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# Module 5

## ESG Strategic Planning for Rural SMEs

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## MODULE 5



MODULE 6

# Welcome to Module 5!

In today's world, integrating **Environmental, Social and Governance (ESG)** values into your business is no longer optional – it's a strategic advantage. This module is designed to guide you through the *how* of that integration.

Over the next Units, you will learn how to move from ESG awareness to action. You'll explore the leadership skills, tools, and planning strategies that can help rural SMEs like yours design and implement effective ESG plans. Whether you're a business owner, manager, or advisor, this module will give you the confidence to shape ESG strategies that are realistic, measurable, and meaningful.

Together, we will:

- *Examine how ESG leadership and governance models can drive sustainable change.*
- *Learn how to develop an ESG strategy tailored to your SME's size, sector, and local context.*
- *Practice using tools like SWOT, PEST, and Business Model Canvas to analyze risks and opportunities.*
- *Translate big ESG visions into clear action plans with defined roles, timelines, and investments.*
- *Discover how to engage stakeholders and align ESG goals with long-term business success.*
- *Explore future-proofing techniques to make your ESG strategies resilient over time.*

This module is not just about learning frameworks, it's about applying them. You'll work on real or simulated SME cases, create practical outputs, exchange feedback with peers, and reflect on how ESG can add value to your business and your community. By the end, you'll have the skills and confidence to lead ESG planning processes that support both sustainable development and business growth in rural areas.

Let's get started and let's build the future, sustainably.

# 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: Develop and apply ESG strategies that optimize business processes and resource use**
- **LO2: Identify key ESG risks and opportunities to inform strategic decision-making**
- **LO3: Formulate short-term and long-term ESG action plans tailored to rural SME contexts**
- **LO4: Establish stakeholder engagement strategies to support ESG initiatives**

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

| | |
|---|---|
| **Unit 1** | **Laying the Groundwork**<br>Leadership and Tools for ESG Planning |
| **Unit 2** | **Turning Vision into Action**<br>Building ESG Plans that Fit Your SME |
| **Unit 3** | **Making ESG Work**<br>Implementing, Investing, and Adapting |

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Unit 1

# LAYING THE GROUNDWORK: LEADERSHIP AND TOOLS FOR ESG PLANNING

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# Learning objectives

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

- Understand and apply the core principles and purpose of ESG strategic planning for rural SMEs.
- Differentiate between ESG compliance requirements and ESG as a competitive advantage.
- Recognize and analyze the influence of leadership styles and governance structures in ESG decision-making.

**This Unit works on the following ESG Competences:**

1.E.1: Having ethical and sustainable thinking
1.E.3: Understanding and doing impact assessment
1.E.4: Innovative thinking
1.G.3: Planning and management abilities
1.G.2: Supporting equity and justice

2.E.1: Defining a vision
2.E.2: Promoting interdisciplinary approaches
2.G.3: Vision and opportunities

3.E.3: Understand impacts transferability
3.S.1: Mobilizing others
3.S.5: Promoting a multi-stakeholder approach
3.S.7: Benefit impact assessment
3.G.3: Knowledge of Compliance regulations and procedures
3.G.4: Understanding and planning long-term investments

4.E.1: Promoting resilient ecosystems
4.S.1: Promoting collective action
4.G.3: EU/National legislative framework

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# What will we discuss in this Unit?

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Lesson 1

# LEADERSHIP AND ESG GOVERNANCE

# Leadership and ESG Governance

## What is ESG Leadership?

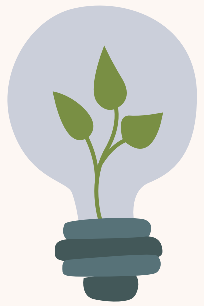
ESG leadership means guiding your business toward environmental, social, and governance (ESG) goals that match your values, your local community's needs, and your long-term business vision.

Unlike traditional leadership focused on short-term profits, ESG leadership aims to:

- Balance financial success with care for people and the planet
- Make your business stronger and more resilient over time
- Build trust and positive impact in your community

In a **rural SME**, ESG leadership might look like:

**Making choices that protect the land, water, and people you depend on**



**Thinking long-term when it comes to energy, waste, or workforce**


**Encouraging employees, suppliers, and partners to support sustainability goals**


**Finding simple, low-cost ways to improve**
(e.g. reducing plastic, saving energy, supporting local youth)

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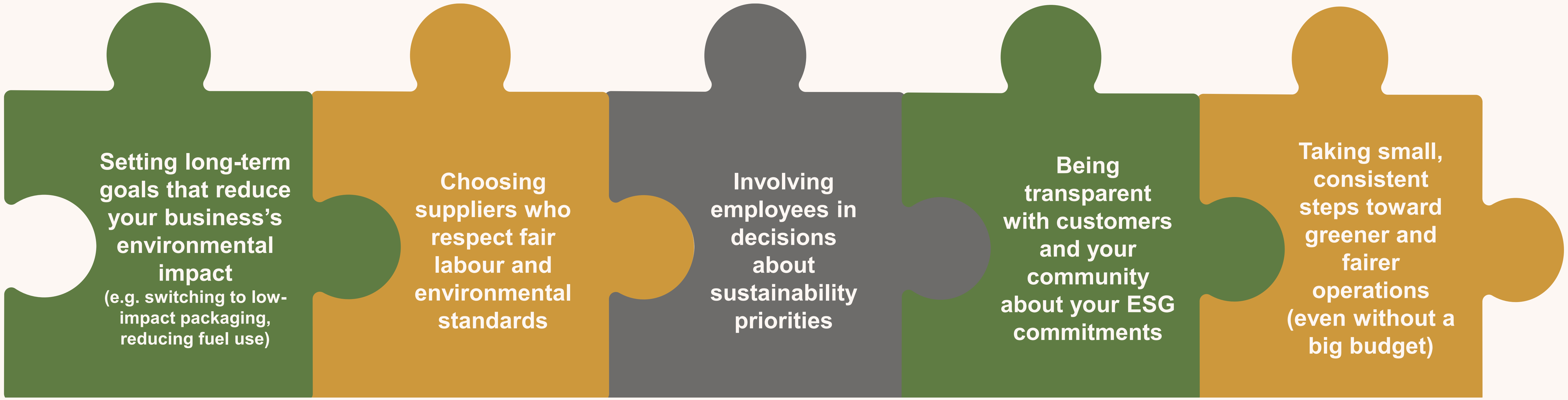
# Leadership and ESG Governance

## Why ESG matters for rural SMEs?

Sectors like **agriculture**, **tourism**, and **energy** are already feeling the effects of climate change. Extreme weather, rising costs, and shifting consumer expectations all impact businesses in these sectors.

ESG leaders are needed to guide businesses through these challenges with resilience and foresight. They are the ones who can turn sustainability into a strategic asset and not just a regulatory checkbox.

## What ESG Leadership Looks Like in Practice



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# Leadership and ESG Governance

## What is ESG Governance (and how is it different from Leadership)?

If **ESG leadership** is about setting the vision, then **ESG governance** is about making sure that vision turns into action, consistently and transparently.

ESG governance provides the rules, roles, and routines that keep your business aligned with its environmental, social, and governance goals… even when day-to-day operations get busy!

While ESG leadership might come from a motivated owner or a small team that champions sustainability, ESG governance ensures that good intentions are followed by concrete actions.

It answers questions like:

*Who is responsible for this ESG goal?*

*How do we track progress?*

*When do we review and adjust?*

In this way, **governance helps SMEs stay consistent, accountable, and focused over time**.

*Think about it:*
*What does ESG leadership look like in your SME or in one you know?*
*Who makes ESG-related decisions? What qualities do they bring to the table?*

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# Leadership and ESG Governance

## Making It Work: Governance in Everyday SME Life

Think of leadership as setting the direction: choosing the destination and motivating the team to start the journey. Governance is like drawing the route on the map, assigning drivers, checking the fuel, and making sure the vehicle stays on course. Both are essential, especially in small businesses where the same person may play both roles.

### ESG Leadership

- Sets the vision and long-term sustainability goals
- Motivates people to act according to shared values
- Focused on “why we care” and “where we’re going”
- Often informal, based on personal initiative
- Inspires action

### ESG Governance

- Ensures that goals are implemented, tracked, and reviewed
- Assigns roles and responsibilities within the organisation
- Focused on “how we stay on track” and “who is accountable”
- Can be informal or formal, but always structured
- Provides accountability and consistency

# Leadership and ESG Governance

## Why Governance Matters in ESG (especially for SMEs)

**"Governance is only for big corporations"**

This is a **misconception**! SMEs also need strong governance, often even more so!

SMEs often rely on close, trust-based relationships with customers, partners, staff, and the wider community.

That trust doesn't come from marketing claims alone.

It comes from **transparency, consistency, and follow-through**.

When governance is missing, even with good intentions, efforts may:

- Lack direction
- Be forgotten
- Have **no one accountable**

**No review = No results**

*Good governance gives ESG actions structure.*
*It helps your business stay **focused, organised, and intentional** (even with limited time and resources).*

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# Leadership and ESG Governance

## Turning ESG Talk into Action

With basic governance practices - like assigning clear responsibilities, checking progress at regular intervals, or tracking results over time - you reduce the risk of **greenwashing, compliance failures, and missed opportunities**.

At the same time, you create a **culture of accountability** that supports long-term value creation and community trust.

In SMEs, ESG governance doesn't require a board or complex reporting. It can be as simple as having a checklist, sharing ESG goals with your team, or holding 10-minute monthly reviews.

**What matters isn't the formality, it's the consistency.**
Governance is how you move from ESG *intention* to ESG *impact*.

*Before moving on, take 5 minutes to think about your own SME.*
*Choose one ESG goal your business has talked about (formally or informally): Was it followed up?*
*Was progress reviewed? Who was responsible?*
*Keep your example in mind — next, we'll see how another SME made it work.*

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# RESIDENZA RURALE L'INCARTATA

A practical example of how a Rural SME turned an ESG Goal into Action

*Calvanico (SA), Italy*

This case shows how an ESG goal - starting from a clear local vision - was transformed into real, measurable actions through purpose-driven leadership and community engagement.

**ESG Goal:**

Promote sustainable local food systems and inclusive rural hospitality.

**How the goal became action:**

- Integrated the ESG vision directly into the business model, based on zero-kilometre, seasonal production
- Renovated an abandoned farmhouse using traditional and low-impact building techniques
- Partnered with local cooperatives (e.g. Terra di Resilienza) to recover and process ancient grains
- Designed public events such as the "Aperitivi Scientifici" to connect food, climate, and community dialogue
- Opened the space to schools and social groups, combining education, inclusion, and rural culture

**Was the goal followed up?**

Yes, the owner redesigned business activities around the ESG goal, starting small and scaling with community input

**Was progress reviewed?**

Tracked through visitor feedback, community engagement, and increased visibility in sustainable tourism networks

**Who was responsible?**

The owner led the transformation, supported by his family and local partners with shared roles and values

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**We’ve seen how a clear ESG goal can drive meaningful change in a rural SME. But how can that be translated into a structured, long-term strategy? In the next lesson, we explore why ESG strategies matter, and how SMEs can build them step by step.**

Lesson 2

# BUILDING AN ESG STRATEGY

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# Building an ESG Strategy

## Why ESG Strategy Matters for SMEs

Doing the right thing is a great start. But for change to last, rural SMEs need more than good intentions: they need structure. Without a clear strategy, it's easy to feel like you're always chasing the next problem. A clear, tailored ESG strategy can help SMEs navigate complexity, respond to change, and grow with purpose.

## Why SMEs need ESG strategies

The EU as well!

1. **New rules and regulations**

   Even if you're not directly affected now, larger customers and partners may soon require proof of how you manage environmental and social impacts.

2. **Funding and finance requirements**

   Banks, grants, and investors increasingly ask for basic ESG plans or commitments before they support a business.

3. **Customer expectations**

   People want to buy from businesses they trust. They look for local, ethical, and transparent practices, and are quick to lose confidence if they're missing.

4. **Operational pressure**

   Energy costs, resource use, and supply risks are pushing SMEs to find smarter, leaner ways of working.

An ESG strategy is a tool to plan, improve, and communicate clearly.
It creates a **roadmap** for action and accountability that fits your size, values, and local context.

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# Building an ESG Strategy

## Why tailored strategies work better

A tailored ESG strategy is built around **your business**, your values, and your way of working. It focuses on what's **relevant and doable**, not on doing everything.

It helps you:

**Link ESG to your real priorities**
like product quality, local reputation, or staff wellbeing

**Set goals you can actually reach**
instead of copying what multinationals do

**Make sustainability part of daily work**
not a side project

**Show others you have a direction,**
whether it's customers, partners, or funders

The goal isn't to impress with big words. It's to make your decisions clearer, your actions more consistent, and your story easier to share.

***Think of your own SME or one you know:*** *Have you ever made a sustainability or ESG plan? Was it something you used, or just for a funding application? Did it help your team focus or change anything? Hold on to your answers — we'll now look at a simple framework you can adapt.*

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# Building an ESG Strategy


## The 7-Step ESG Strategy Framework

You don’t need a 50-page strategy to take ESG seriously. What you do need is a clear structure: something *simple*, *practical*, and *built around your own business*.

The **7-step framework** was created with small, rural enterprises in mind. It’s not full of jargon. It doesn’t assume you have a sustainability team or a big budget. It recognises that your resources are limited, your priorities are local, and your decisions are personal.

## What the framework is (and isn’t)


Instead of telling you what to do, the framework helps you ask the right questions:

*What matters most to your business and your community?*
*What can you realistically improve?*
*How can you organise your efforts so that they last over time?*

It’s not about reporting or compliance. It’s about **building a roadmap** that turns values into actions, and actions into progress.
It can grow with your business. It can be revisited. And most importantly, it belongs to you and not to regulators, consultants, or checklists.

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# Building an ESG Strategy

## Steps 1 to 3: Laying the foundation

1. Every strategy starts with clarity. First, take time to understand ***why*** ESG matters to your business, and not in general terms, but in your specific context. Maybe it's because you're proud of your connection to the land, or because your customers care about how you treat people.

2. Then, think about ***who***'s involved: employees, customers, suppliers, your local community. These are your stakeholders, the people who are affected by what you do and who can help you succeed.

3. Once that's clear, **focus** your efforts. Don't try to tackle every ESG issue at once. Instead, identify two or three priorities that make sense for your size and mission.

   For a farm, this might be soil health and worker safety. For a food producer, it could be energy use and packaging.

*Let's see how one rural SME worked through these first steps to define its ESG priorities in practice.*

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# RESIDENZA RURALE L'INCARTATA

A practical example on addressing *Step 3 – Identifying ESG Priorities*

*Calvanico (SA), Italy*

This case shows how defining a few focused priorities — rooted in values and real capacity — helped turn a broad ESG ambition into a workable, community-aligned strategy.

**ESG Strategy Focus:**
The goal was to make sustainability more intentional by choosing a few key priorities that matched the farm's values, activities, and community role.

