

Summary of Session: Addressing Barriers to SMEs in Sustainability – European Perspective

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Event: ESDN 2030 Agenda Stakeholder Forum

Date: May 27, 2025 | **Location:** Warsaw Stock Exchange

Objective

To explore concrete approaches and policy tools that can help small and medium-sized enterprises (SMEs) overcome obstacles in their sustainability transition, particularly in the context of ESG reporting and regulatory compliance.

Key Takeaways from Interventions

1. Poland

- Proposed a **“stop-the-clock” mechanism** to give SMEs time to prepare for ESG reporting requirements.
- Emphasis on **knowledge transfer** from large enterprises and consultants; Big4 seen as ineffective for SMEs.
- Advocated for **incentives and education** rather than penalties.
- Highlighted the role of **universities** and ongoing curriculum reforms on climate education.
- Creation of **government platforms** to collect ESG data from companies and share good practices.

2. Malta

- SMEs show **willingness** but lack resources for ESG audits.
- Use of **dedicated funding** for ESG consulting support.
- A **voluntary digital platform** helps companies track and report ESG data.
- Strong engagement from **ministries and chambers of commerce** through coordination, training, and platforms (e.g. Malta ESG Alliance).
- Leveraged **awards and eco-labeling** as motivators for SMEs.

3. Basque Country

- Developed a **voluntary online ESG assessment tool** based on SDGs.
- Struggles to reach **micro-enterprises (<20 employees)**.
- Public procurement (30% of GDP) identified as a key but underutilized driver.
- **Capacity-building needed for public authorities** to apply sustainability criteria in tenders.
- Suggested **peer-to-peer learning** and **value-chain pressure** as effective tools.
- Flagged **consulting quality issues** and a trend of sustainability slowdown due to geopolitical uncertainty and low consumer demand.

4. Ireland

- **Enterprise Ireland** offers government-funded ESG audits and energy efficiency plans.
- Stressed need for **centralized data collection** and **single points of contact** to avoid duplication.
- Promotes **unique business identifiers** to streamline reporting.

5. Switzerland

- Created a **2030 toolbox** for SMEs, with sector-specific guidance developed bottom-up.
- Greenhushing is widespread due to the **Green Claims Directive** and fear of reputational risk.
- Data reporting is centralized through the **national statistical office**.

6. Austria

- Ministry of Environment funds **start-up incubators** and **sustainability education projects** (e.g. Climate KIC, Sustainable Challenge for students).
- Developed an **SDG impact assessment tool** tailored to local contexts and municipalities.

7. Company Perspectives (Poland – Textile Sector)

- SMEs struggle with **excessive audit demands** linked to CSRD.
- Participation in **government-supported SDG platforms** and **UNGC webinars** to upskill.
- Perception that clearer regulatory frameworks (e.g. making CSRD fully mandatory) would be more helpful than voluntary uncertainty.

Cross-Cutting Challenges Identified

- **Resource constraints**, especially for micro-enterprises.
- **Fear and confusion** driven by jargon, fragmented requirements, and enforcement uncertainty.
- **Limited availability of tailored, affordable consultancy** for ESG.
- **Lack of incentives** and fears of disproportionate penalties discourage proactive action.
- **Uneven public procurement integration** across regions.
- Growing **greenhushing** due to regulatory risks and low market pull.

Suggested Solutions

- Delay and support (e.g. stop-the-clock) combined with **structured knowledge transfer**.
- **Publicly funded consultancy support**, especially for ESG audits.
- **Digital, voluntary platforms** with centralized data access.
- Promote **community learning models** (alliances, chambers, sectoral groups).
- **Curriculum reform and university engagement** to build long-term capacity.
- Shift toward **positive incentives**, such as awards and labeling, rather than penalties.