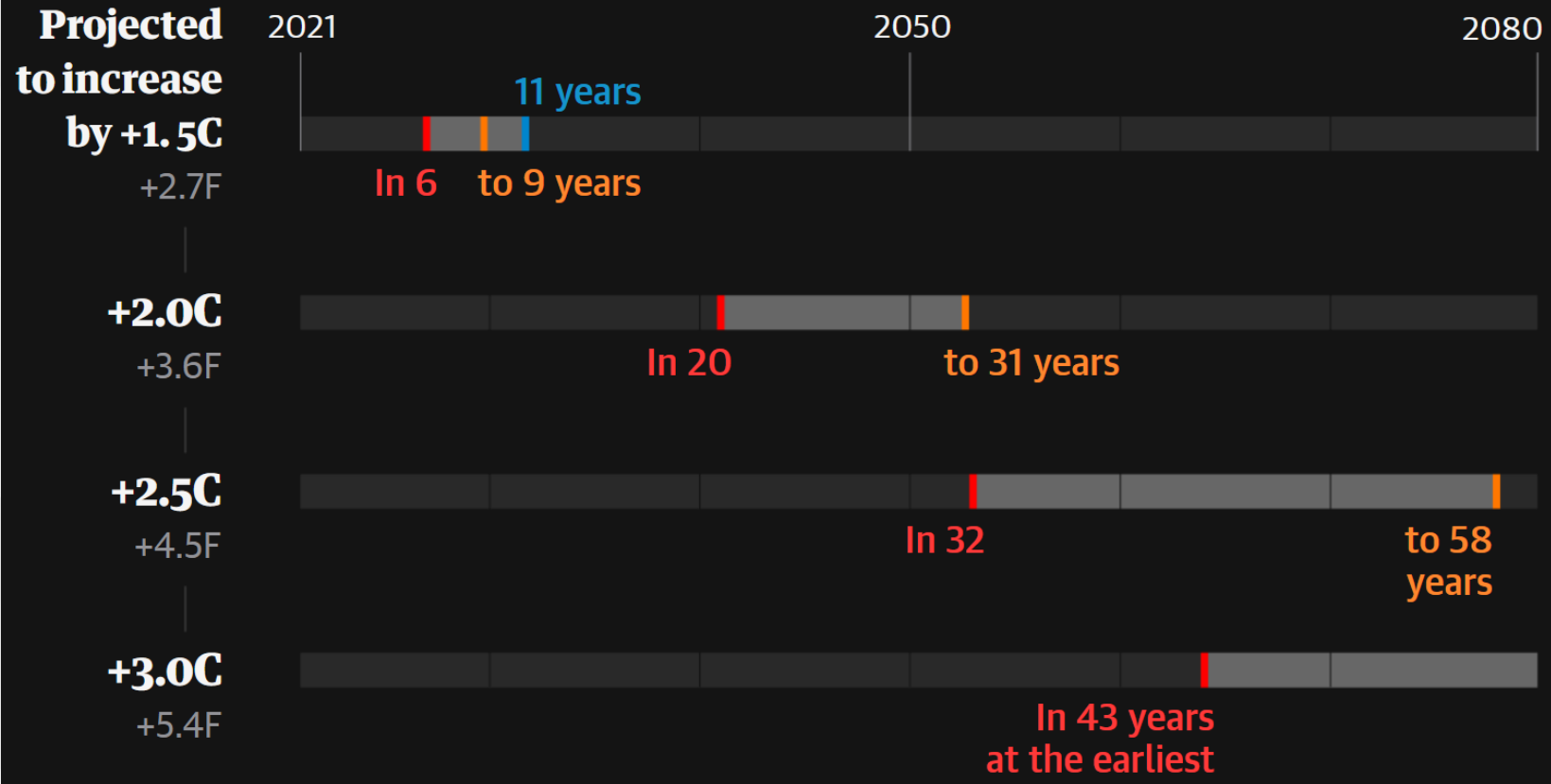


The world has already heated up by around 1.2 °C, on average, since the preindustrial era, pushing humanity beyond almost all historical boundaries. Cranking up the temperature of the entire globe this much within little more than a century is, in fact, extraordinary, **with the oceans alone absorbing the heat equivalent of five Hiroshima atomic bombs dropping into the water every second.**

When global temperatures are projected to hit key benchmarks this century

Average global surface temperature relative to a 1850-1900 baseline

- Worst-case scenario**
An unlikely pathway where emissions are not mitigated
- Intermediate**
A pathway where emissions start declining around 2040
- Best-case**
An unlikely pathway where emissions start declining now and global temperatures peak at +1.8C



Economic Landscape of a Warming World

Global economy stands at a **pivotal juncture**

As temperatures rise and weather patterns become more unpredictable, the financial implications are becoming increasingly evident.