**What they did:**
After clarifying their purpose and listening to guests, school groups, and partners, the team selected three material ESG priorities:

- **Sustainable sourcing** — using local and ancient grain varieties from the Terra di Resilienza cooperative
- **Food waste reduction** — planning seasonal menus and reusing leftovers creatively
- **Community education** — creating space for climate and food awareness through cultural events and workshops

**Key insight:**

These priorities emerged from conversations, shared values, and what was realistically doable within their capacity.

The chosen priorities aligned with the farm's identity and could be realistically implemented with available people and resources.

Thus, the company avoided spreading themselves too thin and focused on what would create the most value locally.

**Which roles were involved?**

**ESG Analyst** to gather input and recognise recurring themes

**ESG Leader** to ensure alignment with the farm's vision

**ESG Optimizer** to assess feasibility in daily routines

! At *L'Incartata, all roles are covered by the Owner*



*Now let's return to the full 7-step framework to explore how to turn priorities into goals, actions, and results.*

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# Building an ESG Strategy

## Steps 4 to 5: Turning priorities into action

4

Now it's time to turn focus into **direction**. Choose specific goals. For example, "reduce plastic packaging by 30% in one year," or "offer training on fair labour practices." Then decide ***how*** you'll know if you're making progress. This could be through basic indicators like energy bills, waste weight, or team feedback.

5

Once goals are clear, outline what actions you'll take. Keep it realistic:

- What can you do this quarter?
- Who else needs to be involved?

Many small businesses find it helpful to break down big goals into small tasks over time.

*The key is to move forward, not to do everything at once.*

# Building an ESG Strategy

## Steps 6 to 7: Organising and learning

6

Even in small teams, it helps to be clear about who's doing what. **If ESG is "everyone's job," it can quickly become no one's.** Assign someone to coordinate the effort, even if it's informal or just someone who keeps track of what's happening.

7

Lastly, build in time to pause and **reflect**.

- What worked?
- What didn't?
- What needs to be adjusted?

Your strategy isn't a one-time document, but rather it's something that *grows with your business*. The most effective SMEs aren't the ones who get it perfect the first time. They're the ones who keep learning and adapting.

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# The 7-Step ESG Strategy Framework

*The best ESG strategies don't try to cover everything: they focus on what matters most, where you are now.*

*If you had to pick **just one or two ESG priorities**, what would they be?*

**01**

## Clarify your purpose

Led by: ESG Leader

Start with the "why." Define why ESG matters to your business, based on your values, goals, and local impact. This gives your strategy meaning and direction.

**02**

## Map your stakeholders

Led by: ESG Analyst, supported by ESG Leader

Think about who is affected by your business and who influences your success — staff, customers, suppliers, funders, local community. Understanding them helps you build trust.

**03**

## Identify your priorities

Led by: ESG Analyst, validated by ESG Leader

Choose the ESG topics that matter most. Don't try to do everything, but focus on what fits your business and context (e.g. energy, fairness, biodiversity, wellbeing).

**04**

## Set goals and track progress

Led by: ESG Analyst, supported by ESG Optimizer

Turn your priorities into clear, measurable goals. Define what success looks like, and use simple indicators to follow progress (e.g. energy use, staff feedback).

**05**

## Plan your actions

Led by: ESG Optimizer, in coordination with the team

Break goals into practical, realistic actions. Decide what you'll do, when, and with whom. Keep it manageable and connected to daily work.

**06**

## Assign roles and resources

Led by: ESG Leader, supported by ESG Optimizer

Make sure everyone knows who's responsible for what. Integrate ESG into existing roles and workflows, and allocate time or tools as needed.

**07**

## Review and adjust

Led by: ESG Analyst, with input from the ESG Leader and others

ESG isn't "set and forget." Take time to reflect: what worked, what didn't, and what to improve. Make the strategy a living process.

**You've now seen how ESG strategies can be structured step-by-step, from purpose and priorities to goals and action.**

**But who actually makes it happen? Building a strong ESG strategy isn't a solo job. It requires collaboration, ownership, and the right people in the right roles, inside and outside your SME.**

**In the next section, we'll explore how to involve the right players and make ESG a shared responsibility.**

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# Building an ESG Strategy

## Roles and Collaboration in ESG Strategy Development

Even in small or family-run businesses, an ESG strategy works best when it brings together different perspectives, from inside and outside the business.

No single person knows everything. To build a strong ESG strategy, you need:

It's not about creating a big team. It's about *intentionally* involving the people who already see your business from different angles, so your ESG strategy stays grounded, realistic, and ready to work.

Someone from **operations,** who will bring practical insight into what's doable and where small changes can have an impact.

**Admin, HR, or finance teams** to help track data, identify patterns, and manage documentation.

**External advisors** or **consultants** can offer fresh expertise or specialised skills.

The **owners** or **managers** provide direction and ensure ESG aligns with the core business vision.

**Community partners** or **clients** help connect your strategy to real local needs and priorities. And sometimes, an outside partner offers the push or expertise to move forward.

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# Building an ESG Strategy

### Three essential roles in your SME

Inside any strategy that works, you'll often find three types of contributions: someone who understands where you're starting from, someone who helps turn plans into action, and someone who holds the bigger picture in mind.

We call these roles the **ESG Analyst**, the **ESG Optimizer**, and the **ESG Leader**.

Each role brings a different kind of energy and focus. The Analyst observes, the Optimizer adjusts, and the Leader connects it all to your business's identity and direction.

In some SMEs, one person wears all three hats. In others - especially family-run or growing teams - the roles are shared or supported by trusted partners. What matters isn't the job title, but the function. Someone needs to be looking at where you are now. Someone needs to help make change possible. Someone needs to keep ESG aligned with your purpose and values.

Once these roles are active, even informally, your strategy moves from paper to practice.

*See the Roles in detail* OR *Skip*

# Building an ESG Strategy

## ESG Analyst: Understand and assess

The ESG Analyst helps you understand your starting point.
This is the role that asks: *What are we already doing? What's missing? What matters?*

They typically:

- **Collect information** on existing practices and routines
- Map out risks, gaps, and improvement areas
- Gather feedback with colleagues, staff, or clients
- Track how you manage things like waste, energy, or sourcing
- Translate raw data into clear insights to support decisions

It's the kind of thinking that turns habits into insight, so you can move forward with clarity. In small businesses, this role may be taken by someone in admin, accounting, or operations, or by the owner themselves. Sometimes, they work with a trusted advisor to gain a clearer outside view. **What matters is their ability to ask questions, connect dots, and make your ESG picture visible** so you can plan with confidence.

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# Building an ESG Strategy

## ESG Optimizer: Turn insight into action

The ESG Optimizer makes change happen. This role turns plans into practical improvements, step by step. They ask: *How can we do this better? What changes will actually work here?*

They typically:

- Translate strategy into concrete, doable actions
- Improve day-to-day practices (e.g., waste reduction, sourcing, safety)
- Test and fine-tune new solutions with the team
- Support training or behaviour change where needed
- Help monitor progress and adjust along the way

This role often fits someone involved in operations or production, someone who knows how things work in practice. In small or family-run businesses, it might be a co-owner, a proactive staff member, or an external advisor with hands-on experience.

**The Optimizer's strength is turning ESG from theory into small, smart shifts that build real impact over time**.

# Building an ESG Strategy

## ESG Leader: Keep the direction and make it visible

The ESG Leader holds the overall vision and connects ESG goals to the business's values, leading with intention, and making sure the strategy stays alive and visible. They ask: *Where are we going and why does it matter?*

They typically:

- Set clear ESG priorities aligned with company purpose
- Make decisions that reflect social and environmental values
- Communicate goals inside and outside the business
- Build support with partners, clients, and staff
- Create a culture of learning and responsibility

This role is usually taken on by the owner or top manager. But it can also be shared: for example, with a team member who's passionate and trusted, or with a mentor or cooperative partner.

**The ESG Leader's role is to keep the business focused on why ESG matters, and to inspire others to act with the same purpose.**

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# Building an ESG Strategy

## When collaboration is part of the culture

You don't need a big team or complex tools to build an ESG strategy that works.

What matters is clarity of purpose, and the people you involve from the start.

Involving others early makes your strategy more grounded, more realistic, and more likely to last. In small or family-run businesses, that might mean asking: *Who really sees how things work day to day? Who brings a different view? Who could help track progress?*

*Think of one ESG goal you'd like to move forward.*
*Who in your SME could help shape it?*
*Which role - Analyst, Optimizer, or Leader - do they naturally play?*

Strategy becomes real when the right people have a voice.

That's how you turn good intentions into action, together.

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**You've seen how ESG strategy is built: with purpose, people, and practical steps.**
**But strategy is more than a good idea. It's a way of thinking, planning, and choosing what matters.**
**In the next lesson, we will explore tools that will help you do just that.**

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Lesson 3

# STRATEGIC PLANNING FRAMEWORKS FOR ESG

# Strategic Planning Frameworks for ESG

## Using SWOT and PEST for ESG Planning

Before choosing what to do, you need to understand where you are.
SWOT and PEST are simple tools that help you think more clearly about your business context.

- **SWOT** looks inside: your **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats.
  → *What are we doing well? What's holding us back?*
- **PEST** looks outside: **P**olitical, **E**conomic, **S**ocial, and **T**echnological trends.
  → *What's happening around us that might change things?*

Used together, they help rural SMEs make better ESG decisions based on real risks, chances, and limits.

Next, we'll see what these tools look like in practice.

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# Strategic Planning Frameworks for ESG

## A closer look at SWOT

A **SWOT** is a simple tool to think about your business. It helps you spot what's working, what's not, and what's changing.

You divide things into four areas:

- **Strengths** – What are we good at? What do people trust us for?
- **Weaknesses** – What holds us back or wastes time, money, or energy?
- **Opportunities** – What's changing that we could benefit from?
- **Threats** – What could cause problems if we don't act?

When you use it for ESG, this becomes a great way to notice where sustainability already shows up and where it needs attention. It might look like this:

| | |
|---|---|
| ***Strengths***<br>Loyal local customers, low energy use | ***Weaknesses***<br>No data on waste or emissions |
| ***Opportunities***<br>Subsidies for eco-certification | ***Threats***<br>Droughts, new packaging rules |

*You don't need a consultant or a spreadsheet.*
*Start by talking with your team.*
***Try this:*** *Draw a cross and label the four parts. Ask: "What do we already know about how we work? And where we want to improve?"*

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# Strategic Planning Frameworks for ESG

## Using PEST to spot change

If SWOT helps you look inside your business, **PEST** helps you look around.

It focuses on outside trends that could affect what you do, especially over time.

You look at four areas:

- **P**olitical – New policies, subsidies, or taxes
- **E**conomic – Prices, interest rates, market demand
- **S**ocial – Consumer values, lifestyles, labour trends
- **T**echnological – Digital tools, clean tech, automation

When you use it for ESG planning, it might look like this:

*Look at each PEST area and ask:*
*"What's changing and how could it help or hurt us?"*
*You don't need to predict the future, just stay alert to what's already visible around you.*

| | |
|---|---|
| ***Political***<br>New rules for organic labels | ***Economical***<br>Food prices rising but support for local producers exists |
| ***Social***<br>Customers now care more about animal welfare and plastic use | ***Technological***<br>Apps for tracking emissions or tracing supply chains |

You’ve seen how tools like SWOT and PEST can help you understand where your SME stands and what’s changing around you.

But knowing your context is just the start.

Next, we’ll look at what your ESG actions actually change for your business, your community, and the environment.

Because a strong strategy doesn’t just describe your situation. It shows how you can make a difference.

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# Strategic Planning Frameworks for ESG

## Mapping ESG Impact

Doing ESG isn't just about compliance or reporting.
It's about creating **real impact** on your business, your community, and the environment you work in.
Mapping impact means asking not just *"What are we doing?"* but *"What is it changing?"*
It helps you:

- Stay focused on what matters
- Communicate your value
- Improve over time

You don't need to measure everything. But you do need to see the connection between your actions and their effects.

*Next, let's look at what that connection looks like in practice.*

# Strategic Planning Frameworks for ESG

## From action to impact: a simple pathway

Think of impact like a chain. It starts with what you do and stretches toward what changes as a result.
**Example:**

- You start using reusable crates instead of plastic boxes →
- This reduces your packaging waste →
- Customers notice and trust your brand more →
- You save money and gain new eco-conscious clients

That's a pathway:
**Action → Result → Outcome → Impact**

*The ESG Analyst might track what's happening.*
*The ESG Optimizer helps adjust the process.*
*The ESG Leader makes sure it's aligned with purpose.*

*Now let's see how this works in a rural agrifood SME.*

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# OrtoVivo

A practical example of how a rural SME mapped its ESG Impact

*Paestum (SA), Italy*

This case shows how a single operational choice, made with purpose, can create a ripple effect from environmental benefit to business growth and reputation.

OrtoVivo is a small, family-run farm in the Sele Valley. They grow seasonal vegetables and supply to local markets and schools.

Last year, they decided to replace single-use plastic packaging with reusable crates for all local deliveries.

**What happened:**

Waste volume decreased by 50% in two months. Market vendors started returning crates, and transport costs dropped slightly.

**Follow-up:**

The change was shared on the farm's social media and noticed by a local eco-conscious grocery cooperative, which then invited OrtoVivo as a supplier.

**Impact pathway**

- **Action:** Switched from single-use plastic to reusable delivery crates
- **Result:** Reduced packaging waste and simplified return logistics
- **Outcome:** Greater trust and engagement from local market vendors
- **Impact:** Improved brand reputation and access to eco-conscious sales channels

This change reduced the farm's environmental footprint while strengthening relationships with the local community. It also aligned with consumer values and helped differentiate the business in a competitive market.

The action was small and manageable, but it created visible change, both in how the farm operates and how it is perceived.



*Now let's look at how you can apply this kind of thinking across your whole business model.*

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# Strategic Planning Frameworks for ESG

## Impact isn't just external

Your ESG actions don't only help the outside world.
They can also build **resilience, trust, and value** inside your SME.

When you think in terms of impact, you make better decisions.
You can also explain ESG more clearly to clients, partners, and funders.
That's why the ESG Leader keeps this perspective alive.
And why the Analyst and Optimizer help turn it into something visible.

*What's one positive impact (internal or external) you want your business to be known for?*

In the next section, you'll learn how to bring everything together in one place, using a tool called the ESG-Enhanced Business Model Canvas.

