ESG4SMEs
Sustainability in Action

Co-funded by
the European Union

Module 4

Monitoring and Reporting on ESG Performance

ESG4SMEs
Sustainability in Action

Co-funded by
the European Union

TABLE OF CONTENTS

MODULE 3

MODULE 4

MODULE 5

ESG4SMEs
Sustainability in Action

Co-funded by
the European Union

Welcome to Module 4!

Welcome to Module 4: Monitoring and Reporting on ESG Performance

In today's world, sustainability is not just a trend — it is a business imperative. For rural SMEs, understanding and managing Environmental, Social, and Governance (ESG) performance can create real value: from building community trust to improving efficiency, attracting funding, and accessing new markets.

This module is designed to make ESG practical, relevant, and doable — even with limited resources. Over two units, you will:

- Learn **how to define and monitor ESG indicators** that reflect your real-world operations;
- Discover **tools and methods to collect and organize ESG data**, even in low-tech settings;
- Explore how to **structure simple, credible ESG reports** that meet stakeholder expectations;
- Build **communication strategies** to share your ESG progress honestly, clearly, and with impact.

Whether you're new to ESG or looking to formalize what you're already doing, this module will help you **move from awareness to action** — using ESG as a tool for both business improvement and sustainable development.

Let's begin — and shape a more responsible future, together.

ESG4SMEs Sustainability in Action

Co-funded by the European Union

What will you learn?

Each unit builds on the last—by the end, you'll be ready to lead ESG planning in real SME contexts.

By the end of this module, you will be able to:

- **LO1: Define and monitor ESG performance using relevant indicators across environmental, social, and governance areas.**
- **LO2: Apply ESG reporting frameworks (e.g., GRI, CSRD) to ensure transparency and compliance.**
- **LO3: Analyze ESG data to assess progress and support continuous improvement.**
- **LO4: Communicate ESG results effectively to stakeholders and promote a culture of accountability.**

These outcomes guide the activities, tools, and exercises you'll complete across all two units.

Unit 1	**ESG Performance Indicators and Data Collection** ESG Key Performance Indicators (KPIs) ESG Data Sources and Collection Methods
Unit 2	**ESG Reporting and Communication** ESG Reporting Frameworks and Structures ESG Communication and Transparency

ESG4 SMEs
Sustainability in Action

Co-funded by the European Union

Unit 1

ESG PERFORMANCE INDICATORS AND DATA COLLECTION

Learning objectives

At the end of the Unit, you are expected to:

- Identify and define key ESG performance indicators relevant for rural SMEs.
- Understand methods and tools for collecting accurate ESG data.
- Recognize common challenges in ESG data collection and how to address them.

This Unit works on the following ESG Competences:

1.E.3: Understanding and doing impact assessment
1.G.3: Planning and management abilities

3.E.1: Knowledge of Sustainability KPIs
3.E.3: Understanding impacts transferability

4.G.1: Coping with ambiguity, uncertainty and risks
4.G.2: Ability to give feedbacks, comments, assessments

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

What will we discuss in this Unit?

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

UNIT 1: What will be covered

In Unit 1, we explore how to **define ESG performance indicators** across environmental, social, and governance areas.

You will learn how to **choose relevant KPIs** for rural SMEs, identify **internal and external data sources**, and use **practical methods for data collection**.

We also address common challenges such as inconsistent formats or missing values, and highlight how to build a **simple but effective data system** that supports daily operations.

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

LESSON 1

ESG KEY PERFORMANCE INDICATORS (KPIS)

ESG Key Performance Indicators (KPIs)

Quick ESG Refresh

Take a look at the video

Additional Resource: Video Support Material

Co-funded by
the European Union

Video Summary: "What is ESG? Introduction to Environmental, Social and Governance"

This video offers an accessible introduction to **ESG (Environmental, Social, and Governance)** explaining what each pillar entails and why they matter.

It outlines how organizations can integrate ESG principles into operations, highlighting the business value, risk mitigation, and positive impact on society. Geared toward beginners, it simplifies key concepts and illustrates how ESG frameworks support sustainable and ethical decision-making.

Co-funded by the European Union

ESG Key Performance Indicators (KPIs)

What are ESG KPIs?

ESG KPIs are metrics used to evaluate performance in **environmental**, **social**, and **governance** areas. They help SMEs track their sustainability efforts and align operations with ESG standards.

In Practice:
A small manufacturer tracks its **CO_2 emissions per product**, **employee turnover rate**, and **frequency of compliance audits**. These KPIs help it benchmark progress, reduce costs, and build trust with clients.

Co-funded by
the European Union

ESG Key Performance Indicators (KPIs)

The following ESG KPIs are **general examples** tailored to the context of rural SMEs.
You can **refer back to these indicators during the monitoring phase** to help select and apply the most relevant ones for your sustainability tracking and reporting.

E (Environmental): Focus on energy, water, emissions, waste, soil health, and local resource use.
S (Social): Emphasis on employees, inclusion, satisfaction, and community engagement.
G (Governance): Transparency, employee participation, ethical policies, and legal compliance.

Let's now take a closer look at each ESG pillar with practical KPI examples tailored to rural SMEs.