Example of Vulnerable Sectors:

- Agriculture: Facing erratic rainfall and changing growing seasons.
- Real Estate: Coastal properties at risk due to rising sea levels.
- Tourism: Destinations affected by extreme weather events and changing ecosystems.

Economic Opportunities:

- Green technologies and renewable energy sources present new avenues for economic growth.
- Sustainable agriculture and conservation can open up new markets and job opportunities.

The Cost of Inaction:

- Delaying action on climate change can result in higher costs in the future.
- Proactive measures can mitigate risks and reduce long-term economic burdens.

Greece Vulnerability to Climate Change

Financial Vulnerability

- Tourism Impact
- Agricultural Losses
- Increased Energy Costs

Natural Vulnerability

- Water Scarcity
- Forest Fires
- Biodiversity Loss

Human Life Vulnerability

- Health Risks
- Migration and Displacement
- Food and Water Security

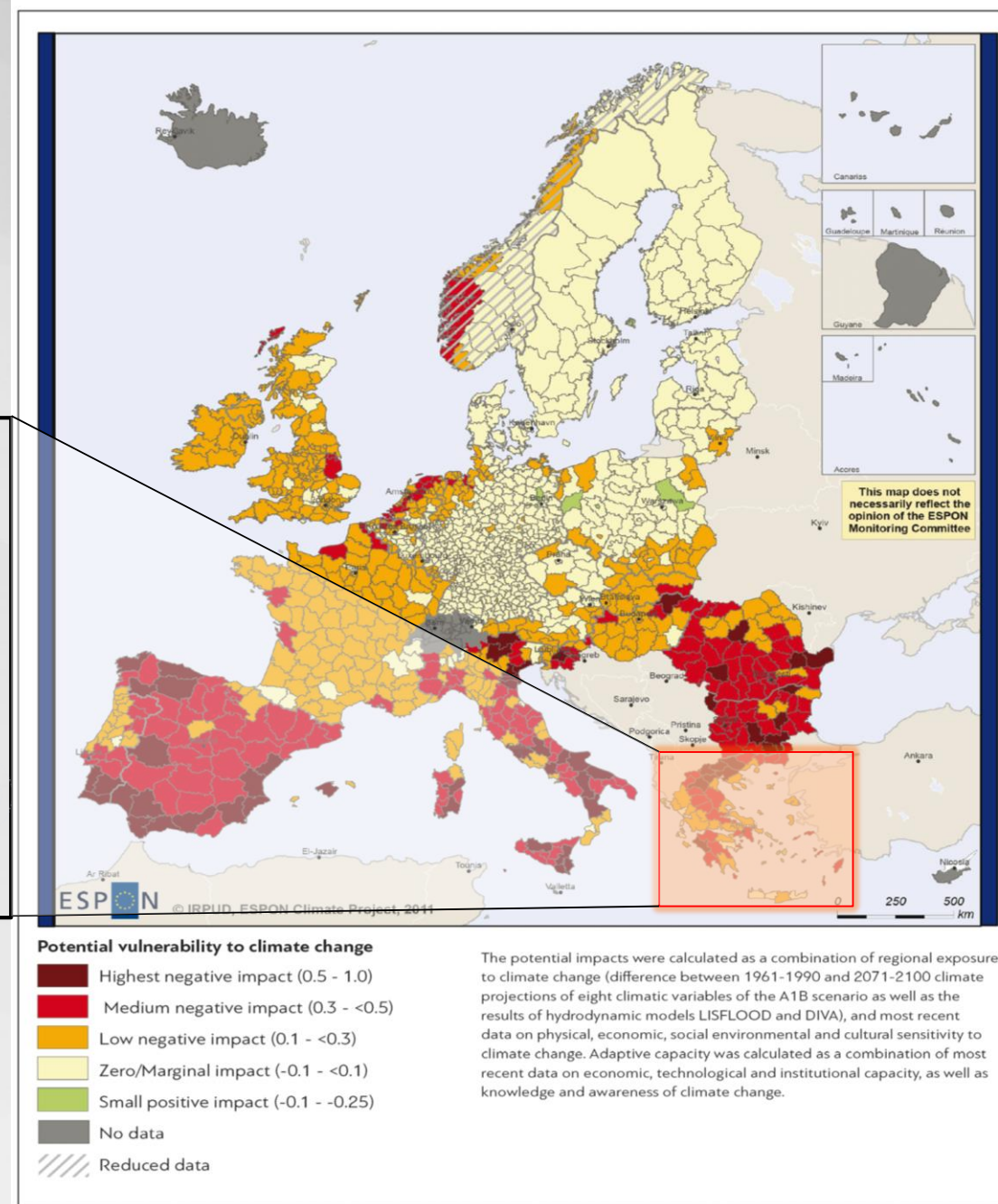
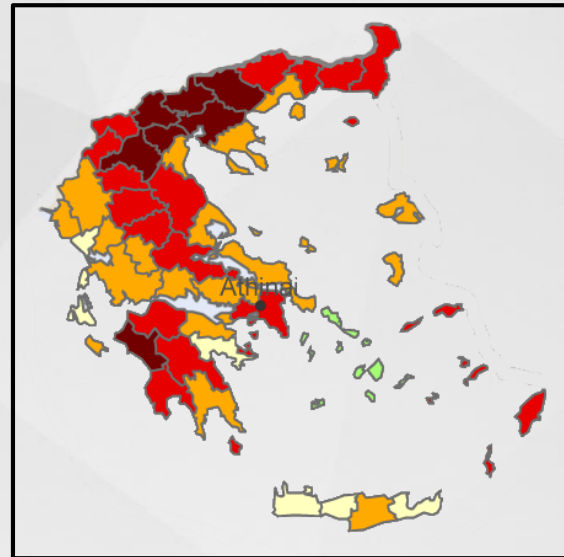