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*This is what a Business Model Canva looks like!*

# Strategic Planning Frameworks for ESG

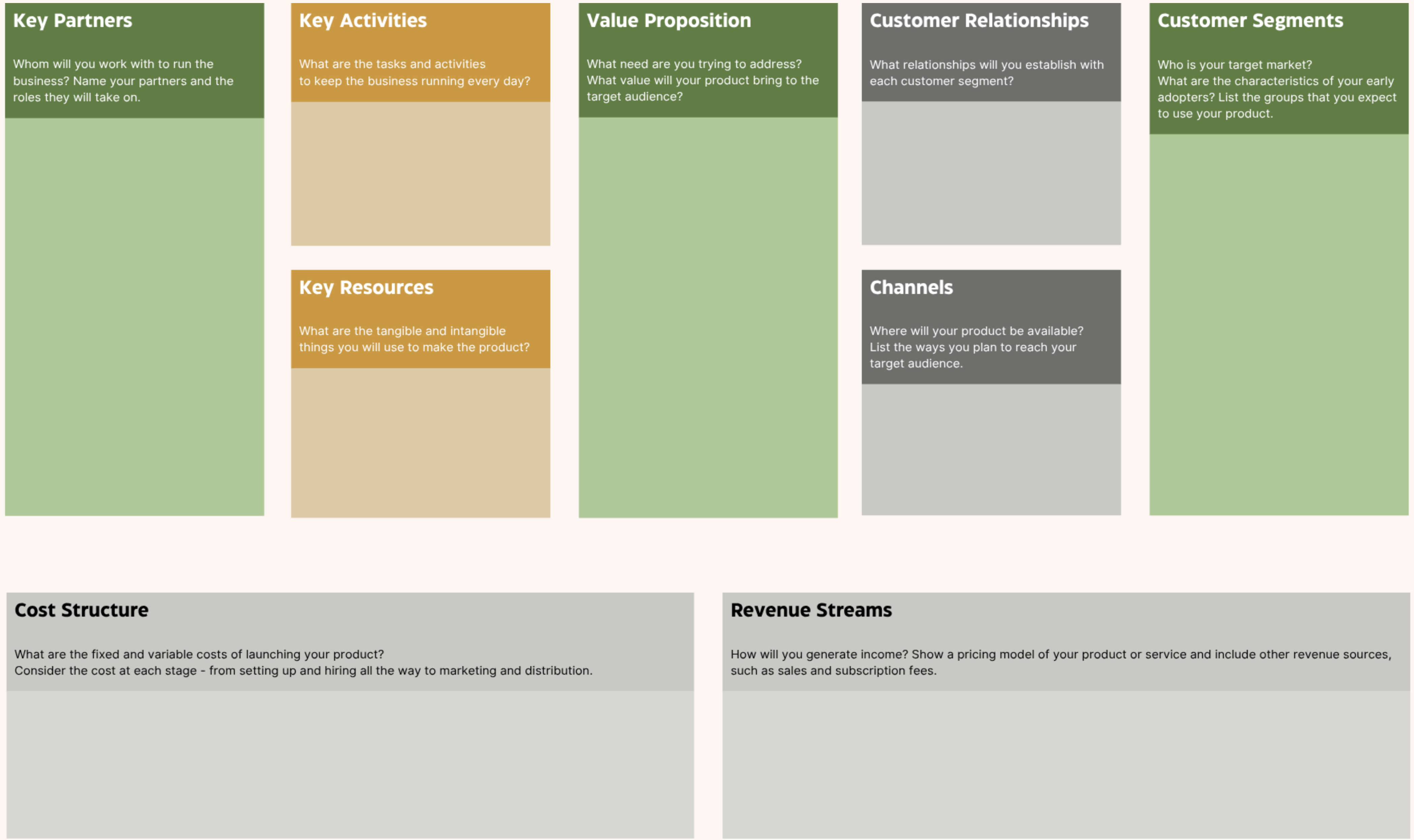
## The ESG-Enhanced Business Model Canvas

The Business Model Canvas is a simple tool that helps you understand how your business works. It maps out how you create and deliver value to customers, partners, and yourself.

**When you add ESG thinking to the canvas, you don't change the tool, you change the questions you ask.**

It's not just "What do we offer?"

It becomes "How do we offer it? Responsibly, sustainably, and in line with our values?"




*Let's look at how this shift works in practice.*

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## Here's how ESG thinking fits into each part of the canvas

### Key Partners

Whom will you work with to run the business? Name your partners and the roles they will take on.

**Do our partners share our environmental and social commitments?**

### Key Activities

What are the tasks and activities to keep the business running every day?

**Are our daily operations aligned with ESG values?**

### Key Resources

What are the tangible and intangible things you will use to make the product?

**Are we using sustainable materials, energy, and people's time wisely?**

### Value Proposition

What need are you trying to address? What value will your product bring to the target audience?

**Do we deliver environmental or social value, not just products?**

### Customer Relationships

What relationships will you establish with each customer segment?

**Do we engage in ways that reflect care, transparency, and trust?**

### Channels

Where will your product be available? List the ways you plan to reach your target audience.

**Are we using efficient, low-impact delivery or communication?**

### Customer Segments

Who is your target market? What are the characteristics of your early adopters? List the groups that you expect to use your product.

**Who benefits from our positive impact?**

### Cost Structure

What are the fixed and variable costs of launching your product? Consider the cost at each stage - from setting up and hiring all the way to marketing and distribution.

**Are we considering hidden or long-term costs (e.g. environmental damage, social risks)?**

### Revenue Streams

How will you generate income? Show a pricing model of your product or service and include other revenue sources, such as sales and subscription fees.

**Do we engage in ways that reflect care, transparency, and trust?**

*You don't have to change everything. Start with the parts that feel most relevant or ready.*

# Strategic Planning Frameworks for ESG

## Why this matters for SMEs

Using the ESG-enhanced BMC helps you:

- See where your ESG efforts fit into your business
- Identify areas where values and operations don't match
- Talk about your strategy clearly - to funders, clients, and partners
- Make decisions that connect purpose with performance

It's not a reporting tool. It's a **thinking tool**.
And for small businesses, it can be just the right size.

*Which part of your business model might be most ready for an ESG rethink?*

Let's look at an example of how this can be used in a small agrifood business.

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# OrtoVivo

A practical example of how a rural SME applied the ESG-Enhanced Business Model Canvas

*Paestum (SA), Italy*

This case shows how reflecting on each part of your business model through an ESG lens can turn everyday practices into a clearer, more coherent sustainability strategy.

After defining their ESG priorities, OrtoVivo revisited their business model to better align with their values.

Here's what they changed:

- **Value Proposition:** Highlighted their zero-waste and regenerative farming approach in all communication
- **Customer Relationships:** Offered farm visits and seasonal produce shares to strengthen community ties
- **Key Resources:** Prioritised local suppliers and biodegradable materials
- **Revenue Streams:** Piloted a pre-order subscription system for school canteens and families

These changes weren't radical, but together, they made the ESG strategy more visible, consistent, and actionable.

The **ESG-enhanced BMC** helped OrtoVivo:

- Identify mismatches between what they believed in and how they operated
- Strengthen relationships with values-aligned customers and schools
- Reduce over-reliance on weekly market sales by creating predictable, ESG-aligned income

By looking at each block through an ESG lens, they turned loose ideas into a clear, shared strategy that could grow without losing its purpose.

*Now let's look at how you can apply this kind of thinking across your whole business model.*

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# Strategic Planning Frameworks for ESG

## Why this matters for SMEs

You’ve now seen how three simple tools — SWOT, PEST, and the ESG Business Model Canvas — can help you understand your context, connect your actions to real outcomes, and align your business model with your values.

You don’t need complex systems. Just clear thinking, good questions, and a willingness to start.

*Pick one of the tools from this lesson. Ask yourself:*

- *What’s one strength, risk, or trend I hadn’t fully considered before?*
- *What kind of impact do I want my ESG actions to create and how will I know if it’s happening?*
- *What part of my business model could better reflect what I believe in?*

*Write down one idea you want to follow up on or one person you’d like to involve.*

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# Summary of Unit 1

## Laying the Groundwork: Leadership and Tools for ESG Planning

### ESG in Rural SMEs Is Local and Value-Driven

Sustainability isn't about distant rules. It's rooted in the business's values, territory, and relationships. ESG becomes meaningful when it reflects local priorities and emerges from collaborative, purpose-driven practices.

### Leadership Means Connecting People, Goals, and Purpose

ESG leadership in SMEs is built through example, responsibility, and alignment. It guides decisions with both business logic and environmental and social awareness.

### Strategy Needs Structure and the Right People

An effective ESG strategy goes beyond good intentions: it requires purpose, clear goals, and realistic actions. It involves people who understand, implement, and keep the vision on track.

### Tools and Small Actions Drive Real Impact

Planning tools (SWOT, PEST, ESG BMC) help link goals to operations. Even small steps, when done with clarity and consistency, contribute to long-term ESG impact and business integration.

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Unit 2

# TURNING VISION INTO ACTION: BUILDING ESG PLANS THAT FIT YOUR SME

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# Learning objectives

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

- Apply advanced techniques for ESG goal identification and prioritization.
- Align ESG goals with core business strategies in rural SMEs.
- Develop full ESG strategic plans, defining actions, resources, timelines, and ownership.
- Integrate stakeholder feedback and regulatory requirements into ESG strategic planning.

**This Unit works on the following ESG Competences**:

1.E.3: Understanding and doing impact assessment
1.E.4: Innovative thinking

2.E.1: Defining a vision
2.E.2: Promoting interdisciplinary approaches
2.G.3: Vision and opportunities

3.E.3: Understanding impacts transferability
3.E.4 Promoting results replication potentials
3.S.1: Mobilizing others
3.S.7: Benefit Impact Assessment
3.G.1: Ability to mobilise resources
3.G.2: Financial and economic literacy
3.G.3: Knowledge of compliance regulations and procedures
3.G.4: Understanding and planning long-term investments

4.S.5: Valuing and promoting culture, values and traditions
4.S.6: Understanding of community impacts
4.G.3: EU/National legislative framework

# What will we discuss in this Unit?

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Lesson 1

# PRIORITISING ESG GOALS

# Prioritising ESG Goals

## What is an ESG vision, and why does it matter?

An **ESG vision** describes the kind of impact a business wants to make in its territory and sector - not only through profits, but through responsibility toward the environment, society, and ethical governance. It's short, but powerful. It gives direction to all ESG choices that come later.

For a rural SME, having a clear ESG vision means staying focused on what truly matters. It helps avoid getting lost in checklists or trends. It keeps your business grounded in its values, while staying open to change.

Many companies with ESG visions also see real benefits: more efficient use of resources, stronger team motivation, and trust from customers and partners. It becomes easier to explain decisions and to make them consistently.

***An ESG vision is like a compass. It doesn't replace your strategy, it guides it.***

*But how do you write a vision that feels real, not generic?*

# Prioritising ESG Goals

## What does a good ESG vision look like?

A strong ESG vision is simple, but not shallow. It reflects three things:

- What you care about (your values)
- What you want to change or protect (your ambition)
- What's realistic given your size, sector, and territory

It doesn't need to be "perfect". It needs to help you decide. If it can guide real choices - about people, materials, energy, community - then it's doing its job. **If your vision can help you say "yes" or "no" to an idea, then it's working.**

For PureDrop Farm, an agrifood SME in Greece, the ESG vision looked like:

*"We want to grow olives in a way that protects the soil, reduces plastic, and supports the families who work with us."*

*Try this: write two short sentences that describe what ESG means to your business. Not what sounds good, but what feels true.*

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# Prioritising ESG Goals

## What does a good ESG vision look like?

Let’s take a closer look at PureDrop Farm, a small organic oil farm near Larissa, in Greece.

This small business had a clear sense of what it cared about: biodiversity, ethical labour, and plastic-free packaging. But they needed to link these ideas together, for themselves, and for the people they work with. They created this ESG vision:

***“To produce high-quality organic olive oil while respecting the land, supporting biodiversity, and helping our territory grow stronger through fair work and sustainable choices.”***

That one sentence helped them:

- Prioritise what to work on first
- Talk to customers and buyers in a way that felt authentic
- Keep their team focused, even when facing financial pressures

***PureDrop Farm’s vision didn’t try to cover everything. It named a few real priorities and made them visible to others.***

# Prioritising ESG Goals

## ESG Vision: More Than a Statement

A strong ESG vision doesn't need fancy words. It needs to reflect *what truly matters to your business* and the kind of impact you want to have, not just for profit, but for people, places, and the planet.

Once your ESG vision is in place, it becomes a **tool** and not just an idea.

### Why It Matters

- Guides investment choices
- Shapes communication with customers & funders
- Helps respond to opportunities without losing focus

### How It Works

- Acts as a filter against distractions
- Connects staff, partners & community
- Provides clarity on direction

In a small business, the ESG Leader might be the one who carries this vision forward, but they don't create it alone. People in operations, admin, or production often have the clearest sense of what works on the ground, and where values and daily work need to meet.

*With a vision in place, the next step is choosing what ESG topics deserve your focus.* ***That's where materiality comes in.***

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# Prioritising ESG Goals

## What is materiality?

Materiality helps you figure out which ESG issues truly deserve your attention.
You can't do everything, but you can do what matters most. That's where *materiality* comes in.
It helps you look at two sides of the same coin:

- **Impact materiality**: What effects does your business have on people and the environment (including your supply chain and local community)?
- **Financial materiality**: What ESG issues could affect your SME's finances, operations, or reputation?

Together, this is called **double materiality***. It's a simple but powerful way to focus your energy and resources where they count, for you and for others.

*You might have read about this in the CSRD (EU's Corporate Social Responsibility Directive!)

For a rural SME, material issues might include: energy costs, packaging waste, climate risks, staff wellbeing, or customer trust.

Not everything is equally important. And not everything needs your attention right now. Focus is power. Materiality doesn't limit your vision, it just helps you choose where to start.

*But how do you decide what's material in practice?*

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# Prioritising ESG Goals

## What is a materiality assessment?

Now that you understand what *materiality* means, let's make it practical.

A **materiality assessment** is a simple process that helps you figure out which ESG topics to focus on, based on what matters most to your business and to the people around you.

You don't need fancy tools. What you need is:

- A clear list of possible ESG issues (like energy use, gender equality, food waste, or supplier ethics)
- Honest reflection on how these issues affect your business **and** how your business affects them
- Getting some feedback (even informal) from staff, customers, or local partners

What you're doing is **prioritising**. You're mapping which topics are:

- **Relevant** to your business strategy, risks, and operations (**financial materiality**)
- **Important** to the people who matter: employees, partners, customers, and your local area (**impact materiality**)

This is what we call a **double materiality lens**: looking at what's significant for *you* and for *others*.

*Think of three ESG topics that might be material for your SME. Why do they matter to your business and to your community?*

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# Aligning ESG Goals with Core Business Strategy

## The Materiality Matrix: A Simple Map

Once you've identified potential ESG topics, the **materiality matrix** helps you see which ones really stand out.