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

ESG Key Performance Indicators (KPIs)

Environmental

Environmental KPI	Example / Measurement Unit
Energy consumption	kWh per unit of product or per service delivered
Water usage	Litres of water per kg of produce or per visitor
Share of renewable energy	% of total energy use from solar, biomass, wind, etc.
Greenhouse gas emissions	kg of CO_2 per ton of product or per activity (e.g. transport, processing)
Waste generation and recycling	Total kg of waste / % of waste recycled or composted
Use of local and sustainable raw materials	% of raw materials sourced locally or with minimal environmental impact
Soil health and land use	Soil organic matter level, presence of erosion control or crop rotation
Biodiversity and ecosystem protection	Number of biodiversity-friendly practices (e.g. pollinator areas, buffer zones)

ESG Key Performance Indicators (KPIs)

Social

Social KPI	Example / Measurement Unit
Local employment rate (%)	% of employees coming from the local municipality or community
Employee satisfaction index	Average score from internal surveys (e.g. scale from 1 to 5)
Occupational health & safety incidents	Number of reported workplace accidents per year
Training hours per employee per year	Annual number of hours focused on safety, quality, or sustainability
Inclusion of vulnerable groups (%)	Share of employees from long-term unemployed, persons with disabilities, or minority groups
Gender balance in workforce (%)	% of women and men among all employees
Community engagement actions per year	School farm visits, participation in local fairs, workshops for the local population
Customer satisfaction score	Feedback related to service quality, visitor experience, or product satisfaction

Co-funded by
the European Union

ESG Key Performance Indicators (KPIs)

Governance

Governance KPI	Example / Measurement Unit
Existence of an ethics or sustainability code (Yes/No)	Internal document outlining values, sustainability principles, and behavioral standards
Transparency of financial records	Regular financial reporting or publicly accessible summaries of key figures
Female participation in management (%)	% of women in leadership or management positions
Regularity of compliance audits or checks passed (%)	% of internal or external audits completed successfully each year
Anti-corruption or fair trade policy in place (Yes/No)	Documented commitment to ethical business and fair trade practices
Participation of workers in decision-making (%)	% of employees involved in annual planning or structured feedback processes
Data privacy and digital safety policy (Yes/No)	Measures to protect customer data and ensure secure online transactions
Traceability system in the supply chain	Ability to trace inputs and products through the supply chain (especially for food/agro sectors)

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

ESG Key Performance Indicators (KPIs)

Read each KPI below and decide whether it belongs to **Environmental (E), Social (S), or Governance (G).**

1. Local employment rate (%):
% of employees from the local municipality or region.
___ (E / S / G)

2. CO_2 emissions per product or activity unit:
kg CO_2 / product, field, livestock unit.
___ (E / S / G)

3. Customer satisfaction score:
feedback on tours, local products, services.
___ (E / S / G)

4. Existence of an ethics or sustainability code (Yes/No):
signed and applied internally.
___ (E / S / G)

5. Water usage per unit of output:
litres per kg of produce.
___ (E / S / G)

6. Training hours per employee per year:
especially on safety, quality, or sustainability.
___ (E / S / G)

7. Data privacy and digital safety policy in place (Yes/No):
especially for online sales, bookings, e-payments.
___ (E / S / G)

8. Pesticide and fertilizer application (kg/ha):
especially relevant in sustainable farming.
___ (E / S / G)

9. Female participation in management (%):
___ (E / S / G)

10. Waste recycling rate (%):
% of packaging or organic waste properly recycled.
___ (E / S / G)

Short quiz: Which ESG pillar?

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

ESG Key Performance Indicators (KPIs)

Read each KPI below and decide whether it belongs to **Environmental (E), Social (S), or Governance (G).**

1. Local employment rate (%):
% of employees from the local municipality or region.
_S_ (E / S / G)

2. CO_2 emissions per product or activity unit:
kg CO_2 / product, field, livestock unit.
_E_ (E / S / G)

3. Customer satisfaction score:
feedback on tours, local products, services.
_S_ (E / S / G)

4. Existence of an ethics or sustainability code (Yes/No):
signed and applied internally.
_G_ (E / S / G)

5. Water usage per unit of output:
litres per kg of produce.
_E_ (E / S / G)

6. Training hours per employee per year:
especially on safety, quality, or sustainability.
_S_ (E / S / G)

7. Data privacy and digital safety policy in place (Yes/No):
especially for online sales, bookings, e-payments.
_G_ (E / S / G)

8. Pesticide and fertilizer application (kg/ha):
especially relevant in sustainable farming.
_E_ (E / S / G)

9. Female participation in management (%):
_G_ (E / S / G)

10. Waste recycling rate (%):
% of packaging or organic waste properly recycled.
_E_ (E / S / G)

ANSWER KEY!

Short quiz: Which ESG pillar?

ESG Key Performance Indicators (KPIs)

Why do KPIs matter in rural SMEs?

For rural SMEs, KPIs provide actionable insights that support operational improvements and long-term sustainability. They guide decisions on resource use, employee wellbeing, and governance practices.

Characteristics of Effective KPIs

Effective KPIs are SMART: specific, measurable, achievable, relevant, and time-bound. Such indicators ensure clarity and accountability in ESG monitoring.

Matching KPIs to SME Functions

ESG KPIs should be linked to practical SME activities, such as tracking energy consumption in production or diversity in HR policies. This ensures relevance and feasibility.

ESG Key Performance Indicators (KPIs)

Characteristics of Effective KPIs

SMART

Think about it: What does the SMART acronym stand for in relation to KPIs? Describe one practical method for ESG data collection.