Figure 5: Geographic mapping of Climate Change Vulnerability.
Source: ESPON CLIMATE (2013).

What is ESG?

It represents a set of criteria used to assess the **sustainability** and **ethical impact of an investment** in a company or business.

These factors are becoming increasingly central to investment decisions, as they can influence both the **risk** and **return of investments**.



Importance of ESG

Environment

Risk Management

- Regulatory fines for environmental negligence.
- Reputational damage
- Liability costs

Market Opportunities

- Growing market for green technologies,
- Innovation in environmental solutions

Regulatory Pressure

- Governments implementing more stringent environmental protections and requiring disclosures about environmental impact.

Long-term Strategy and Resilience

- Adapting to environmental changes (like climate change) ensures long-term viability.

Moral Imperative

- Responsibility to reduce carbon footprint, decrease pollution, and preserve natural resources for future generations.

Social

Stakeholder Expectations

- Consumers often prefer socially responsible companies.
- Employee attraction

Risk Management

- Lawsuits or boycotts due to poor labor practices or human rights violations.
- Reputational damages due to neglecting community or societal responsibilities.

Market Opportunities

- Catering to a more socially conscious consumer base can open new market segments.

Reputational Benefits

- Positive social impact can enhance brand loyalty and trust.

Moral Imperative

- Companies have a duty to uphold human rights, ensure good working conditions, and positively impact communities.

Governance

Risk Management

- Weak governance can expose companies to management scandals or financial irregularities.

Stakeholder Expectations

- Investors are increasingly considering governance practices in their investment decisions.

Regulatory Pressure:

- Stricter regulations around disclosures, executive compensations, and shareholder rights.