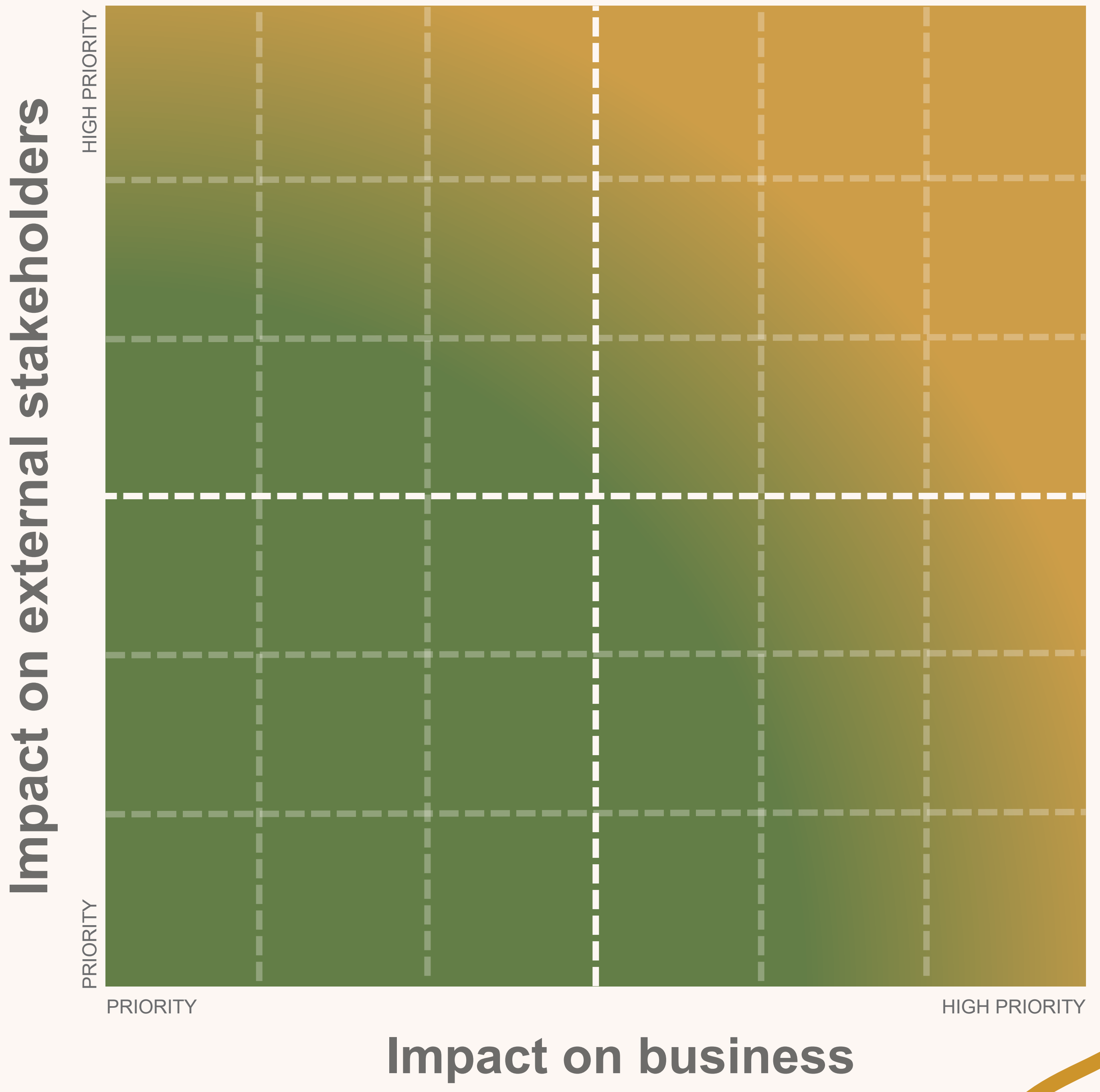
It's a two-axis chart that shows:

- **How much an issue matters to your stakeholders** (like staff, clients, or community)
- **How much it matters to your business** (your operations, finances, or reputation)

The top-right corner is your sweet spot: topics that matter both to you and to others.

You don't need perfect data. Start with conversations, experience, and local knowledge. Even a sketch on paper can guide decisions.

*Let's look at how a rural agrifood SME might build a materiality matrix and what it reveals.*



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# Oro di Pollina

A practical example of how a rural SME compiled a materiality matrix

*Pollina (PA), Italy*

This case shows how a materiality matrix helps you see what matters most to your business and to the people around you.

Founded in 2022, Oro di Pollina is a micro-family farm that cultivates organic saffron using the Bio-Synergic Aware method. Their mission blends environmental respect with cultural and local value creation.

To align ESG goals with the business strategy, the Owner:

- Conducted a simple prioritisation session with the co-founder and two collaborators
- Made a list of possible ESG issues based on operations and customer feedback
- Used a 2-axis grid (importance to business / importance to stakeholders)
- Selected 3 topics to turn into goals in the next planning cycle

Used the matrix to select 3 ESG goals to start planning:

- Monitor and publicly share soil vitality indicators
- Launch a “No Chemicals” storytelling campaign
- Partner with a local school for a biodiversity garden project.

*Need help working on your own Materiality Matrix? Let’s have a look at the one for Oro di Pollina*

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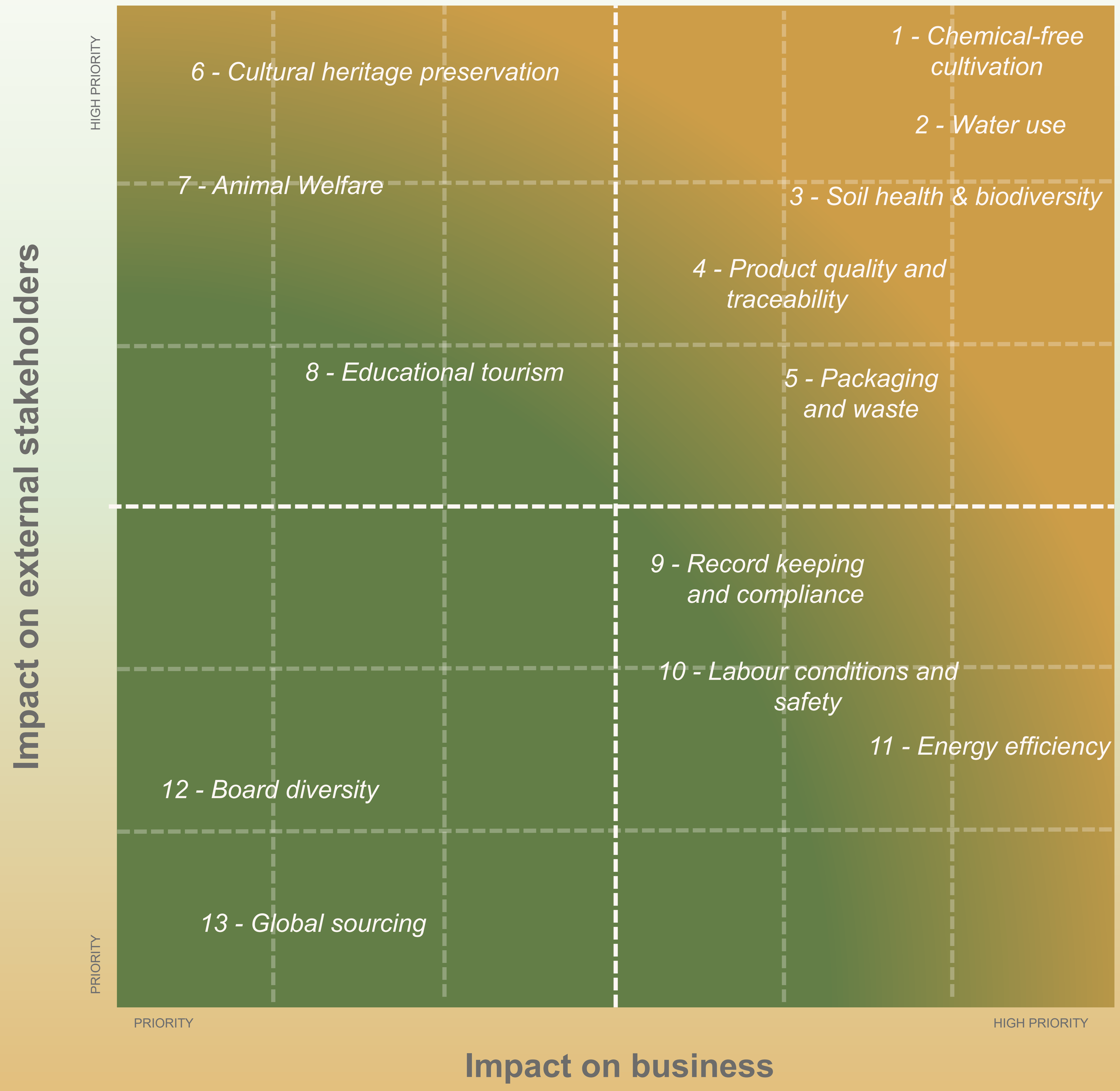
6 - important for the region and values, but less immediate for operations

7 - important for trust and transparency, even if not a core production input

8 - valuable for awareness, but not core to revenue

12 - not relevant in a micro-family farm

13 - not applicable, as they operate locally




1 - key to brand + important to informed buyers

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2 - essential for production and a concern in agriculture

3 - key to the BSC method and sustainability credentials

4 - local trust + key to market access

5 - environmental pressure + cost-saving potential

9 - important for traceability, transparency, accountability, internal audits, and certifications

10 - operational necessity in field work

11 - relevant for costs and consumption, even if lower on public radar

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# Prioritising ESG Goals

## What the Matrix Tells You

Once you've mapped what matters - to your business and your community - you're no longer working on assumptions. You're making choices based on what's most relevant and impactful.

That's the value of a materiality assessment: it gives you **clarity**, **focus**, and **direction**.

It's not about doing more. It's about doing better, starting where your actions can make the greatest difference.

By identifying what's material, you're now ready to:

- Set ESG goals that reflect your values and your business reality
- Use your time, energy, and budget where they count most
- Show customers, partners, and your local area that you're acting with purpose

## What now?

- Look at the top-right corner: *this is where to begin*. These are the ESG topics that matter most to both your business and your stakeholders.
- For these high-priority topics, you can now start shaping action plans with clear goals, realistic timelines, and simple ways to track progress.
- Lower-priority issues? Keep an eye on them. Some may grow in importance as your business or community evolves.

*Based on your materiality priorities, what's one ESG issue you'd feel confident planning for next?*

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# Prioritising ESG Goals

Not all good ideas are easy and even high-priority topics don't all require the same level of effort. Some actions are quick wins. Others need more time, people, or resources.

## From priorities to planning: the next step

Well, now we have seen how to identify which ESG topics matter most to your business and to your stakeholders. But when you've got a list of ESG ideas, how do you know where to begin?

! That's where the **Impact vs Effort Matrix** comes in. It helps you turn ESG priorities into realistic, well-sequenced plans.

You take the issues you placed in the top-right of your materiality matrix, and ask:

- How much positive change could this action create?
- How much effort or investment will it require?

This tool helps you focus your energy where it counts.

*Let's see how the Impact vs Effort Matrix works and how it can help you make practical decisions.*

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## Here's how different ESG actions can look when placed in the Impact vs Effort Matrix

*Every action has a cost: time, money, energy. Don't spread yourself too thin. Use this tool to choose better, not just do more.*

Potential impact (LOW – HIGH)

Required effort (LOW – HIGH)

### Quick wins
(high impact, low effort)

- Start using recyclable packaging
- Publish a short sustainability statement
- Install timers on lights and irrigation

### Major projects
(high impact, high effort)

- Shift to organic production methods
- Set up traceability for your supply chain
- Train staff on sustainability and values

### Fillers
(low impact, low effort)

- Join a new ESG-related mailing list
- Add a generic "eco-friendly" label on your site

### Avoid for now
(low impact, high effort)

- Redesign your entire logo for "greener" branding
- Build a composting system without knowing if it suits your production

*Ready to make this visual? Try to sketch out your own Impact vs Effort Matrix — it's easier than you think.*

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# Prioritising ESG Goals

## From Matrix to Action Plan

Once you've used the matrix to sort your ESG actions, it's time to move.
Quick wins? Start planning them now.
Major projects? Break them down and think ahead.

This step is about **turning intentions into implementation**.
Even small actions need a clear plan.
Who's doing what, when, and how will you know it's working?

1. **Set a goal**
   e.g. reduce water use by 15%
2. **Define a timeline**
   e.g. within 6 months
3. **Assign responsibility**
   e.g. owner or team leader
4. **Track results**
   e.g. monthly meter readings

***Keep it simple, but structured.***

When you prioritise ESG goals and plan your actions, you're already making strategic choices. But what about the **uncertainties** that could derail your plans?

*Some actions may carry more risk than expected and others might uncover hidden opportunities.*
*Let's see how to understanding this landscape to move forward with more confidence and fewer surprises.*

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# Prioritising ESG Goals

## Why risk mapping matters for ESG

Even the best ESG ideas can fail, if you don't plan for what might go wrong.

**Risk mapping** helps you think ahead. It's about spotting possible problems early, so you're not caught off guard later.

This is especially useful for rural SMEs, where teams are small and resources limited. If you know what risks you face, you can choose smarter actions and avoid wasting time or money.

Common ESG-related risks include:

- Environmental: droughts, floods, or weather extremes that affect crops or deliveries.
- Operational: new processes that strain staff or tools.
- Reputational: promises you can't keep, or values you forget to apply consistently.

Risk mapping means asking:

***What could stop this ESG plan from working? What would it cost us if it failed? And what can we do about it now?***

*Think of a past project that ran into trouble.*
*Was there a risk you didn't see?*
*How might a simple risk map have helped?*

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# Prioritising ESG Goals

## What Is a Risk Map?

A risk map is a simple visual tool that helps you:

1. Identify where ESG actions could go wrong
2. Estimate how likely and how serious each risk is
3. Decide what to monitor, prepare for, or fix now

The goal isn't to eliminate all risk, that's impossible.
It's to **be prepared**, and **act smart**.

A Risk Map brings clarity to complex decisions, especially when resources are tight.

For example:
You want to install solar panels.
→ Risk: supply chain delay = missed harvest window.
→ If it's likely **and** harmful, you might need a backup plan in advance.

**Outcome:** More confident planning. Fewer unpleasant surprises.

### Two key questions for risk mapping

- How likely is it that this problem happens?
- If it does, how big is the impact? How much damage will this cause?

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# Prioritising ESG Goals

## A Simple ESG Risk Matrix

Use a 2x2 grid to map risks based on:

**1. How Likely Is This to Happen?**

Consider:

- Has it happened before in your SME or region?
- Are trends or data pointing toward it (e.g. more droughts, rising expectations)?
- How much control do you have over it?

Use a scale like:
Low → Rare or unlikely under current conditions
High → Very possible or already emerging

**2. How Big Would the Impact Be?**

Consider:

- Would it block or delay your ESG goal?
- Could it damage your reputation or finances?
- Does it affect customers, staff, or your community?

Use a scale like:
Low → Easy to fix, minor consequences
High → Costly, disruptive, or long-term harm

***Where to place it:***
*High Likelihood + High Impact → Act Now*
*High Likelihood + Low Impact → Quick Fix or Prepare*
*Low Likelihood + High Impact → Watch and Have a Plan*
*Low Likelihood + Low Impact → Monitor and move on*

| | Low Impact | High Impact |
|---|---|---|
| Low Likelihood | Monitor & move on | Prepare quietly |
| High Likelihood | Quick fix if needed | Act now or rethink! |

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# Prioritising ESG Goals

## Typical ESG Risks in Rural SMEs

### Environmental

- Flooded roads delay deliveries
- Drought reduces product yield or quality
- Wildfires or rising temperatures affect land and workers

### Operational

- Poor training on new tools or green practices
- IT systems not ready for ESG data collection
- Supplier doesn't share your sustainability goals

### Social

- Community concern over new developments
- Resistance to change inside your team
- Negative media over unfulfilled ESG claims

### Governance/Reputation

- Non-compliance with new ESG regulations
- Making a public promise you can't keep
- Confusion between leadership roles (who's responsible for what?)