ESG Key Performance Indicators (KPIs)

1. What does the SMART acronym stand for when talking about KPIs?
Choose the correct set of words:
a) Specific, Manageable, Accurate, Reliable, Time-bound
b) Specific, Measurable, Achievable, Relevant, Time-bound
c) Simple, Motivational, Active, Rational, Transparent

___

2. Why do KPIs matter for rural SMEs?
a) Because they are legally required for all businesses
b) Because they provide insights that support improvements and long-term sustainability
c) Because they immediately increase revenue without any changes

___

3. What do effective SMART KPIs ensure?
a) More employees hired
b) Clarity and accountability in ESG monitoring
c) Lower cost of raw materials

___

Short quiz: SMART and KPIs for ESG

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

ESG Key Performance Indicators (KPIs)

1. What does the SMART acronym stand for when talking about KPIs?
Choose the correct set of words:
a) Specific, Manageable, Accurate, Reliable, Time-bound
b) Specific, Measurable, Achievable, Relevant, Time-bound
c) Simple, Motivational, Active, Rational, Transparent
_b_

2. Why do KPIs matter for rural SMEs?
a) Because they are legally required for all businesses
b) Because they provide insights that support improvements and long-term sustainability
c) Because they immediately increase revenue without any changes
_b_

3. What do effective SMART KPIs ensure?
a) More employees hired
b) Clarity and accountability in ESG monitoring
c) Lower cost of raw materials
_b_

Short quiz: SMART and KPIs for ESG

ANSWER KEY!

Co-funded by
the European Union

ZelOlje

Practical Example -**ESG KPIs in Action**

Prekmurje, Slovenia

ESG Goal:
Track and improve environmental performance with simple, measurable indicators.

How the goal became action:
– Defined ESG KPIs tailored to operations: kWh/litre, m^3 of water/litre, kg of waste/month
– Set up monthly Excel tracking by production manager
– Identified water inefficiencies in cleaning → reduced use by 18%
– Created clear internal roles and a routine for ESG data flow

Was the goal followed up?
Yes – KPIs are now discussed quarterly to guide procurement, maintenance, and training priorities.

Was progress reviewed?
Results are reviewed via trend summaries and used to inform decisions.

Who was responsible?
Production leader led implementation; cooperative board ensured approval and continuity.

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

LESSON 2

ESG DATA SOURCES AND COLLECTION METODS

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

ESG Data Sources and Collection Metods

Internal vs. External Data Sources

For small and medium-sized enterprises (SMEs), especially in rural areas, ESG data collection is vital for tracking sustainability efforts, ensuring regulatory compliance, and building stakeholder trust. These data sources fall into two categories: **internal** and **external**. Both are essential for a complete and credible ESG reporting system.

Internal Data Sources

Data generated within the company – direct, operational, real-time. Example:

HR records
→ number of employees, turnover rate, training hours, safety incidents

Operational data
→ energy and water use, waste generation, production efficiency

Governance documentation
→ internal audits, codes of ethics, compliance records

Customer feedback
→ satisfaction surveys, complaint logs

Farm logbooks / management systems
→ pesticide application, irrigation tracking, machinery maintenance

Why it matters:
This data is easy to access, cost-effective, and helps improve internal performance.

ESG Data Sources and Collection Metods

External Data Sources

External data comes from outside the SME and provides broader context, comparability, and validation.

Data from outside the company – broader, comparative, credibility-enhancing.

Supplier audits / certifications
→ sustainable sourcing, labor standards, environmental compliance

National or regional statistics
→ workforce data, energy mix, emissions thresholds

NGO or academic reports
→ biodiversity indicators, social impact studies, rural development research

Public authority data
→ Eurostat, ARSO, regulatory frameworks

Sectoral benchmarks and EU indicators
→ SDG alignment, EU taxonomy, rural sustainability standards

Why it matters:
External data supports transparency, builds trust, and ensures regulatory alignment.

Name one internal and one external source of ESG data in rural SME?

Co-funded by
the European Union

ESG Data Sources and Collection Metods

Short quiz: ESG Data Sources

1. Which of these is an example of an *internal* data source in a rural SME?
a) Supplier audit reports
b) HR records (number of employees, turnover, safety incidents)
c) National workforce statistics

2. Which of these is an example of an *external* data source?
a) Customer satisfaction surveys conducted by the SME itself
b) Farm machinery maintenance logs
c) NGO or academic biodiversity reports

3. Why is it important to use *internal data* for ESG reporting?
a) It is cheap, readily available, and helps improve internal performance
b) It guarantees compliance with all EU laws automatically
c) It eliminates the need for external audits

4. Why is it important to use *external data*?
a) It helps build credibility, ensures transparency, and aligns with regulations
b) It reduces the amount of data a company needs to collect
c) It only benefits large corporations, not SMEs

Co-funded by
the European Union

ESG Data Sources and Collection Metods

1. Which of these is an example of an *internal* data source in a rural SME?
a) Supplier audit reports
b) HR records (number of employees, turnover, safety incidents)
c) National workforce statistics

2. Which of these is an example of an *external* data source?
a) Customer satisfaction surveys conducted by the SME itself
b) Farm machinery maintenance logs
c) NGO or academic biodiversity reports

Short quiz: ESG Data Sources

ANSWER KEY!

3. Why is it important to use *internal data* for ESG reporting?
a) It is cheap, readily available, and helps improve internal performance
b) It guarantees compliance with all EU laws automatically
c) It eliminates the need for external audits

4. Why is it important to use *external data*?
a) It helps build credibility, ensures transparency, and aligns with regulations
b) It reduces the amount of data a company needs to collect
c) It only benefits large corporations, not SMEs

ESG Data Sources and Collection Metods

Collection Methods

For rural Small and Medium-sized Enterprises (SMEs), data collection is a foundation for building effective Environmental, Social, and Governance (ESG) monitoring and reporting systems.