Financial Performance:

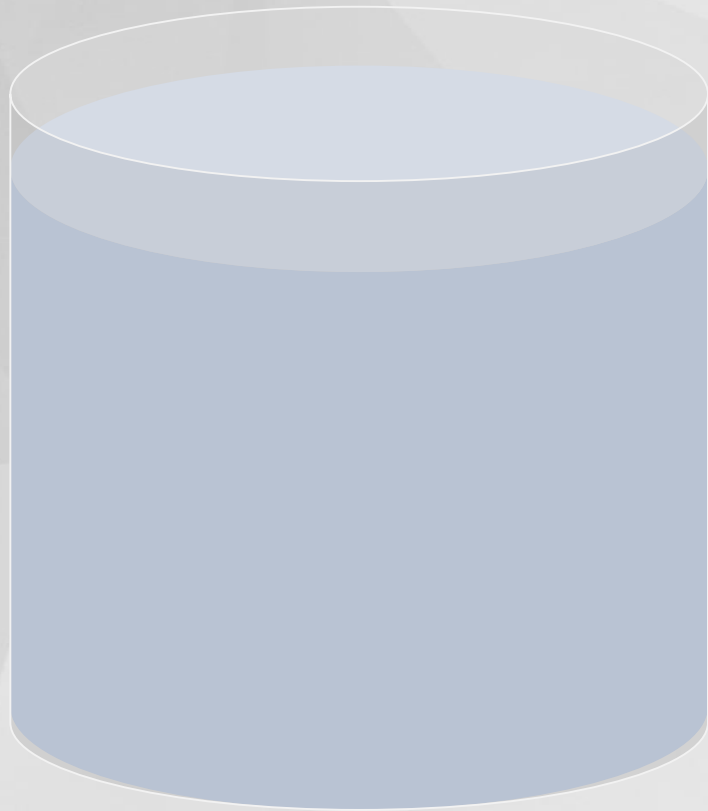
- Transparent and robust governance practices can lead to better operational performance.

Moral Imperative:

- Ethical duty to operate transparently, equitably, and in the best interests of all stakeholders, not just a select few.