*Are these risks the same for all Rural SMEs?*
*Do they always have the same impact?*

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# Prioritising ESG Goals

## ESG Risks Depend on Context – One Risk, Different Impact

ESG risks aren't one-size-fits-all.
The same risk can have **very different impact or likelihood** depending on your SME's:

- Sector (agriculture, tourism, food, crafts…)
- Location (coastal, rural mountain, inner city…)
- Size and resources
- Customer expectations
- Past experience or readiness

*Risk mapping is about **your reality**, not generic ESG risks. Use your knowledge of your business to decide what matters most.*

**Example: Drought affecting water supply**

**Olive Farm (Southern Italy, no irrigation system)**

- **Likelihood:** High (recurring seasonal droughts)
- **Impact:** High (trees stressed = lower harvest)

*Mapped as: Act Now*

**Herbal Cosmetics SME (uses rainwater tanks + suppliers)**

- **Likelihood:** Medium
- **Impact:** Low (backup water + diversified sourcing)

*Mapped as: Monitor*

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**You've just learned how to prioritise ESG goals and spot the risks that could hold you back.**

**Now it's time to take the next step: making sure those goals truly fit your business and not just in ambition, but in structure, people, and everyday decisions.**

**In the next lesson, we'll explore how to connect ESG goals with what your SME already does: its operations, finances, customer relationships, and team.**

**Because even the best plan needs to work on the ground, not just on paper.**

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Lesson 2

# ALIGNING ESG GOALS WITH CORE BUSINESS STRATEGY

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# Aligning ESG Goals with Core Business Strategy

## ESG as Value Creation

Many small businesses fear that ESG goals will slow them down or cost too much. But in practice, when ESG goals are properly aligned with your business model, they don't compete with performance - they enhance it. When done right, ESG becomes part of what makes the business work better.

The real shift is seeing ESG as **opportunity**, not obligation.

Take energy use.
A rural business that monitors consumption isn't just being green. It's cutting costs, reducing maintenance issues, and protecting against rising energy prices. *That's ESG delivering **efficiency and resilience**.*

Or consider reputation.
A customer who sees your business choosing biodegradable packaging or hiring fairly is more likely to become a loyal advocate. *That trust is **business value**.*

Even funding is shifting.
More banks and grant programmes now favour companies with solid ESG commitments.
A simple ESG action - like tracking your social impact - can open financial doors.

*Which part of your SME (cost, brand, or resilience) would benefit most from an ESG action?*

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# Aligning ESG Goals with Core Business Strategy

## Where ESG Belongs in Your Business

In rural SMEs, people often wear many hats. There's rarely a dedicated sustainability team, and that's okay. *This makes ESG harder to isolate… but easier to integrate*.
Because ESG touches so many parts of your business:

- **what you buy**
- **how you produce**
- **who you hire**
- **how you serve customers**
- **how you talk about your work**

Every ESG goal touches someone's job, some daily task, or some decision point. Even in a very small team.
If your goal is to reduce emissions, think: Who tracks vehicle use? Who orders materials? Who explains the change to customers?

You don't need a complex diagram. Just look around:

- Where are inputs coming in?
- Where is waste going out?
- Where are small choices made every day? And by whom?

**Think in roles, not departments.**
**Your "finance team" might be one person with a spreadsheet, but that spreadsheet reflects your ESG priorities. Your "HR" might just be someone who posts job ads, but they shape your hiring values. Your "marketing" might be a handwritten sign or a few social posts, but it still tells your ESG story.**
***Start there. That's your real ESG map.***

*If your SME's ESG goal is to "reduce packaging waste," who would need to be involved? What functions does it touch (even indirectly)?*

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# Dolce Irpinia

A practical example of how a rural SME aligned packaging reduction with real operations

*Paternopoli (AV), Italy*

This case shows how reducing waste isn't just about materials. It involves staff routines, supplier conversations, and customer expectations.

Dolce Irpinia is a mid-sized rural SME based in Paternopoli (AV), with around 35 employees and a growing export market for herbal-infused honey. Originally a small apiary, the business expanded its operations with a focus on sustainable packaging and regional biodiversity.

To align ESG goals with the business operations, Dolce Irpinia:

- Switched from plastic jars to compostable wraps for herbal honey
- Adapted internal storage to avoid damage with the new material
- Trained staff on handling and storing fragile eco-packaging
- Informed suppliers early to avoid mismatches or delays
- Added a short “why we changed” note to each product label

At Dolce Irpinia, reducing packaging waste wasn’t handled by a separate team. It touched everyday operations.

**Procurement** sourced compostable wraps, **staff** adapted routines, **suppliers** coordinated logistics, and **marketing** communicated the change.

This shows how ESG goals, in rural SMEs, are most effective when they’re integrated into core business functions, not treated as add-ons.

*What would you need to adjust in your SME to make a similar change work?*

# Aligning ESG Goals with Core Business Strategy

## Engaging People Around ESG Goals

Even the most strategic ESG plan will stall if people don't understand it, trust it, or care about it.
Formal plans are important, but momentum often starts *informally*.

It could be a story you share at lunch about why you switched to local suppliers.

It could be someone who takes interest and becomes your internal "ESG motivator," even without a formal title.

It could be a visible win (a cost saved, a proud customer photo) that makes the team feel the change.

**Even outside your team, engagement matters.**
Tell your supplier ***why*** you're asking for a new material. Ask your community ***how*** your plans might affect them.
You don't need a big campaign, just real dialogue.

*Who on your team could help make your ESG goals real?*
*What would motivate them? And what might hold them back?*

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**You've now seen how ESG goals become real when they support your business, fit your operations and connect to your people.**

**This is what alignment looks like. Not perfect plans, but living goals, supported by your team, shaped by your business, and built to last.**

**In the next lesson, we'll turn alignment into action: setting timelines, assigning roles, and making sure your ESG goals become concrete, step-by-step projects.**

**Because alignment is the "why" and "where“, but action is the "how."**

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Lesson 3

# OPERATIONALISING ESG STRATEGIC PLANS

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# Operationalising ESG Strategic Plans

## From ESG Goals to Action Plans

You've set your ESG goal. Maybe it's "cut energy use," or "source locally," or "reduce packaging."

***But what happens next?***

A goal, by itself, is just a direction.
An action plan turns that direction into *movement*.

Without a plan, people may agree in principle,
but they won't know *when* to act, or *how*.
Progress will stall and motivation will fade.

With a plan, even a small team can move confidently.

*Think of one ESG goal your SME has discussed.
Why hasn't it moved forward yet?*

# Operationalising ESG Strategic Plans

## Break It Down: The Anatomy of an ESG Action Plan

Here's the key to making any ESG goal doable: break it into steps.
Let's say your goal is to reduce packaging waste.

Your plan should answer:

- What exactly are we changing? (*e.g. switch to compostable wrap*)
- What are the steps? (*e.g. find suppliers → test product → update storage → train staff → inform customers*)
- Who does each step? (***assign by name, not role!***)
- By when? (*give a date, even if it's just a target*)

What matters is:

- Clarity
- Ownership
- time awareness

A plan doesn't need to be complex. You don't need software or spreadsheets.
A sticky note on the fridge with four steps and three names is better than a forgotten PDF.

You need a shared understanding, a simple list, and a way to check in. Clarity and follow-through matter more than format.

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# Operationalising ESG Strategic Plans

## Defining Ownership and Accountability

In a small SME, it's easy to say: "We're all responsible for sustainability", but when no one is clearly in charge, things often get missed. Even if your ESG project is small, someone needs to follow up, keep track, and move it forward.

**Ownership**
means someone is taking the lead on a task.

**Accountability**
means everyone knows who that person is, and can expect updates, ask questions, or offer help.

This doesn't mean adding a full-time role.
It might be:

- A part-time "champion" - someone who keeps ESG visible and alive in everyday decisions, who checks progress every week
- A shared task - split between two people from different parts of the business
- A rotating lead - someone new each quarter, based on the focus area

Whatever model you choose, the key is clarity: **Who** is making sure this moves forward? And **how** will the rest of the team stay in the loop?

Accountability doesn't mean pressure. It means support, reminders, follow-up and shared pride in progress.

*Choose one ESG goal. Imagine it's due in three months.*
*Who should lead it? And who needs to know they're leading it?*

# Terra Futura

A practical example of how a rural SME made ESG work by assigning shared ownership and clear accountability

L'Aquila *(AQ), Italy*

This case shows that in a small SME, even part-time or shared ownership can keep ESG goals alive - as long as responsibilities are defined and progress is visible to the whole team.

Terra Futura is a small organic food producer based in the hills near L'Aquila. With only six staff members, the team handles everything from sourcing to packaging and local deliveries.

When they committed to cutting food waste as part of their ESG plan, everyone was enthusiastic, but no one had time to lead. Progress stalled. That's when they realised that they didn't need one person doing everything, they just needed to be clear about **who did what, and how to check in**.

In a staff meeting, they:

- Chose two co-leads: one from sourcing and one from packaging
- Agreed to use a shared notebook and quick Friday check-ins to track progress
- Created a rotating "ESG spotlight" on staff meetings, where leads updated the group
- Framed accountability not as a way to control or blame people if something wasn't done, but as a positive support system

The approach adopted by Terra Futura demonstrates how even micro-teams can apply shared and rotating accountability models.

For Terra Futura, ownership doesn't require new roles (especially in micro-sized SMEs), just clarity and communication.

As a result:

- Reinforced ESG governance practices through low-cost, team-owned tracking tools
- Enhanced internal alignment and reduced the risk of ESG goals being forgotten or delayed

*In your SME, what's one task that could benefit from clearer ownership (even if it's just a 10-minute weekly check-in)?*

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# Operationalising ESG Strategic Plans

## Resource and Timeline Planning

Every SME has good ESG ideas, but only so many hours, hands, and euros.
*This is where a good plan meets real life.*

Start with three simple estimates:

1. How long will each action take?
2. Who will do it? And do they have time?
3. Will it cost anything (money, materials, external help)?

Use a basic test:
If you added this task next week, what would stop it?
Is it **time**? **Tools**? **People**? **Know-how**?

**Start with what's *feasible*.**
If your idea needs 10 hours and you only have 3, *reduce the scope*.
If a task is complex, *break it into smaller chunks and delegate*.
It's not about lowering ambition. It's about designing success with what you actually have.

*Think about a time when a good idea in your workplace (ESG-related or not) didn't go anywhere.*
*What was the real reason it stalled?*
*Was it lack of time?*
*Was no one really in charge?*
*Did it ask too much from a small team with too little support?*
*Now imagine if the same idea had started smaller, or been shared differently.*
*Would it have had a better chance?*

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# Operationalising ESG Strategic Plans

## Resource and Timeline Planning

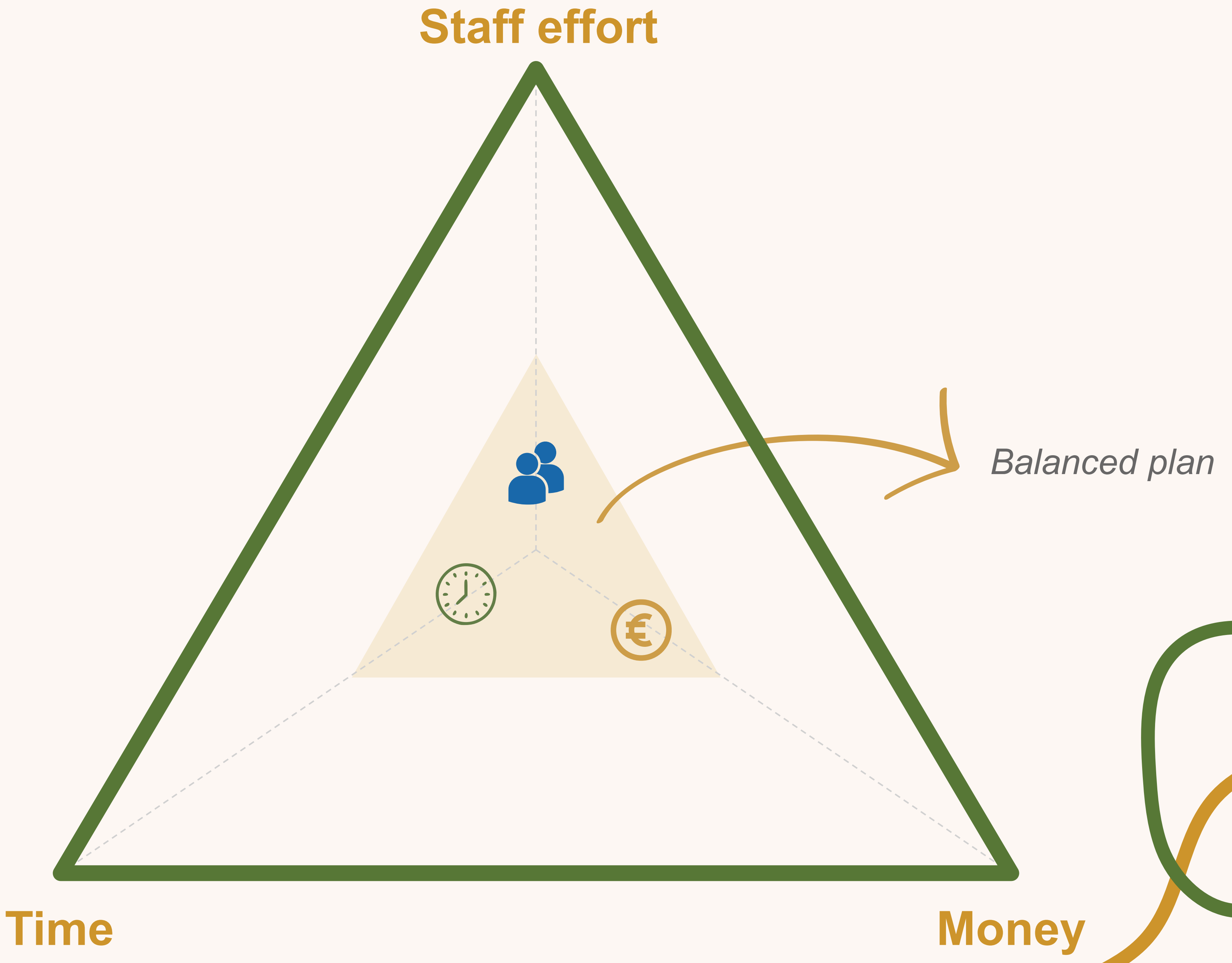
Every ESG action demands **time, money, and staff effort**. A balanced plan uses these three resources in proportion.
An unbalanced plan leans too heavily on one and risks failure.

1. **For each action, estimate how much time, money, and staff effort it will take.**
   ***Time*** *– How many hours will this take? Do you have them?*
   ***Money*** *– Will it cost materials, fees, or external help?*
   ***Staff*** *– Who will do it? Do they realistically have capacity?*

2. **Place each point on the triangle:**
   Near the **centre** = low demand.
   Toward the **edge** = high demand.