Due to budget and capacity constraints, rural SMEs often rely on low-cost and easy-to-use tools such as Excel spreadsheets, open-source platforms, free survey tools (e.g., Google Forms), or standardized paper templates. In some cases, partnerships with local cooperatives, chambers of commerce, or development agencies provide access to shared tools or basic training in data collection. The key is to select methods that are **practical and generate reliable, actionable data.**

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

ESG Data Sources and Collection Metods

Collection Methods

Organisational Preconditions for Effective ESG Data Collection

ESG data collection in SMEs is not just a technical activity—it is an organisational process. To ensure consistency and usability, companies must establish clear internal conditions that support reliable data flows:

- **Defined internal roles and responsibilities**: Who is in charge of each KPI? What are the sources? How often is data updated?
- **Decision-oriented purpose**: ESG data collection should serve decision-making, not just reporting. Data must support concrete improvements—e.g. investment in energy upgrades, training programs, or procurement changes.
- **Employee engagement**: Even basic data recording (e.g. water use, waste quantity) requires daily habits and understanding. Employees are the first link in the ESG information chain.
- **Integration into existing procedures**: Use standard workflows and tools (e.g. HR records, production logs) to avoid administrative overload and improve data continuity.

Key question: Is ESG data collection integrated into our regular operations—or only triggered by external reporting needs?

Co-funded by
the European Union

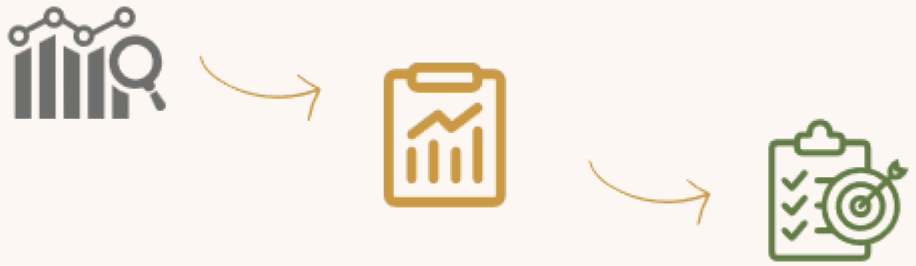
ESG Data Sources and Collection Metods

Data Quality Challenges

One of the main challenges for rural SMEs is ensuring the **quality, consistency, and usability** of the data they collect. Common problems include:

- **Inconsistent reporting formats**, where different departments or staff use varied units, structures, or terminology.
- **Missing values**, often due to lack of time, unclear KPI definitions, or insufficient guidance.
- **Limited use of digital tools**, resulting in manual data entry that increases error rates and limits the potential for analysis.

Poor data quality undermines the reliability of KPIs, complicates year-over-year comparisons, and weakens decision-making processes. Furthermore, incomplete or poorly documented data may hinder auditability or the ability to apply for grants and sustainability-linked funding.



ESG Data Sources and Collection Metods

Data Quality Challenges

Business Risks Arising from Poor ESG Data Quality

Low-quality ESG data can have serious implications for the performance and credibility of an SME:

- **Operational risks**: Inaccurate data leads to poor decisions—such as misdirected investments or ineffective sustainability measures.
- **Funding and compliance risks**: Incomplete or inconsistent documentation can disqualify the company from grants, subsidies, or certifications tied to ESG performance.
- **Fragmented data sources**: Multiple spreadsheets, handwritten notes, or unstructured reports reduce transparency and increase error potential.
- **Reputational risks**: ESG claims that are not backed by verifiable data may undermine trust and lead to perceptions of greenwashing.

Standardise data formats, clarify responsibilities, implement internal controls, and prioritise consistency over complexity. Even the simplest systems can be credible—if built on solid data foundations.

Co-funded by
the European Union

ESG Data Sources and Collection Metods

Common Practices in Data Collection

To improve data reliability and ensure its usability, rural SMEs should implement **clear, standardized procedures** for collecting and managing information. Common practices include:

- **Standardizing formats and units of measurement**, which improves consistency and comparability over time.
- **Training staff**, so they understand the purpose and methodology behind data collection, as well as how data contributes to performance and compliance.
- **Using templates and data entry forms**, to reduce human error and ensure completeness of records.
- **Assigning responsibilities and setting internal deadlines**, which enhances accountability and supports routine, structured data tracking.

These practices help rural SMEs build a transparent and credible reporting system that supports internal improvement, stakeholder trust, and compliance with ESG standards.

Co-funded by
the European Union

ESG Data Sources and Collection Metods

Common Practices in Data Collection

Building a Sustainable ESG Data System in SMEs

Common Practices are not about perfection—they are about building a realistic, functional structure that grows with the company.

For rural SMEs, a practical system should include (example):

- **A basic ESG indicator set (5–8 KPIs)**: Focus on what is strategically relevant and realistically measurable with existing resources.
- **An ESG responsibility matrix**: A simple table that defines who collects which KPI, how often, using which tools, and where it is stored.
- **Annual KPI review**: Assess whether indicators remain relevant, whether methods need improvement, and what new data might be required.
- **Routine integration**: Include ESG KPIs in monthly reports, quarterly management reviews, or operational check-ins.

Foster a culture of continuous improvement: Your ESG data system doesn't have to be perfect—it has to be alive. Small steps and incremental improvements build lasting credibility over time.