SMEs account for

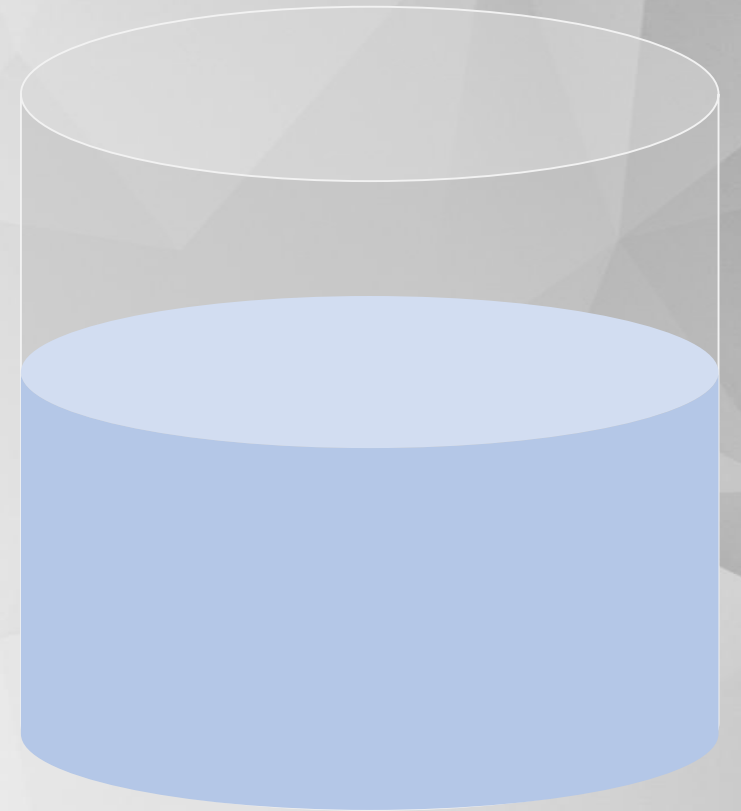
90% of all businesses



70% of global workforce



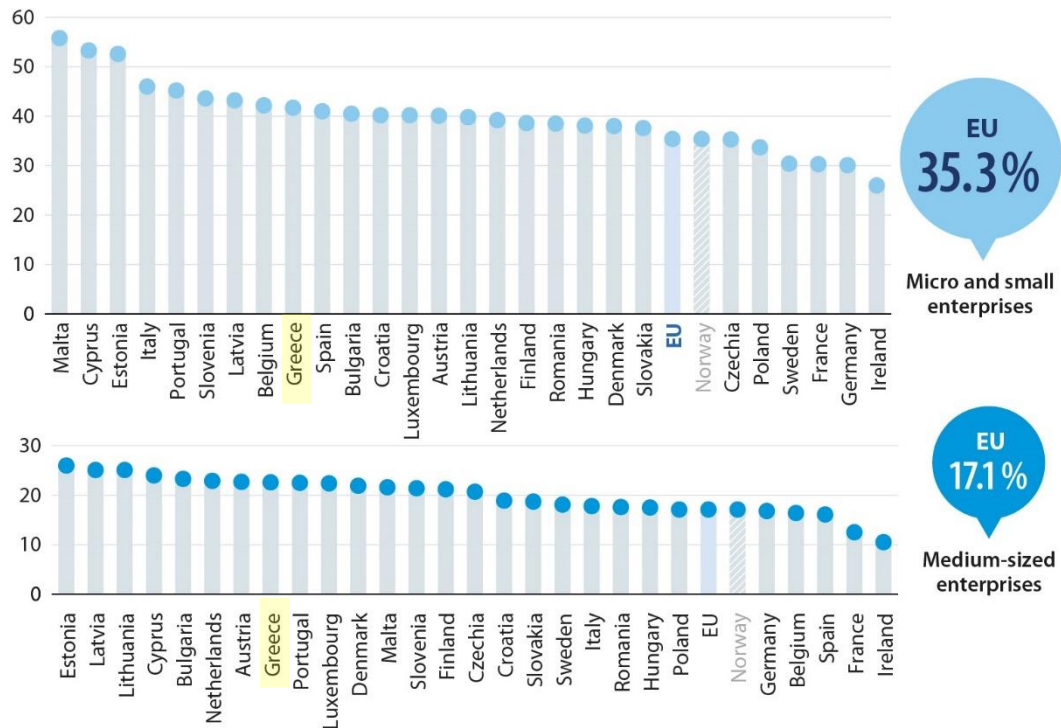
50% of global GDP



SMEs and their role in the economy

Value added in the non-financial business economy

(%, share of the total value added for each enterprise size class, 2019)



EU: estimates made for the purpose of the Key Figures on European business publication.