3. **Check your points:**
   If all are inside the **smaller inner triangle**, your plan is realistic and balanced.
   If one or more fall **outside**, that resource is stretched too far → your plan is unbalanced.

4. **If unbalanced, adjust your idea:** reduce scope or break the task into smaller parts; delay or phase some parts of the work if cost or time is too high; or seek external support if your team lacks capacity.



# Operationalising ESG Strategic Plans

## Peer Review: Before You Launch, Get a Second Pair of Eyes

Before you roll out your ESG plan, take one smart step:
**Have someone else look at it.**

Peer review isn't about formality or perfection.
It's about catching what you might have missed, while it's still easy to fix.

Ask a colleague, a peer from another SME, or a partner to give your plan a 10-minute read.
Give them a clear task: answer these three simple questions.

*Don't wait until implementation to discover a blind spot. A second opinion now can save you time, confusion, or disappointment later.*

**Three Questions Every Reviewer Should Ask:**

1. Is the goal clear and focused?
2. Are the actions realistic for this team and timeline?
3. Is anything missing, vague, or more complicated than it needs to be?

*And now, let's see who has stake in your ESG Plan*

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Lesson 4

# STAKEHOLDER ENGAGEMENT AND REGULATORY COMPLIANCE

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# Stakeholder Engagement and Regulatory Compliance

## Who's Involved, Who's Affected

ESG doesn't happen in a vacuum. Whatever you plan to do - from changing your packaging, to reducing emissions, to improving working conditions - it affects people. And people affect how your ESG actions succeed.

These people are your **stakeholders**. Some are **close**, while others are **further away**.

**your team**

**your suppliers**

**your customers**

**your municipality**

**your local community**


**your bank**

**a trade group**

What matters is understanding:
*Who cares about what you do? Who has power to help or block you? Who will feel the effects and who needs to be on board?*

*Think of a recent change in your business (even a small one). Who noticed? Who was affected? Who supported it? Who resisted?*

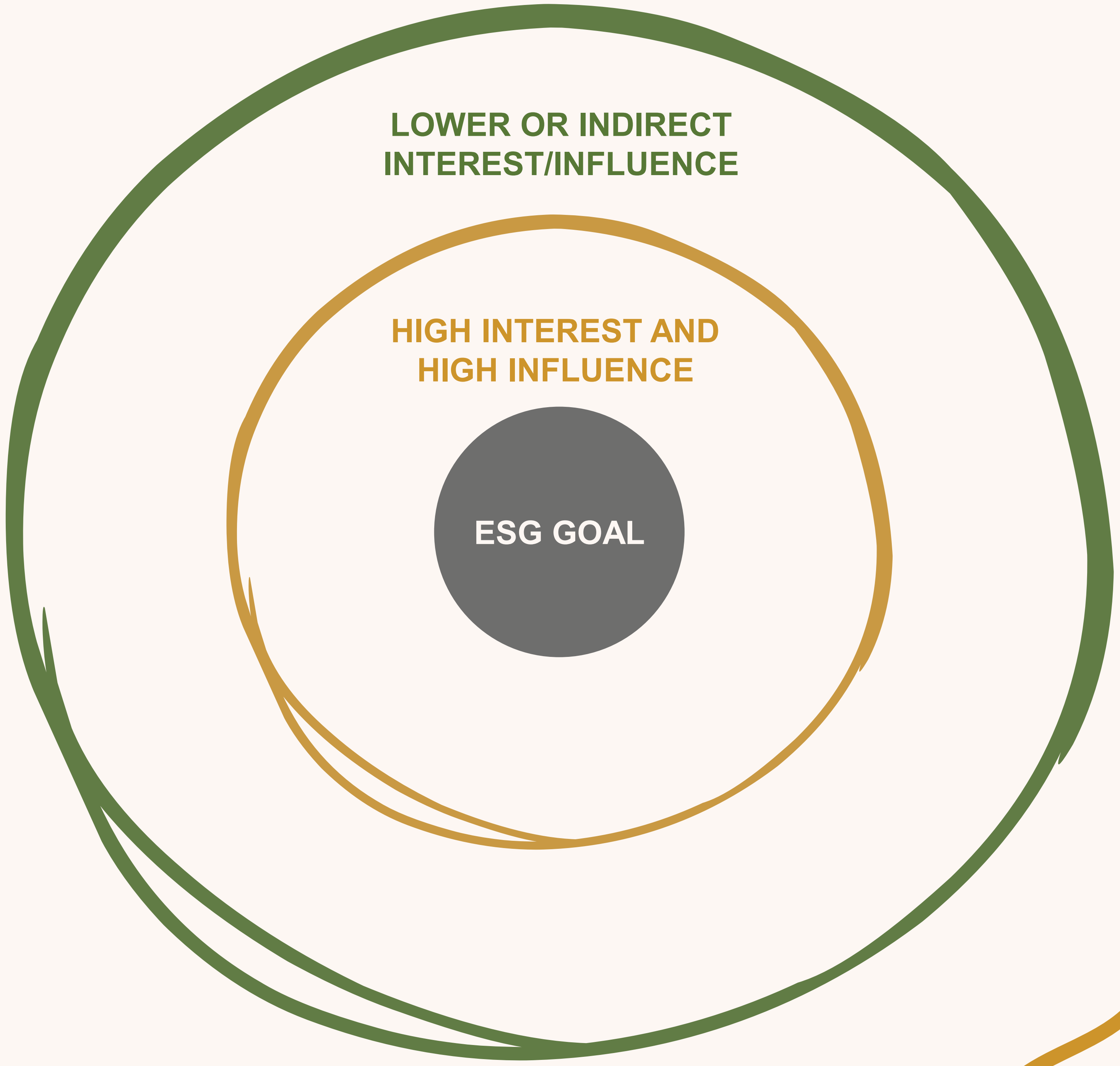
# Stakeholder Engagement and Regulatory Compliance

## Mapping who matters the most

You don't need software to map your stakeholders.
Just draw two circles, one inside the other.
Start with your ESG goal in the centre.
Then ask:

- Who is affected by this goal?
- Who has influence over it (directly or indirectly)?

Put **high-influence, high-interest people or groups** in the inner circle.
They're close to the action, and need your attention early.
Others go in the outer circle, still important, but less directly involved.
This helps you **see your ecosystem**.
It shows you **who to talk to**, **who to keep informed**,
and **who to learn from** as you shape your ESG plan.




*Take one ESG goal. Who would you put in your inner circle?*
*And who's in the outer one?*
*Let's see how another rural SME prepared its stakeholder map.*

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# Terra Futura's stakeholders Map

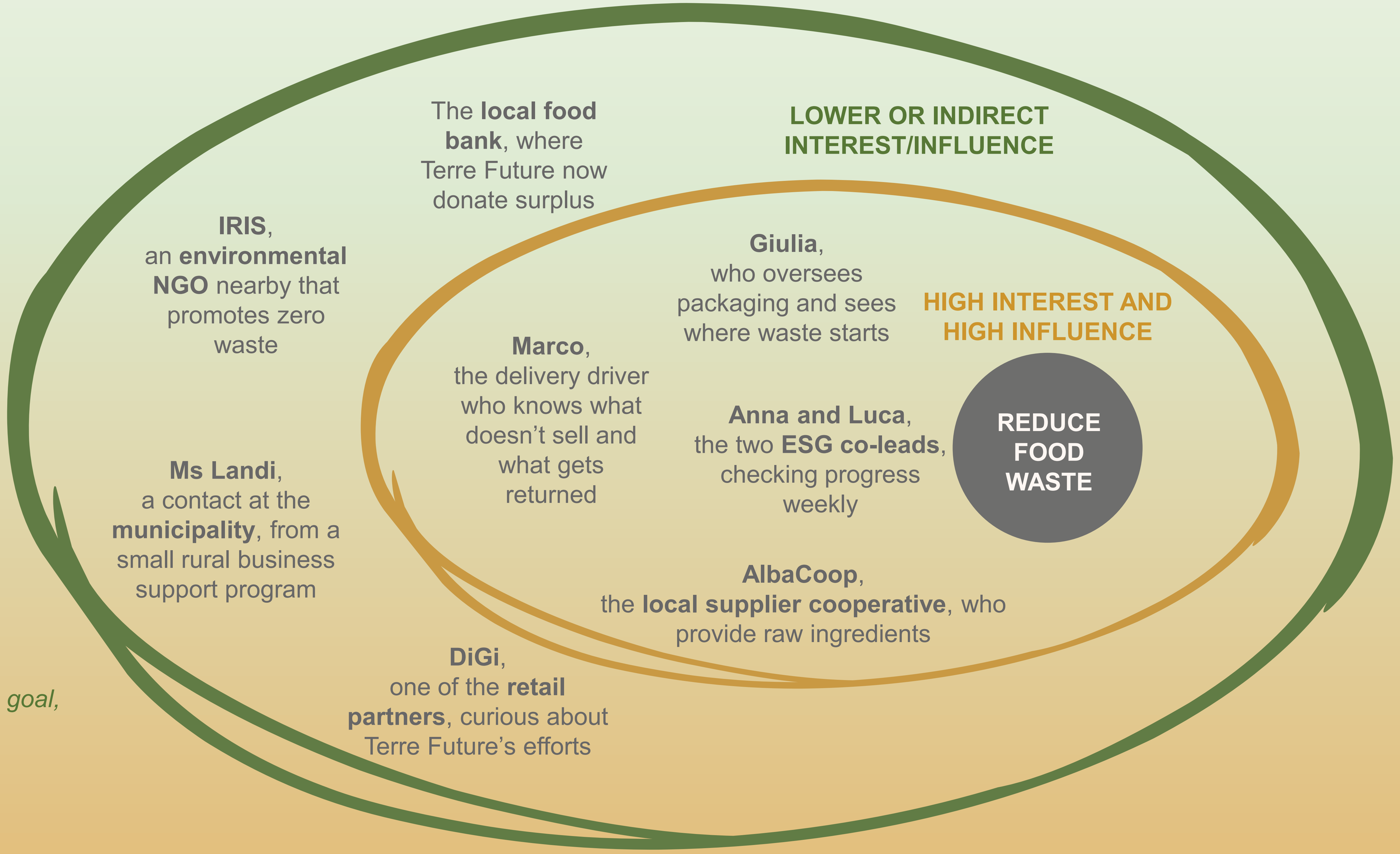
This case shows that even a tiny business can uncover hidden allies and overlooked risks by taking 15 minutes to sketch a stakeholder map.

Do you remember Terra Futura?

When they committed to reducing food waste, they realised it wasn't just *their* project.

They needed to think about **who else was involved**, who could **slow them down or help them move faster**, and who might **care about the results**.

So, they created a simple two-ring map.




*If you drew a quick map today for one ESG goal, who would be closest to the centre?*

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# Stakeholder Engagement and Regulatory Compliance

## ESG Stakeholders Consultation Techniques

Once you've mapped your stakeholders, the next step is simple: **talk to them.**
You don't need surveys with 1000 responses or expert facilitators. You don't need a budget, either.
Just **intention, a bit of time, and curiosity** about what people think.

In rural SMEs, consultation doesn't need to be formal. It can happen during your regular routines, if you know what to listen for.
Here are some easy, effective ways to gather input:

- A casual chat with a delivery driver
- A short phone call with a supplier
- A quick question at the end of a staff meeting
- A message in a shared WhatsApp group
- A printed slip at the counter asking "What would you change?"
- A simple survey link sent to customers or partners

These moments can reveal blind spots, uncover smart ideas, or simply make people feel included. They also reduce the risk of surprise pushback later, because people were part of the process.

*Is there one person - inside or outside your business - who might shape or strengthen your ESG decision, if you asked the right question?*

# Stakeholder Engagement and Regulatory Compliance

## Embedding Regulatory Requirements

CSRD, ESRS, GRI.

These are big acronyms, designed for big organisations.

If you're a small business, you're not expected to publish formal ESG disclosures. *At least not yet.*

But that doesn't mean you're out of the picture.

These frameworks are shaping the future of business, and aligning with their logic (even lightly) makes your SME more credible, connected, and future-ready.

This might look like:

- Choosing two or three ESG topics that matter to your work
- Tracking simple actions (e.g. energy use, waste, diversity, training hours)
- Making clear what you're doing, and why (even informally)

You're not being judged by the same rules.

But you are part of the same shift, and you can move at your own scale.

*If someone asked how your business contributes to sustainability, would you know what to say and what to show?*

Read more about the regulatory requirements OR move to the next topic

# Stakeholder Engagement and Regulatory Compliance

## The Omnibus Directive and SMEs

Not all ESG rules are just for big companies.
The **Omnibus Directive** affects **everyone** who sells to consumers, including small, rural businesses.
The Directive makes it illegal to say things like:

- "Eco-friendly"
- "Green"
- "Sustainable"

***…unless you can prove it.***

If your business talks about environmental benefits, you now need to:

- **Back up your claims** with real evidence
- Be clear about **where products come from**
- Share information on **lifespan, repairability, or environmental impact** when relevant

*Look at your product labels, website, or marketing. Would a stranger understand what your claims mean and where the proof is?*

This isn't just red tape.
It protects customers and it protects you from reputational or legal risks.
More importantly, it builds **trust**.
And trust is ESG's real currency.

*The Omnibus Directive is already in force, and it's just one part of a growing ESG landscape.*
*To help you see where you stand, let's see a simple comparison of the main frameworks and what they mean for your business.*

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# Stakeholder Engagement and Regulatory Compliance

## GRI vs ESRS vs CSRD – What SMEs Need to Know

| What's this about? | GRI (Global) | ESRS (EU Standards) | CSRD (EU Law, Updated by *Omnibus 2025*) |
|---|---|---|---|
| **Is it mandatory?** | **No**, it's voluntary | **Not for most SMEs** | **Yes,** but **only for listed SMEs**, starting **FY 2027 → report due in 2029** |
| **Where does it apply?** | Anywhere in the world | Only in the EU | Legally binding in the EU |
| **Who uses it?** | Any company that wants to report | Companies required by CSRD or voluntarily | Large companies now; listed SMEs later |
| **Main purpose** | Help you report ESG impacts | Set detailed rules for EU sustainability reporting | Make ESG reporting mandatory & comparable in EU |
| **What do you have to report?** | Topics you choose (impact on people & planet) | A set list of topics, plus what's material to your business | Follow ESRS, based on double materiality |
| **Materiality focus** | Impact only (on people & planet) | **Double materiality**: your impact + risk to your business | Same, full **double materiality** approach |
| **Is external check required?** | Not required, but possible | Yes (if under CSRD) | Mandatory (independent verification) |
| **Easy to combine with others?** | Flexible, used worldwide | Works well with GRI | Yes, uses ESRS aligned with GRI standards |
| **Simplified version for SMEs?** | No | Yes, **ESRS LSME** (simplified standard) | Listed SMEs must use **ESRS LSME from 2029** |

# Stakeholder Engagement and Regulatory Compliance

## Balancing Compliance and Expectations

ESG work is often full of expectations.
Customers want proof. Regulations require action. Partners ask questions.
But your team is small. Your time and money are limited.