ESG Data Sources and Collection Metods

TIP for Implementation: ESG Data Collection in Rural SMEs

1. **Define a core ESG indicator set**
   → Focus on 5–8 key indicators that are realistic, measurable, and stable over time.

2. **Link data to decision-making**
   → Use collected data to guide improvements, investments, and stakeholder engagement – not just for reporting.

3. **Ensure consistency and responsibility**
   → Assign clear roles, set data collection frequency (e.g. quarterly, annually), and ensure secure data handling.

Why this matters:
Collecting ESG data is not just about compliance – it's a tool for better management, communication, and long-term sustainability.

ZelOlje

Practical Example -**ESG Data Sources and Collection Methods**

Prekmurje, Slovenia

ZelOlje lacked structured ESG data. The **ESG Analyst** (production manager) introduced monthly tracking using internal meters and Excel templates. This made water and energy use measurable per litre of oil.

As **ESG Optimizer**, he trained staff, integrated data entry into routines, and improved process visibility. One insight led to an 18% reduction in water consumption.

The **ESG Leader** (cooperative president) reviewed quarterly summaries and used them to prioritise maintenance and guide internal planning. The system improved decision-making, efficiency, and staff engagement.

Co-funded by
the European Union

UNIT 1 SUMMARY – ESG Performance Indicators and Data Collection

This unit explains what ESG indicators are and how to define them across environmental, social, and governance areas, with a focus on examples relevant to rural SMEs.

It introduces both internal and external data sources and presents practical data collection methods. Participants learn about the organisational requirements for consistent data tracking and the common challenges such as inconsistent formats, missing values, and limited digital tools.

A practical case from the company ZelOlje illustrates how ESG indicators can be introduced, how processes can be improved, and how data can inform better decision-making.

Co-funded by
the European Union

WHAT IS NEXT? → UNIT 2

In Unit 2, you will get to know key ESG reporting frameworks like **GRI, CSRD, and SASB**, and learn how to **prepare simple, useful ESG reports**. You will also explore how to **communicate your ESG actions** in ways that build trust and connect with your stakeholders.

ESG4 SMEs
Sustainability in Action

Co-funded by the European Union

Unit 2

ESG REPORTING AND COMMUNICATION

Co-funded by
the European Union

Learning objectives

At the end of the Unit, you are expected to:

- Apply ESG reporting frameworks to ensure transparency and compliance.
- Develop clear and audience-focused ESG communication strategies.

This Unit works on the following ESG Competences:

1.E.3: Understanding and doing impact assessment
1.S.4: Understanding and promoting inclusion and diversity

3.G.1: Ability to mobilise resources

4.S.2: Ability to work with others
4.S.5: Valuing and promoting Culture, values and traditions
4.S.6: Understanding of community impcts
4.G.2: Ability to give feedbacks, comments, assessments

Co-funded by
the European Union

What will we discuss in this Unit?

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

LESSON 1

ESG REPORTING FRAMEWORKS AND STRUCTURES

Co-funded by
the European Union

ESG Reporting Frameworks and Structures

ESG Reporting for Small Businesses: Simple Steps to Get Started and Succeed

LINK: https://www.youtube.com/watch?v=9NdAIUG4QOA

Additional Resource: Video Support Material

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

Video Summary: "ESG Reporting for Small Businesses: Simple Steps to Get Started and Succeed "

The video explains that even small businesses can successfully start ESG (Environmental, Social, and Governance) reporting.

It outlines simple first steps—such as collecting basic data and using accessible metrics—to make the process manageable and not overwhelming.

The aim is to help smaller companies integrate ESG practices without needing complex systems or large teams.

Co-funded by
the European Union

ESG Reporting Frameworks and Structures

Frameworks Overview

Understanding how to report and communicate ESG efforts is essential for credibility, stakeholder trust, and future compliance.

Different frameworks serve different needs — from flexible tools suitable for rural SMEs to more formalized standards for larger enterprises. This overview helps you choose the one that fits your context best.

In the next slide, we introduced some of the key ESG reporting frameworks relevant for SMEs.
We take a closer look at three well-known standards.

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

ESG Reporting Frameworks and Structures

Frameworks Overview

GRI (Global Reporting Initiative):

- The Global Reporting Initiative (known as GRI) is an international independent standards organization that helps businesses, governments, and other organizations understand and communicate their impacts on issues such as climate change, human rights, and corruption. It is the most flexible and widely used ESG reporting framework. The GRI Standards have a modular structure, making them easier to update and adapt.

CSRD (Corporate Sustainability Reporting Directive):

- Requires companies to report on the impact of corporate activities on the environment and society, and requires the audit (assurance) of reported information. The purpose of the Green Deal is to make Europe the first climate-neutral continent by 2050.

SASB (Sustainability Accounting Standards Board):

- Focused on **financial materiality** and **investor needs**. SASB Standards enable organisations to provide industry-based disclosures about sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, access to finance or cost of capital over the short, medium or long term.

Note that this is not an exhaustive list — there are other frameworks and sector-specific tools available. ☺

Co-funded by
the European Union

ESG Reporting Frameworks and Structures

GRI vs. CSRD

GRI is a voluntary framework used globally by organisations of all sizes. In contrast, CSRD is a mandatory directive for large or listed companies within the EU, emphasising transparency and accountability to investors and other stakeholders.

GRI vs. SASB

The GRI is designed for a broader range of stakeholders, while the SASB is specifically aimed at investors. The GRI's principle-based approach encourages organisations to engage with multiple stakeholders, including employees, customers, regulators, and the public.

Quiz: Do You Know the ESG Frameworks?