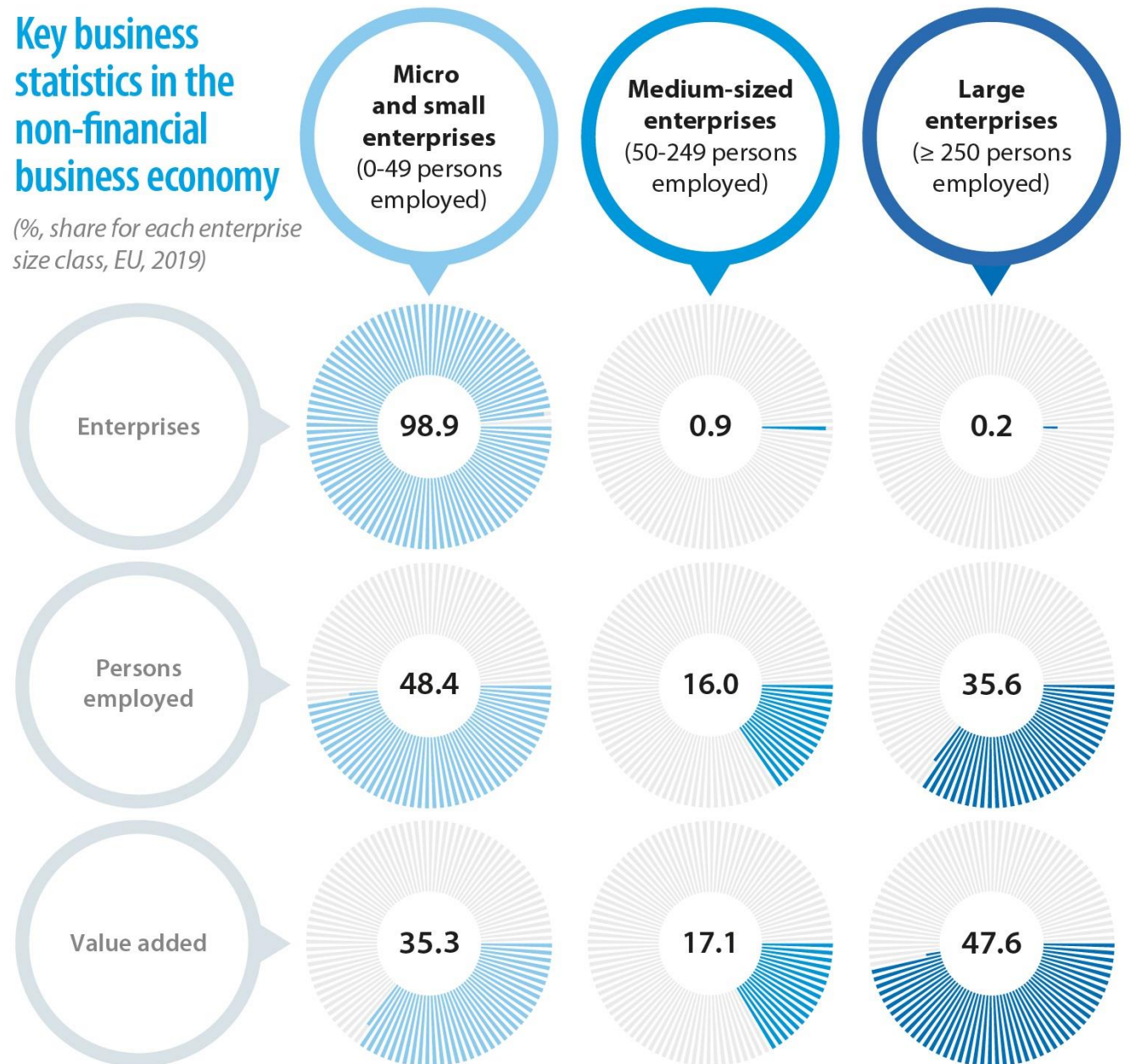
Cyprus: data excludes mining and quarrying, electricity, gas, steam and air conditioning supply, real estate activities, and repair of computers and personal and household goods.

Austria: 2016 data.

Portugal: data excludes real estate activities.

Key business statistics in the non-financial business economy

(%, share for each enterprise size class, EU, 2019)



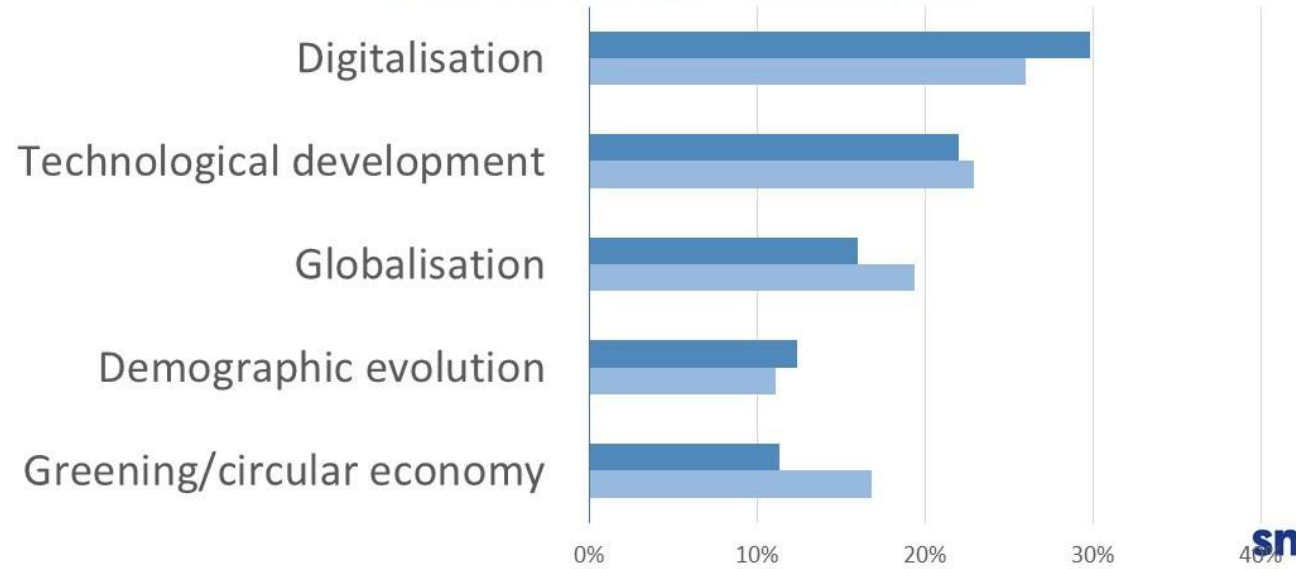
EU: estimates made for the purpose of the Key Figures on European business publication.