What do you do when it feels like ***too much***?

The answer isn't to give up, or try to do everything.
It's to **be honest** about what you can do now, and **clear** about how you'll grow.

Some goals might take a year. Others, a week.
Some requests might not align with your values, or capacity.
That's OK, as long as you **explain your choices**.

It's better to do a few things well, than to promise everything and deliver little.

*Think of one ESG expectation you've encountered — from a customer, colleague, or regulation.*
*Now ask yourself:*
*What would it realistically take to meet it fully? What might you have to delay, scale down, or decline?*
*And most importantly:*
*How would you explain that choice in a way that builds trust, rather than disappointment?*

*Let's look at how one small rural business handled choosing what to act on now, what to postpone, and how to explain it clearly to their community.*

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# BoscoVita Trails

A practical example of how a rural SME prioritised what to act on and what to communicate transparently

*Capo Palinuro (SA), Italy*

This case shows that it's possible to meet both regulatory and social expectations by being selective, realistic, and open about your process.

**BoscoVita Trails** is a small family-run eco-tourism business in the Cilento area. They offer guided hikes, school visits, and wellness walks in a Natura 2000 zone.

As part of their ESG strategy, they consulted visitors, local partners, and park authorities. Everyone wanted more events and larger groups, especially during summer.

But increasing visitor numbers would have breached biodiversity protections and disturbed nesting areas. Instead of saying yes to everything, BoscoVita chose a measured path.

They:

- Capped group sizes during high-risk ecological periods
- Created "quiet zones" where activities are paused seasonally
- Published their environmental approach in both signage and online
- Met with community stakeholders to explain the compromise and invite feedback

BoscoVita's experience illustrates how small businesses can align environmental **compliance requirements** with **stakeholder expectations** through realistic, value-driven choices.

Rather than overpromising or risking ecological damage, they prioritised legal duties under **EU nature protection frameworks,** while using **communication and participation** to maintain community support.

Their transparent approach reinforced ESG credibility in three ways:

- It showed respect for biodiversity and local ecosystems
- It demonstrated accountability toward public and private partners
- It built long-term trust with visitors, who felt included in the sustainability journey

This case highlights that **practical ESG strategy in small businesses isn't about doing everything**, it's about doing the right things, clearly and consistently.

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# Summary of Unit 2

## Turning Vision into Action: Building ESG Plans that Fit Your SME

**Prioritising ESG goals begins with clarity of purpose**

Sustainability isn't about distant rules. It's rooted in the business's values, territory, and relationships. ESG becomes meaningful when it reflects local priorities and emerges from collaborative, purpose-driven practices.

**Once priorities are set, alignment with the core of the business is essential**

ESG cannot be treated as an external layer. It must run through existing functions. Whether it's purchasing, hiring, operations, or storytelling, ESG gains traction when it connects directly to what people do, every day.

**Action planning turns direction into movement**

Breaking down ESG goals into steps, assigning responsibilities, and setting realistic timelines helps prevent drift. In small teams, ownership doesn't require new roles; shared and rotating models can work when accountability is constructive.

**ESG implementation requires engagement to have a real impact**

ESG requires input beyond internal teams. Mapping stakeholders, inviting participation, and ensuring proportionality, transparency, and communication builds legitimacy and resilience.

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Unit 3

# MAKING ESG WORK: IMPLEMENTING, INVESTING, AND ADAPTING

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# Learning objectives

**At the end of the Unit, you are expected to understand how to:**

- Develop actionable ESG strategic plans ready for operationalization in rural SMEs.
- Engage employees and stakeholders effectively to foster an ESG-driven organizational culture.
- Identify long-term ESG investment opportunities and prepare basic financing strategies.
- Implement mechanisms for continuous ESG monitoring and improvement.

**This Unit works on the following ESG Competences**:

1.E.4: Innovative thinking

2.E.1: Defining a vision
2.E.2: Promoting interdisciplinary approaches
2.G.3: Vision and opportunities

3.E.4: Promoting results replication potentials
3.G.2: Financial and economic literacy
3.G.4: Understanding and planning long-term investments
3.S.1: Mobilizing others

4.E.1: Promoting resilient ecosystems
4.S.2: Ability to work with others
4.S.6: Understanding of community impacts
4.G.1: Coping with ambiguity, uncertainty and risks
4.G.3: Knowledge of EU and national legislative frameworks

# What will we discuss in this Unit?

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Lesson 1

# FOSTERING AN ESG-SUPPORTIVE COMPANY CULTURE

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# Fostering an ESG-Supportive Company Culture

## What Makes an ESG Culture?

Culture isn't just what a business says, it's what people actually **do**, **notice**, and **accept** every day.

An ESG-supportive culture is more than policies or slogans. *It's how people act when no one is watching.* It shows up in choices, conversations, habits, and the way a business responds to challenge or change.

This kind of culture grows when ESG values aren't just written down, they're lived. When people see those values reflected in leadership, in decisions, and in what gets praised or questioned, they begin to adopt them too.
**Shared values** and **consistent behaviour** shape what the company stands for. And over time, this becomes more powerful than any formal rule, because it guides how people think, not just what they do.

"What's encouraged gets repeated. ESG culture grows when small actions reflect shared purpose."

*A strong ESG culture supports long-term change because it outlasts individual projects or managers.* It helps align new goals with old habits, and gives people a reason to care.

# Fostering an ESG-Supportive Company Culture

## Spotting the Culture: Visible and Invisible Signs

Culture can be hard to define, but you can see it in action.

In some workplaces, ESG is visible in **how materials are reused**, in **energy-saving habits**, in **staff-led cleanups** or in **how achievements related to sustainability are celebrated**. *You might see reuse corners, posters with shared values, or informal challenges to reduce waste.*

Other signals are quieter, but just as telling. ***How do people talk about impact? Are ethical concerns welcomed or avoided? Is there space to ask tough questions or challenge decisions? Does care count, or is value only measured in profit?***

Much of this happens without formal rules. Culture lives in what's recognised, in who speaks up, in how a suggestion is received, in how conflict is handled. It shows up in what people feel proud to do and what they feel safe to say.
**Shaping an ESG-supportive culture starts with noticing these signals, and choosing to strengthen the ones that reflect your values.**

Look for signs in the ordinary:

- Is sustainability part of lunchroom conversations?
- Do people question decisions, or is silence the norm?
- Are impact efforts seen as "extras," or just "how we do things"?

Even simple routines can reveal deep patterns of values.

*Think of a workplace you know well.*
*What signs (visible or invisible) tell you whether ESG really matters there?*

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# Fostering an ESG-Supportive Company Culture

## Engaging Employees Around ESG

In small organisations, culture doesn't flow from glossy brochures, it's passed through stories, habits, and participation.

Involving employees in ESG means more than asking for help, it means trusting them as co-creators. It is about making space for ownership.

This starts with trust. When people feel they can act on their ideas, and that those ideas will be taken seriously, they are more likely to care, suggest, and lead.

**Ownership** does not require new roles. It shows up when:

- A warehouse worker builds a reuse station from scrap materials
- A junior staff member proposes a new local supplier
- A cleaner raises a concern about waste and receives a response

The key is not to delegate tasks, but to *share* purpose.

Culture shifts when people do not wait for permission to act responsibly, they just do.

***When staff are treated as contributors to ESG, not just executors of tasks, participation becomes ownership.***

# Fostering an ESG-Supportive Company Culture

## Everyday ESG Engagement: What Works in Small Teams

In rural SMEs, engagement does not require a corporate intranet or branded campaigns. It requires relevance and rhythm.

Some strategies that work:

**Internal micro-campaigns**
short team challenges with a clear, shared ESG aim (e.g., a week without disposables)

**Gamified routines**
small rewards, shoutouts, or progress charts that build habits over time

**Peer-led stories**
short presentations or notes from staff sharing personal ESG tips or local experiences

**Informal role models**
people who act with care and consistency, even without a title, quietly shaping the culture

**ESG moments**
five-minute reflections in weekly meetings or shift changes, linking daily work to shared values

These approaches are low-cost, adaptable, and do not require hierarchy. When the methods feel like they belong, people use them.

When simple tools match the way people already work, engagement can grow naturally.

*Here's how one rural SME made it part of their everyday rhythm.*

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# BorgoSereno Agriturismo

A practical example of how a rural SME made ESG a shared habit in the Family-Run business

*Giffoni (SA), Italy*

This case shows that participation grows when people feel seen, trusted, and involved - not instructed.

BorgoSereno is a small agritourism with a vineyard and five rooms for eco-tourism near the hills of Giffoni.

Most of the daily work is done by a family of four and two seasonal workers.

Wanting to reduce water waste and improve biodiversity, the team knew they couldn't hire new staff or launch big campaigns.

Instead, they created a weekly "green shift": a rotating task where one person proposes a small ESG improvement. One week it meant reusing greywater for the garden; another, it led to planting herbs that attract pollinators.

They also placed a suggestion board by the kitchen, used for both guest and staff ideas. A seasonal worker suggested low-cost birdhouses and the owner's teenage daughter researched and built them with scrap wood.

BorgoSereno shows how micro-teams can embed ESG through shared, low-pressure routines.

By treating employees (and family members) as co-creators, not followers, ESG became part of how the team worked and talked.

The visible and informal approach helped build a culture where everyone felt responsible and proud to contribute, even with limited time.



*But even good ideas can meet resistance — understanding why is the next step.*

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# Fostering an ESG-Supportive Company Culture

## Understanding Resistance to Change

In many rural SMEs, resistance to ESG doesn't come from disagreement with values.
It comes from **pressure**, **past frustrations**, or **fear of disruption**.

Common root causes:

1. **Lack of time or bandwidth**
2. **Unclear purpose or goals**
3. **Fear of failure or being blamed**
4. **Feeling excluded from decisions**
5. **Perception that ESG is just "extra work"**

*Have you ever resisted an ESG-related idea, even if you believed it was right? Think about what made it hard to accept: time, habits, confusion, fear of change? This reflection helps us understand what others might feel too and how to respond with empathy.*

Resistance often signals that:

- Something hasn't been clearly explained.
- People don't see where they fit in.
- The change feels imposed, not chosen.

The goal isn't to eliminate resistance, but to understand it and respond with intention.

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# Fostering an ESG-Supportive Company Culture

## Overcoming Resistance to Change

What Works Against Resistance?

### Empathy

Ask people to share what they're worried about.
Use open questions, like:
"What's your first reaction to this?"
"What would make this easier for you?"

### Inclusion

People support what they help shape.

- Involve staff in designing ESG actions.
- Share early drafts.
- Ask for input, and not just at the end.

### Clarity

Confusion leads to pushback.

- Be clear about the why: what's at stake.
- Be clear about the how: what's changing and what stays.
- Be clear about what success looks like.

*What would help you feel more confident about a change you didn't choose?*
*Consider how support, involvement, or simple clarity can reduce friction.*
*Now imagine designing your ESG actions with those same principles in mind.*

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# Fostering an ESG-Supportive Company Culture

## 5 Ways to Ease ESG Resistance in Rural SMEs

1. **Map your sceptics and allies**
   Know who's unsure, who's excited, and who needs support.
2. **Use "safe-to-fail" pilots**
   Test small changes (e.g., one ESG goal in one area) to build confidence.
3. **Appoint informal champions**
   Ask well-respected team members to model or explain changes.
4. **Celebrate micro-successes**
   Recognize effort early, even before results appear.
5. **Link ESG to existing values**
   Show how sustainability aligns with the company's story, identity, or community role.

**Want to spark a real conversation about culture and ESG? Start here.**

Choose one of these questions and bring it to your next team meeting, class discussion, or mentoring session:

- *What does "doing the right thing" look like here? Who decides?*
- *When have you seen someone speak up for sustainability or fairness? What happened?*
- *What's something we do out of habit that might go against our values?*
- *If a new person joined tomorrow, what signals would they get about what matters most here?*

These questions work in any setting: whether you're leading a team, joining one, or preparing for future roles. What matters is not having the perfect answer, but opening space for shared reflection.

*Think of someone in your team who might feel left out of ESG plans. How could you make their role clearer or invite their input in a way that feels safe and meaningful?*

# Fostering an ESG-Supportive Company Culture

## Leadership's Role in Shaping Culture

Leadership doesn't start with a speech. It starts with how you behave when no one's watching.
Culture is shaped by what leaders reward, tolerate, ignore, or model.
In SMEs, this doesn't just mean the founder or manager.

***Anyone others look to - the longest-standing employee, the person who trains others, the one who speaks up - can influence what feels "normal."***

When leaders consistently act in ways that reflect ESG values, others follow.
Not because they're told to, but because it feels real.

You don't need formal authority to lead on culture. What matters is consistency, visibility, and alignment with values.

A culture-shaping leader:

- Uses "we" language instead of "they" when discussing ESG.
- Shares doubts and trade-offs, not just wins.
- Encourages others to contribute, without needing permission.
- Keeps ESG visible in everyday moments: choices, check-ins, priorities.

*Who in your workplace sets the tone - not by title, but by example?*

These actions send a message: Sustainability isn't extra. It's part of how we think and work, together.

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# Fostering an ESG-Supportive Company Culture

## When Leadership Sends Mixed Signals

Culture doesn't follow policies. It follows patterns.
Even small contradictions in leadership behaviour can undermine the values a company claims to stand for.

If ESG is promoted in meetings but ignored in decisions, *people notice*.
If time pressure is always rewarded over care, sustainability becomes optional.
These mixed signals create confusion. Over time, they erode trust and discourage initiative.

*Saying "we care about ESG" isn't enough.* Culture is shaped by what is done - consistently - even (and especially) when no one's watching.

**Visible gaps to watch for:**

- Launching ESG goals, but never revisiting them
- Praising innovation, but penalizing experimentation
- Asking for ideas, but failing to follow up
- Sharing success stories, but hiding setbacks

*Have you ever seen a leader's actions contradict their stated ESG values? How did that affect trust or motivation?*

*Let's see what this means in practice.*

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# Il Forno di Nemi

A practical example of how a rural SME turns small actions into cultural signals

*Viterbo (VT), Italy*

This case shows that cultural change doesn't always need a directive. When everyday behaviours reflect ESG values, others take notice and follow.

When Il Forno di Nemi, a small artisanal bakery in the hills near Viterbo, began thinking about sustainability, there was no formal plan. But one team member led by example.

She reused dough scraps creatively, replaced harsh cleaning agents with safer alternatives, and left simple notes reminding colleagues to turn off lights or reduce waste.

These small, consistent actions caught on.

ESG wasn't imposed, but it spread through daily habits and quiet leadership.

Over time, the team began taking more initiative:

- A "green ideas" wall was set up near the break area, inviting suggestions from everyone
- A baker contacted local flour suppliers to explore more sustainable packaging
- ESG conversations started surfacing informally during lunch breaks and shift changes

The story of Il Forno di Nemi highlights the power of informal leadership and peer-to-peer influence.

In small teams, visible personal commitment often drives cultural change more effectively than formal roles or mandates.

ESG becomes part of how people work, not just what they're told to do.