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

Quiz: Do You Know the ESG Frameworks?

1. What does GRI stand for?
a) Global Reporting Initiative
b) Green Reporting Index
c) General Reporting Indicator
d) Governance Risk Initiative

2. What is the main goal of CSRD?
a) To promote innovation
b) To reduce reporting costs
c) To make Europe the first climate-neutral continent by 2050
d) To simplify tax reporting

3. What is SASB focused on?
a) Human rights
b) EU legislation
c) Financial materiality and investor needs
d) Green energy

4. What is true about GRI compared to CSRD?
a) Both are mandatory for all organizations
b) GRI is voluntary, CSRD is mandatory for large or listed companies
c) CSRD is voluntary, GRI is mandatory
d) Neither is suitable for SMEs

5. Which statement is true about the difference between GRI and SASB?
a) SASB targets a broader range of stakeholders
b) GRI is only focused on investors
c) GRI engages a wider range of stakeholders, SASB targets investors
d) Both target the same stakeholder group

ANSWER KEY!

Co-funded by the European Union

Quiz: Do You Know the ESG Frameworks?

1. What does GRI stand for?
a) Global Reporting Initiative
b) Green Reporting Index
c) General Reporting Indicator
d) Governance Risk Initiative

2. What is the main goal of CSRD?
a) To promote innovation
b) To reduce reporting costs
c) To make Europe the first climate-neutral continent by 2050
d) To simplify tax reporting

3. What is SASB focused on?
a) Human rights
b) EU legislation
c) Financial materiality and investor needs
d) Green energy

4. What is true about GRI compared to CSRD?
a) Both are mandatory for all organizations
b) GRI is voluntary, CSRD is mandatory for large or listed companies
c) CSRD is voluntary, GRI is mandatory
d) Neither is suitable for SMEs

5. Which statement is true about the difference between GRI and SASB?
a) SASB targets a broader range of stakeholders
b) GRI is only focused on investors
c) GRI engages a wider range of stakeholders, SASB targets investors
d) Both target the same stakeholder group

ANSWER KEY!

Co-funded by
the European Union

ESG Reporting Frameworks and Structures

VIDEO:

Sustainability Reporting: The Standard You NEED to Know

Additional Resource: Video Support Material

https://www.youtube.com/watch?v=H3cy5pVj44k

Video Summary: "Sustainability Reporting: The Standard You NEED to Know "

The video presents the GRI standard as a tool for sustainability reporting, helping companies systematically report their impacts on the environment, society, and the economy. It explains how GRI is structured and why it is important for transparency and accountability.

ESG Reporting Frameworks and Structures

Selecting Indicators for Reporting

Before starting to report on ESG, SMEs should first select the right indicators (KPIs).
The indicators should reflect what really matters — both for the business and for its stakeholders.
Well-chosen indicators help SMEs track progress, set priorities, and communicate clearly.
To be effective, indicators should follow the **SMART** principle.
That means they are:

- **S**pecific
- **M**easurable
- **A**chievable
- **R**elevant
- **T**ime-bound (SMART)

Co-funded by
the European Union

ESG Reporting Frameworks and Structures

Structuring the ESG Report

A well-structured ESG report enhances transparency and enables stakeholders to quickly understand a company's sustainability efforts.

A basic ESG report typically includes:

- **Company profile** (core business, location, size, ownership)
- **Material ESG topics** (based on sector and local context)
- **Goals and commitments** (short- and long-term)
- **Key Performance Indicators (KPIs)** with data over time
- **Actions taken and outcomes** (e.g. energy savings, social initiatives)
- **Optional annexes** (e.g. policies, data sources, certifications)

1. Identify your material ESG issues
2. Establish your ESG strategy and goals
3. Select an ESG reporting framework
4. Plan how to govern ESG in your organization
5. Collect ESG data
6. Present the data in your ESG report

A clear, logical flow—from general to specific—helps readers navigate the content and interpret the data meaningfully.

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

ESG Reporting Frameworks and Structures

Simplified Reporting for SMEs

Rural SMEs often face limited time, resources, and technical expertise to implement comprehensive ESG reporting. Therefore, **simplified templates, summaries, and modular tools** adapted to their operational scale can significantly improve participation and impact.

Some simplification elements:

- **Clear and concise language** to avoid technical jargon.
- **Visual tools** such as infographics or dashboards to present data clearly.
- **Short case examples** that demonstrate ESG actions in similar rural or sectoral contexts.
- **Pre-filled templates or checklists** to reduce the administrative burden.

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

ESG Reporting Frameworks and Structures

Simplified Reporting for SMEs

Why it matters:

Tailored approaches help **build trust and understanding** within smaller enterprises, making ESG integration less intimidating and more action-oriented.

Example: Some Benefits of simplified reporting for SMEs:

- Increases **accessibility** and **practicality**
- Encourages **first steps** into ESG practices
- Facilitates **communication** with investors and local stakeholders
- Helps demonstrate **progress** with limited resources
- Supports access to **funding** and **certifications**
- Builds internal **awareness** and **engagemen**

ZelOlje

Practical Example - **Simplified ESG Reporting**

Prekmurje, Slovenia

ESG Goal: Create a basic ESG report to support internal planning and reflect sustainability efforts.

How the goal became action:
– The **ESG Analyst** (administrator) structured a simple report: company profile, selected KPIs, trends, and actions.
– Data came from internal tracking tools (Excel templates, logs).
– The report followed the GRI logic but was used only internally.

Was the goal followed up?
Yes – the report was updated annually and became part of quarterly board discussions.