Challenges for SMEs

- Limited Capital
- Regulatory Hurdles
- Competition
- Market Access
- Talent Acquisition
- Technology
- Cash Flow
- Supply Chain Disruptions
- Lack of Expertise
- Economic Volatility

Digitalisation: the biggest challenge for SMEs

- What are the biggest challenges?
- Does the EU need to intervene?



EU Funding opportunities:
<https://www.espa.gr/el/Pages/NewsFS.aspx?item=1617>

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Προτεραιότητα της Δράσης 1 «Βασικός Ψηφιακός Μετασχηματισμός ΜμΕ» είναι η κάλυψη βασικών αναγκών των ΜμΕ με σύγχρονες τεχνολογίες πληροφορικής και επικοινωνιών (ΤΠΕ).

Η Δράση ενθαρρύνει, κατά προτεραιότητα, την υλοποίηση στοχευμένων επενδυτικών σχεδίων βασικού ψηφιακού μετασχηματισμού που συνεισφέρουν σε μία εξωστρεφή, καινοτόμα και ανταγωνιστική παραγωγή προϊόντων ή υπηρεσιών υψηλότερης προστιθέμενης αξίας.

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Ποσοστό ενίσχυσης:
 από 50% έως 60% ανάλογα με την περιφέρεια.

SME priorities for European Elections 2024

12 October 2023

SME representatives from across Europe agreed on their priorities for the 2024 European elections:

- An entrepreneurial regulatory framework
- A strengthened (global) competitiveness
- A skilled workforce
- An incentive for greening
- Finance for twin transition and investments
- A fair access to (digital) markets
- A stable economic environment

Benefits for SMEs

- **Reputation Boost:** Enhanced brand image and credibility among consumers and partners.
- **Investor Appeal:** Attracts ethically-minded investors and better access to green financing.
- **Operational Savings:** Reduced costs through energy efficiency, waste reduction, and sustainable practices.
- **Risk Management:** Mitigates regulatory, reputational, and environmental risks.
- **Employee Attraction & Retention:** Appeals to employees who value sustainability, leading to higher loyalty and motivation.
- **Market Opportunities:** Access to new markets or customer segments that prioritize sustainability.
- **Long-term Resilience:** Better preparedness for future environmental or regulatory changes.
- **Supply Chain Stability:** Sustainable supply chains are often more resilient and reliable.
- **Stakeholder Relations:** Improved relations with community, customers, and other stakeholders.
- **Innovation Drive:** Encourages the development of green products or sustainable business models.

Regulatory Landscape

Future of European Sustainability Reporting Rules

The European Commission has proposed a new framework to simplify and better focus on the disclosure of sustainability data through the **Corporate Sustainability Reporting Directive (CSRD)**. This reform is expected to be adopted in law in early 2022 and come into force in 2023.

Sustainability Practices and Performance in European Small Enterprises

The study provides an analytical presentation of the current status of SME sustainability management efforts, broken down by the three pillars of sustainability: economic, social, and environmental aspects.

