



SMES' SUSTAINABLE TRANSITION: HOW TO SUPPORT IT? EVENT REPORT

Accountancy Europe organised a webinar on 15 November 2022 to discuss concrete measures to help SMEs on their sustainable transition path. This document summarises the recommendations highlighted by the panellists, for policymakers' consideration.

BACKGROUND

SMEs are facing strong expectations to make their business models more sustainable. EU and national legislation, such as on sustainability reporting (CSRD) and due diligence (CSDDD), will impact SMEs both directly and indirectly through 'trickle-down' demands from larger businesses, banks and the public sector. In parallel, consumers, investors and NGOs expect businesses of all sizes to align with society's sustainability ambitions.

Accountancy Europe's [webinar](#) brought together SME experts to discuss practical recommendations and support measures for SMEs.

Panelists:

- Jesper Esman Andersen, Head of Consulting, Roesgaard
- Valérie Derambure, Director for ESG, Groupe BPCE and member of the Sustainability Reporting & Audit working group, European Association of Cooperative Banks (EACB)
- Luc Hendrickx, Director, SMEunited
- Ondřej Kovařík (RE/Czech Republic), MEP, member of the SME Intergroup
- Jean-François Pons, Associate, Alphalex-Consult

RECOMMENDATIONS

Policymakers both in the EU institutions – European Commission (EC), European Parliament, the Council – and in national governments should consider the following recommendations¹:

- **Impact assessments for various pieces of legislation should more and explicitly take into account potential impacts on SMEs** even if they are left out of the 'official scope' of the proposals. This is due to the trickle-down effects of the legislation, whereby SMEs' larger business partners and banks in particular will require SMEs' input to help fulfil their own legislative obligations
- **Legislation around sustainability should be as harmonised as possible** with fewer Member State options, to avoid single market fragmentation that would create an uneven playing field between SMEs across EU Member States
- **SMEs' voluntary sustainability reporting standards should be simple, proportionate and drafted in non-technical language** that SMEs themselves can comprehend

¹ The recommendations do not necessarily reflect Accountancy Europe's official positions. They are merely a collection of the recommendations expressed by the expert panelists at the 15 November webinar.

- **SMEs should be required to start with initial simple sustainability data points** such as green house gas emissions, water protection and consumption, waste management etc. Working with average, estimations and benchmarks should be considered to make the exercise meaningful, but not burdensome. There should be clear standards and guidance for how data should be calculated, as well as examples of how this can be done from SMEs within their sector
- **The EC should set up a pan-EU database for SMEs' sustainability data**, possibly integrated into the European Single Access Portal (ESAP), that can be consulted by interested parties such as banks, investors and SMEs' large business partners
- **The EC should develop a free-to-use carbon footprint calculator for SMEs**, available in all EU languages, similar to the [Climate Compass](#) that already exists in Denmark. This carbon footprint data could then be integrated into the pan-EU database indicated above
- **Authorities at EU and national levels should bring together the diffused financial tools available for SMEs**. A lot of financial support exists for SMEs that want to do sustainability related investments, but these are fragmented and there is little awareness among SMEs about their existence
- **Authorities at EU and national levels should create centralised databases of credible existing SME sustainability support tools**. Many tools and guidance already exist, but these are fragmented, scattered and not always clear for SMEs which of these tools is helpful to fulfill potential statutory requirements around sustainability data
- **SMEs need support to identify and mitigate the risk of their supply chains** and reduce the adverse human rights and environmental impact. Member States and International institutions should pool together their resources and provide databases to small enterprises with reliable counterparts in third countries. Public authorities could in addition support SMEs and raise awareness amongst them concerning international trade and human rights.
- **Ministers responsible for SMEs in each of the 27 EU Member States should meet yearly** with EC's representatives to exchange views on progress and difficulties for SMEs. This should also allow to exchange best practices, based on which the EC would provide further support and guidance at a pan-EU level
- SMEs' natural partners, notably accountants, retail banks and professional associations, are key to help SMEs by providing information and advice. **Policymakers should explicitly recognise, encourage and support the role of these SME partners** in supporting SMEs' sustainable transition

USEFUL LINKS

- Accountancy Europe, *SMEs' sustainability risk management*, 2020: <https://www.accountancyeurope.eu/publications/sme-risk-management-sustainability/>
- Accountancy Europe and European Association of Cooperative Banks (EACB), *SME sustainability checklist*, 2021: <https://www.accountancyeurope.eu/publications/3-step-sustainability-assessment-for-smes/>
- Accountancy Europe, *Insights from SME accountants series*, 2022: <https://www.accountancyeurope.eu/stories-from-practice/>
- AFG, *Indispensable non-financial indicators*, 2020: <https://observatoiredelafinancedurable.com/documents/44/guidepro-esgvf-200825web.pdf>
- Europe Jacques Delors, *We need to help SMEs collect and publish their main ESG data*, 2022: https://europejacquesdelors.cdn.prismic.io/europejacquesdelors/a16ce5a7-db3e-4f44-98fe-bdd97da3d0ec_20221102_PME_ESG_EN+%281%29.pdf