Was progress reviewed?
Trends and outcomes were analysed by the **ESG Leader** (president) to adjust priorities and investments.

Who was responsible?
The administrator compiled the report; the president used it to support strategic decisions.

ESG4SMEs
Sustainability in Action

Co-funded by
the European Union

LESSON 2

ESG COMMUNICATION AND TRANSPARENCY

ESG Communication and Transparency

Tailoring the Message

Effective ESG communication is not just about disclosing data—*it's about building trust and engaging relevant stakeholders in a meaningful way.* Rural SMEs, in particular, benefit from tailored communication that is simple, practical, and impact-focused.

Different stakeholders care about different aspects of ESG. The **local community** is interested in **job creation and environmental responsibility. Funders and banks** focus on **governance, risk mitigation, and compliance**. **Employees value safety, wellbeing, and inclusion**. Communicating ESG efforts clearly and concisely helps demonstrate credibility and alignment with shared values.

Co-funded by
the European Union

ESG Communication and Transparency

Tailoring the Message

For small and rural businesses, effective messaging means using plain language, avoiding technical jargon, and focusing on real-life outcomes. -> **For example, instead of abstract metrics, say: *"We reduced heating costs and CO_2 emissions by switching to biomass."*** Practical stories and visual tools can increase clarity, while local media or community events offer accessible channels for outreach.

Strategic communication strengthens stakeholder relationships, increases transparency, and helps SMEs position themselves competitively—without adding complexity.

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

ESG Communication and Transparency

Channels and Formats for Communication

Rural SMEs don’t need complex campaigns to communicate ESG. Focus on **practical and accessible formats**

Tip: Use consistent branding and visual structure. Prioritise clarity over quantity – well-crafted, short formats have higher impact than long, generic reports.
Effective communication isn’t about saying more, but about making each message count.

Choosing the right **formats and communication channels** helps build trust with stakeholders while keeping the effort manageable.
Recommended formats include:

ESG Communication and Transparency

Recommended formats include:

- **Concise ESG summaries** embedded in everyday documents (e.g. invoices, funding proposals, partner emails), showing alignment with sustainability goals without requiring a full report.
- **Infographics** that visualise key metrics or progress (e.g. water use, CO_2 reduction), suitable for bulletin boards, social media, or newsletters.
- **Community presentations** or **local radio broadcasts** to inform and involve local residents and stakeholders, especially in areas with limited digital access.
- **Storytelling posts** with visuals, short quotes, or photos that document ESG actions (e.g. staff training, switch to renewables), making efforts relatable and human-centred.
- **A4 factsheets** – simple, single-page briefs covering actions, outcomes, and future commitments, ideal for handouts or downloads.

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

ESG Communication and Transparency

Transparency and Trust

Trust is not built overnight—it emerges through **reliable, honest, and clear communication**. In the ESG context, transparency demonstrates integrity and long-term thinking, especially important for small and rural enterprises aiming to strengthen stakeholder relationships.

Foundations of ESG Credibility:

- **Consistent messaging** across all channels and reports.
- **Balanced reporting** that includes both achievements and difficulties.
- **Clarity on data gaps or limitations**, with a plan for improvement.
- **Responsiveness to stakeholder input**, including community concerns.
- **Follow-through**: deliver on what you communicate.

Transparency is not about perfection, but about showing progress and intent.

ESG4SMEs
Sustainability in Action

Co-funded by the European Union

ESG Communication and Transparency

EXAMPLE

TIP!

Make your ESG efforts credible through:

Concrete examples
“We aimed for 30% waste reduction. We reached 18%, and plan additional training to meet the target.”

Acknowledging limitations
“We currently lack complete data from our transport suppliers, but are setting up a new tracking system.”

Visible local engagement
Attend community events, publish short updates on notice boards or local radio, and showcase actions (e.g., installing solar panels, water-saving measures).

Authentic language
Avoid overly promotional or technical terms. Speak plainly, and share lessons learned—not just results.

Small steps, repeated
Trust grows through small, verifiable actions. A single factsheet shared regularly may have more impact than an annual glossy report.

Co-funded by
the European Union

ESG Communication and Transparency

Creating a Communication Strategy

An effective ESG communication strategy does not require a large budget—but it does require structure, clarity, and alignment with business goals. For rural SMEs, a **lightweight yet strategic plan** ensures that communication efforts are coherent, achievable, and measurable over time.

Example: Four Questions to Define Your ESG Communication Plan:

- **What is your message?**
  Identify 2–3 core themes that reflect your ESG values (e.g. circular resource use, social inclusion, carbon reduction).
- **Who needs to hear it?**
  Define your primary audiences: internal (employees, management) and external (local partners, municipalities, consumers).
- **Which formats will you use?** Tailor channels to audience habits:
  internal posters, Facebook pages, community newsletters, annual reviews.
- **How often will you communicate?**
  Choose a realistic rhythm: monthly mini-updates, quarterly highlights, or annual overviews.

Co-funded by
the European Union

ESG Communication and Transparency

To ensure that ESG communication becomes part of the organisation's long-term culture rather than an isolated activity, it is essential to embed it within existing workflows and assign clear accountability. This enhances coherence, reduces workload duplication, and ensures continuity over time.

Operational integration: Embed ESG messages into routine processes—e.g. include a short sustainability statement on invoices, or reserve a standing agenda point for ESG updates in regular staff or partner meetings.