- For instance, in Denmark, SMEs primarily receive funding from national funds, even though EU funding is regularly applied for. Many SMEs share premises to reduce costs, and they often collaborate with local suppliers.
- **In Greece, funding for SMEs is a priority, but there are bureaucratic challenges. The economic crisis in the last decade has impacted the financial performance of SMEs.**

Regulatory Landscape

EU Finalizes ESG Reporting Rules with International Impacts

- The European Union has finalized the Corporate Sustainability Reporting Directive (CSRD), introducing more detailed sustainability reporting requirements for EU companies, non-EU companies meeting certain thresholds for net turnover in the EU, and companies with securities listed on a regulated EU market.
- The CSRD came into force on January 5, 2023, and is consistent with the provisional version published in June 2022. The rules will be phased in starting from January 1, 2024, for certain large EU and EU-listed companies and will apply to all in-scope companies by January 1, 2028.
- The CSRD requires companies to disclose information about how sustainability-related factors affect their operations and how their business model impacts sustainability factors. This includes environmental, social, human rights, and governance factors.

EU's Corporate Sustainability Due Diligence Directive (CSDDD)

(status: Proposal)

Obliges large EU and non-EU companies active in the EU:

- with more than 500 employees & more than €150 million turnover (Group 1), and
- (two years later) with more than 250 employees & more than €40 million turnover, operating in defined high impact sectors such as textiles, agriculture, extraction of minerals (Group 2),
- to identify, prevent, end, mitigate & account for potential & actual adverse effects on human rights (child labour, exploitation of workers, etc.) & on the environment due to their operations, subsidiaries, and value chains.

Requirements:

- integration of due diligence into policies,
- establishment of complaints procedure,
- monitoring of effectiveness of measures,
- public communication on due diligence,
- alignment of business strategy with Paris Agreement for large companies (Group 1)

Overcoming Challenges

EU Actions to Overcome Challenges of Small and Medium-Sized Enterprises. Key Instruments include:

- **EU Helpdesk for SMEs:** Offers various platforms like Enterprise Europe Network, Trade Defence SME Helpdesk, IPR SME Helpdesk, Your Europe - Business, EU SME Centre in China, European Business and Technology Centre in India, European ASEAN Business Centre, and EU-Japan Centre for Industrial Cooperation. (Greece : <https://een.ec.europa.eu/local-contact-points/gr>)
- **Access2Markets:** A portal for EU exporters and importers providing detailed information on tariffs, rules of origin, product requirements, customs procedures, VAT/excise duties, trade barriers, and statistics.
- **Chief Trade Enforcement Officer (CTEO):** Ensures that countries with EU trade agreements respect their commitments. The CTEO is the point of contact where EU companies can submit complaints.
- **Assessment of Trade-related Information:** The EU portals designed for international trade information are comprehensive and user-friendly. However, there are areas for improvement, such as consistent terminology and better interlinking of tools.

Funding Opportunities

Energy, transport and digital networks

SMEs are also eligible for funding under the Connecting Europe Facility (CEF) programme, which finances projects related to energy, transport and ICT. The CEF strands are managed by the European Climate, Infrastructure and Environment Executive Agency (CINEA) and the European Health and Digital Executive Agency (HaDEA).

Research and innovation

The EU's principal funding programme for research is Horizon Europe, the successor of Horizon 2020.

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Agriculture sector

The Common Agricultural Policy (CAP) makes funding available to small companies through:

- the School fruit, vegetables and milk scheme and the Promotion of EU farm products
- direct payment under the European Agricultural Guarantee Fund
- the European Agricultural Fund for Rural Development

Success Stories - ECOVER

Produces cleaning products that are made from natural, renewable resources. The company's products are free from harsh chemicals and are biodegradable, making them better for the environment than traditional cleaning products. Ecover also uses recycled materials in its packaging to reduce waste.

LIMITED EDITION

MADE FROM FOOD WASTE

[DISCOVER](#)



Success Stories - Greece

Solmeya is a Greek company unifying biotechnology and sustainability. Founded in 2019, with a mission to “inspire CO₂ circularity” through emblematic collaborations with heavy CO₂ emitting corporations by transforming their CO₂ off-gases into valuable feedstock.



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A man in a tan lab coat and black cap stands in a biotech facility, looking at a clipboard. The background shows large stainless steel tanks and industrial equipment.

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Thank you

Katerina Perissi - Director ESG & Sustainability Consulting, Synergia