Defined roles and responsibilities: Clarify the internal workflow for communication:
– *Who drafts the content?*
– *Who validates it?*
– *Who is responsible for publishing or distribution?*

Monitoring and feedback: Establish simple tracking mechanisms to measure communication reach and effectiveness.
▶ *Examples: Number of ESG updates issued annually, views or shares on digital platforms, volume and nature of stakeholder feedback.*

Strategic communication is not defined by scale, but by consistency, purpose, and the ability to monitor and adapt over time.

ESG Communication and Transparency

VIDEO: How to Motivate Employees for Sustainability Initiatives

TIP!

https://www.youtube.com/watch?v=9reyShrHUps

Additional Resource: Video Support Material

Co-funded by
the European Union

Video Summary: "How to Motivate Employees for Sustainability Initiatives "

The video presents practical strategies to inspire employees to become active supporters of sustainability and ESG goals. It emphasizes aligning environmental objectives with personal values, encouraging concrete actions, and recognizing and rewarding efforts—leading to greater engagement and meaningful, lasting change within the organization.

Co-funded by
the European Union

Lumar Ig d.o.o

Practical Example -**ESG Communication Through Visible Action**

Limbuš, Slovenia

ESG Goal: Demonstrate environmental responsibility and commitment to carbon neutrality through measurable actions and public recognition.

How the goal became action:
– Installed solar power plants producing over 90% of electricity needs.
– Fully electrified company fleet.
– Constructed a green roof to reduce rainwater runoff and support biodiversity.
– Sourced certified, local wood and prioritised low-impact procurement.
– Adopted a “degrowth” approach to focus on quality, not expansion.

Was the goal followed up?
Yes – achievements were documented, publicly recognised, and built into a long-term sustainability strategy.

Was progress reviewed?
Progress was measured using indicators such as % renewable energy, CO_2 savings (~80 tons/year), and % of electric vehicles.

Recognition: Multiple awards including Green Star, Horus, ZRMK labels, ETA and Austria Gütezeichen.

Co-funded by
the European Union

UNIT 2 SUMMARY – ESG Reporting and Communication

This unit introduces the main ESG reporting frameworks (GRI, CSRD, SASB) and explains how to structure a report using appropriate indicators and content. Participants learn how to ensure transparency and compliance through reporting and how to integrate ESG into business planning. The unit highlights the importance of clear, targeted communication tailored to different stakeholders, including employees, funders, and the local community. It concludes by emphasising the role of consistency, authenticity, and responsiveness as foundations for trust and long-term ESG engagement.

Bibliography

apiday. (2024). apiday. Retrieved June 24, 2025, from Step-by-step guide to ESG data collection: https://www.apiday.com/blog-posts/step-by-step-guide-to-esg-data-collection

atlan. (2025). atlan. Retrieved June 25, 2025, from 8 Data Quality Problems in 2025 & 8 Ways to Fix Them: https://atlan.com/data-quality-problems/

Cruz, C. A., & Matos, F. (2023). Retrieved June 25, 2025, from ESG Maturity: A Software Framework for the Challenges of: https://www.mdpi.com/2071-1050/15/3/2610

datapad. (2025). datapad. Retrieved May 23, 2025, from Smart KPIs: What Is It and How to Use It?: https://www.esgvoices.com/post/top-12-esg-key-performance-indicators-kpis-every-company-should-track

ECOBIO MANAGER. (2025). ECOBIO MANAGER. Retrieved June 26, 2025, from The GRI reporting initiative and the European ESG reporting: https://ecobiomanager.com/the-gri-reporting-initiative-and-the-european-esg-reporting/

ESGVoices. (2025). ESGVoices. Retrieved May 23, 2025, from Top 12 ESG Key Performance Indicators (KPIs) Every Company Should Track: https://www.esgvoices.com/post/top-12-esg-key-performance-indicators-kpis-every-company-should-track

OECD. (2025). OECD. Retrieved June 26, 2025, from BEHIND ESG RATINGS, Unpacking sustainability metrics: https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/02/behind-esg-ratings_4591b8bb/3f055f0c-en.pdf

PRI. (2025). Principles for Responsible Investment. Retrieved May 15, 2025, from ESG MONITORING, REPORTING AND DIALOGUE IN PRIVATE EQUITY: https://www.bing.com/ck/a?!&&p=a0ceaa32b16eaf5332d3149941fcfa2d0472472bef4abcba62f3af05e749ec5eJmltdHM9MTc1MDg5NjAwMA&ptn=3&ver=2&hsh=4&fclid=39b6c959-34da-6146-193e-c6af35ed60ea&psq=ESG+MONITORING+PRI+PDF&u=a1aHR0cHM6Ly93d3cudW5wcmkub3JnL2Rvd25sb2FkP2FjP

Professionals, D. S., & Societies, E. E. (2010). effas. Retrieved May 10, 2025, from KPIs fpr ESG: https://effas.com/wp-content/uploads/2021/09/KPIs_for_ESG_3_0_Final.pdf

pwc. (2025). pwc. Retrieved June 25, 2025, from ESG reporting and preparation of a Sustainability Report: https://www.pwc.com/sk/en/environmental-social-and-corporate-governance-esg/esg-reporting.html

sopact. (2025). sopact. Retrieved June 20, 2025, from ESG data decoded: https://www.sopact.com/guides/esg-data#what-is-esg

Thank you for completing the Module!

Co-funded by the European Union

CREDITS & LICENCE

Module developed by

MIITR

Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the European Education and Culture Executive Agency (EACEA). Neither the European Union nor EACEA can be held responsible for them.

Project No: 2023-1-DE02-KA220-VET-000156776