*Whether you're leading a team or working alongside others, your everyday choices send signals, even when you don't mean to.*

# Fostering an ESG-Supportive Company Culture

## Quick Self-Check: Culture Signals You Send

How do your actions shape culture today?

Ask yourself:

- What do I praise most often?
- What do I ignore or brush off?
- Do I share ESG challenges, or only successes?
- Do I act like sustainability matters… even when things get busy?

*Pick one ESG behaviour to model deliberately this week. Make it visible.*

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**A strong ESG culture lays the foundation, but lasting impact often requires long-term investment.**
**Whether it’s switching to renewables, restoring biodiversity, or upgrading systems, these changes take planning, funding, and foresight.**
**In the next lesson, we’ll explore how rural SMEs can connect their values to real investment decisions and how to do it without overreaching their means.**

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Lesson 2

# PLANNING LONG-TERM ESG INVESTMENTS

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# Planning Long-Term ESG Investments

## Introduction to Green Finance for SMEs

**Green finance** means using financial resources to support environmental and social improvements. It's not only for large companies. Today, even small rural enterprises can access funds that reward sustainability.

Instead of funding everything from your own profits, green finance offers tools to turn ESG ideas into real investments.

**These might include:**

1. **Grants** for installing energy-efficient systems
2. **Low-interest "green loans"** for reducing emissions
3. **Tax incentives** tied to circular economy goals
4. **Regional funds** that support biodiversity, social cohesion, or digital inclusion

What makes these tools "green" isn't just the money, it's the outcomes they aim to create.

*What's one long-term ESG ambition your business has?*
*And what kind of financial support would make it achievable?*

# Planning Long-Term ESG Investments

## Why ESG Strategy Needs Financial Planning

Your ESG strategy is a roadmap, but even the best plans stall without resources.

Green finance helps move from ideas to execution. It allows SMEs to:

- Spread costs over time (e.g. through low-interest loans)
- Access external support (grants, subsidies)
- Reduce risk while exploring sustainable innovation
- Gain credibility and access to new markets or partnerships

A strong ESG strategy doesn't ignore finance, it includes it from the start.
This means choosing goals that can attract support, budgeting realistically, and understanding what funders expect.

*How well does your current ESG planning consider real financial constraints and opportunities? Or is finance something you plan to 'figure out later'?*

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# Planning Long-Term ESG Investments

## What Does ESG Investment Look Like?

Finding the right funding doesn't have to be overwhelming. Start with these sources:

**Local and Regional Programmes**
Municipalities, regional governments, and local chambers often manage grants for energy, digitalisation, or sustainable tourism.

**National Subsidy Schemes**
Look for rural development funds, innovation vouchers, or agricultural sustainability incentives that support ESG goals.

**EU and International Opportunities**
Some EU programmes (e.g. LIFE, CAP eco-schemes, InvestEU) offer funding directly or through national intermediaries. These often prioritise SMEs with strong social or environmental focus.

**Banks and Credit Unions**
Some offer dedicated "green loans" with lower interest rates or longer repayment terms for energy upgrades, sustainable machinery, or water systems.

! *Keep records of your ESG plans. Donors want to see purpose, feasibility, and expected outcomes.*

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# Planning Long-Term ESG Investments

## Types of ESG Investment Projects

Investing in ESG means directing time, money, or resources toward projects that improve environmental and social outcomes, while also strengthening the business. In rural SMEs, these investments are rarely large-scale or high-tech. Instead, they tend to be practical, locally grounded, and capable of producing multiple forms of value over time.

**Energy efficiency projects** often begin with simple measures, such as replacing outdated equipment or insulating workspaces. *These steps reduce operating costs, increase resilience to energy price changes, and cut emissions.*

**Biodiversity protection initiatives** may include planting hedgerows, restoring native vegetation, or supporting local ecosystems. Such *efforts align with community expectations, attract visitors or funding, and contribute to long-term sustainability.*

**Digital sustainability** is a growing opportunity. Introducing basic monitoring tools can *reduce resource waste*, while digitalisation *improves efficiency and traceability*. SMEs can also use QR codes to share product origins, building transparency and trust.

**Social investments** matter too. Enhancing workplace safety, promoting inclusion, supporting staff training, or collaborating with local schools help *strengthen trust, loyalty, and engagement* - both within teams and across communities.

**Circular economy projects** - such as composting systems, reusable packaging, or take-back schemes - *reduce waste, create customer engagement, and drive product innovation.*

While the **scale** of these projects may be **modest**, their **impact** can be **significant**, *as they enhance brand identity, unlock new market opportunities, and build resilience in a changing world.*
Most importantly, **they signal a long-term commitment**… not just **to ESG goals**, but **to the values behind them**.

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# Planning Long-Term ESG Investments

## Writing a Basic ESG Investment Proposal

Turning an ESG idea into an investment proposal doesn’t require advanced skills or formal templates, just clarity.

A good proposal tells a simple story:

**what** the project is,

**why** it matters,

**how** it will be done,

**how much** it will cost,

and **what benefits** (financial and non-financial) it is expected to bring.

*Which kind of ESG investment would create both internal value and external impact in your business or sector?*

You don’t need perfect data. You need a clear, honest plan that shows you’ve thought it through.

*Let’s see how.*

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# How to build a proposal

A practical example of how a rural SME seeks funding for a low-impact trail restoration

This case that an effective ESG investment proposal doesn't need to be complex. It just needs to show a clear link between business value, community benefit, and sustainability goals.

Start with your **objective**.

What problem are you addressing or opportunity are you pursuing?

Link it to your ESG priorities.

Define the **estimated cost**.

This can be a rough range, just enough to show the scale of investment.

Describe the **expected impact**.

Will it reduce emissions? Cut waste? Improve team wellbeing?

Create new partnerships or revenue streams?

Add a **timeline**.

How long will it take to implement and when will results be visible?

And lastly, describe the **return on investment (ROI)**

Not just in financial terms, but in visibility, resilience, or stakeholder trust.

*Remember also to check:*

- ***the ESG relevance of your proposal**: how the investment contributes to environmental, social, or governance goals, and why it matters for your SME and your community;*
- ***Funding options**: Identify possible sources of support: local/regional grants, green loans, tax incentives, or private-public partnerships. Include eligibility notes.*

*Always explore funding opportunities early. Check municipal or regional calls, talk to your local Chamber of Commerce, or search EU-wide platforms like LIFE, Horizon Europe, or national sustainability funds.*

*Now, let's see how **BoscoVita Trails** has used this structure to describe their proposal.*

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# BoscoVita Trails

A practical example of how a rural SME seeks funding for a low-impact trail restoration.

*Capo Palinuro (SA), Italy*

This case that an effective ESG investment proposal doesn't need to be complex. It just needs to show a clear link between business value, community benefit, and sustainability goals.

Start with your **objective**.

**BoscoVita Trails**, a nature tourism SME based in Capo Palinuro, wants to restore an abandoned forest path to create a low-impact trail that supports biodiversity, eco-tourism, and community engagement.

Define the **estimated cost**.

The estimated cost of the initiative is around **€12,000**, covering signage, basic maintenance tools, and labour (including student volunteers).

Describe the **expected impact**.

The trail will **enhance biodiversity** by preserving native vegetation, **engage the local school** through outdoor learning, and **offer a new activity** for eco-conscious tourists, thus expanding the seasonal offer of the business.

Add a **timeline**.

The expected duration is **3 months**, with signage and trail clearing in the first phase, and immediate use by spring tourists.

And lastly, describe the **return on investment (ROI)**.

A modest financial return is expected through increased visitor numbers, and a strong non-financial return in **brand visibility, local goodwill, and future eligibility for regional grants**.

This proposal works because it follows a clear and structured logic: each element of the proposal links back to ESG priorities while remaining realistic and proportionate to a rural SME's capacity.

The **objective** addresses a real local need (restoring a forest trail) while connecting it to broader ESG themes like **biodiversity, education, and sustainable tourism**.

The **cost estimate** is simple but transparent, showing the scope of the project without overpromising.

The **expected impact** combines environmental gains with community benefits, illustrating how one action can generate **shared value**.

The **timeline** is short and actionable, helping the SME manage expectations and show when results will be visible.

The **return on investment** goes beyond profit: it highlights **reputation, trust, and long-term resilience**, which are essential for ESG success.

By grounding the plan in values and aligning it with capacity, BoscoVita Trails shows how even small projects can become credible ESG investments if they are well thought out and clearly communicated.

*Even the clearest plan needs one final check.*
*Let's see how to check if a proposal is it truly feasible with the time, money, and people available*

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# Planning Long-Term ESG Investments

## Why feasibility matters

Even the most inspiring ESG investment won't create impact unless it can be realistically implemented.
Feasibility is about alignment: between ambition and capacity, priorities and timing, plans and available resources.

For rural SMEs, this doesn't mean aiming lower - it means planning smarter.
Feasibility means asking:

*Is this the right time?*
*Do we have what we need to carry it out?*
*Can we manage the risks?*
*Will the benefits justify the effort?*

In rural SMEs, constraints are real: **time**, **funding**, **staffing**. But with the right tools, it's possible to make confident decisions about when and how to move forward or when to pause and adapt.

Feasibility is not about saying no. It's about asking: **"Can we do this now, and if not, what would it take?"**

Thinking through feasibility early on avoids wasted energy, frustration, and missed opportunities.
It turns aspiration into action, with eyes open.

*What's one ESG investment you've considered (or seen) that looked great on paper but never got off the ground? Why?*

# Planning Long-Term ESG Investments

## Assessing Feasibility

Feasibility is not just a yes-or-no decision. It's a way to think through what makes an ESG investment viable, and when. There are four areas that often decide whether an ESG investment can go forward:

1. **Fit with business priorities:**
   Does the investment align with your company's current goals, values, and operations?
   *If it feels like a distraction or mismatch, it will likely lose momentum.*
2. **Resource availability:**
   Do you have - or can you get - the money, time, people, and knowledge needed to carry it through?
   *Sometimes the idea is right, but the moment isn't.*
3. **Risk tolerance:**
   All investments carry uncertainty. But in small teams, a single failure can cost more.
   *It's important to understand which risks are acceptable, and which aren't.*
4. **Expected benefits:**
   Are the positive impacts clear and measurable? Will this improve performance, reputation, resilience, or well-being?
   *Benefits can be financial or non-financial, but they must be real.*

Thinking through these questions helps decide not just **if** an idea is worth pursuing, but also **how** and **when**.

*Thinking through these dimensions is the first step, but a structured tool can help clarify the decision and make it easier to communicate.*

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# Planning Long-Term ESG Investments

## A Simple Tool: The Feasibility Filter

**Not every ESG idea needs a complex evaluation. For small teams, a simple filter can help decide if it's worth planning now, or later.**

The Feasibility Filter uses four quick questions to test an idea's readiness:

**Does it fit our purpose and goals?**

If *yes*, it deserves attention. If *not*, it may cause distraction.

**Do we have (or can get) the needed resources?**

If *yes*, plan it. If *not*, flag it for later or scale it down.

**Are the risks manageable?**

If *yes*, move ahead with care. If *not*, reconsider or reframe.

**Are the benefits real and aligned with ESG?**

If *yes*, it's likely to add value. If *not*, test the assumptions.

Answers don't need to be perfect. This tool works best as a team conversation, not a solo checklist.

*But even the best tools can't replace honest reflection. Let's see how to check if the timing, energy, and support are really in place before moving forward with the investment.*

# Planning Long-Term ESG Investments

## Self-Check: Is it the right time?

Even good ESG investments can fail if launched at the wrong moment. Pause to check for readiness.

It's normal to feel cautious: ESG investments often involve new terrain. But caution can sometimes become inertia. Too much caution can block progress. Many rural SMEs delay ESG investments not due to risk, but due to uncertainty or fear of doing things imperfectly.

Ask yourself: *Is the hesitation grounded in facts, or assumptions?*

Try this quick self-check:
If your answer to most of these is **"yes"**, you may be delaying unnecessarily:

- You already have a basic plan, but keep refining it instead of starting.
- You've identified a feasible funding source but haven't applied.
- The risks are manageable, but you're waiting for the "perfect" time.
- Your team is ready, but you're unsure how others will react.


**Takeaway:**

If the conditions are "good enough," it might be time to move - not wait. Perfection is not a prerequisite for progress.
When ESG goals align with your values and resources, the cost of waiting may be higher than the cost of starting.

*Think of an ESG idea you've postponed. What's really holding it back?*

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**Long-term ESG investments are never just about numbers. They reflect what a company is willing to commit to, and over what timescale.**
**But how do you plan for a future that's uncertain?**
**How do you stay flexible without losing direction?**
**In the next lesson, we'll explore tools that help SMEs think ahead, stay resilient, and use future scenarios to guide meaningful ESG choices.**

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Lesson 3

# FUTURE-PROOFING ESG STRATEGIES AND SCENARIO PLANNING

# Future-Proofing ESG Strategies and Scenario Planning

## Understanding Future-Proofing in ESG

Future-proofing means preparing your ESG strategy not just for today, but for the changes, disruptions, and expectations that tomorrow will bring.

In rural SMEs, ESG progress can't rely on fixed plans or ideal conditions. It needs to bend without breaking, adapting to:

- shifts in weather and crop patterns
- energy or resource disruptions
- changing customer and partner demands
- rising costs or new compliance burdens

Future-proofing isn't about predicting the future perfectly. It's about building strategies that are *resilient*, *flexible*, and *grounded in your purpose*, so they still work when conditions change.

It's also about mindset: seeing ESG not as a one-time task, but as an evolving practice that grows alongside your business.

*If your ESG plan had to survive a tough year (less income, more stress, fewer resources) what parts would still hold?*

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# Future-Proofing ESG Strategies and Scenario Planning

## The Forces That Shape the Future

Three major forces are already reshaping what ESG means in practice, and they're not slowing down:

### 1 Climate Change

From extreme weather to water shortages, climate disruptions are now a business reality for rural areas. SMEs that ignore them risk loss of crops, infrastructure damage, or stranded investments.

### 2 Regulation

New rules like the EU's Corporate Sustainability Reporting Directive (CSRD) are increasing reporting demands and supply chain scrutiny. Even small SMEs are starting to feel the knock-on effects, through clients, grants, or partner requirements.

### 3 Market Shifts

Customers, buyers, and funders expect credibility. They look for action, not just intention. Without visible ESG progress, SMEs may lose access to contracts, funding, or talent.

These forces don't need to be threats. If anticipated early, they can become drivers of innovation and relevance.

*Which of these pressures are already present in your sector? How prepared do you feel to respond?*

# Future-Proofing ESG Strategies and Scenario Planning

## Scenario Planning for Rural SMEs

You can't control the future, but you can prepare for more than one version of it.

**Scenario planning** helps SMEs stress-test their ESG strategy by imagining different futures:

- *What if extreme heat reduces your yields for two seasons?*
- *What if fuel prices double again?*
- *What if your buyer starts requiring ESG reports?*

Rather than build one "perfect" plan, you explore several possible futures and check if your current ESG approach holds up under each.

Common scenario types:
**Optimistic:** Rapid sustainability adoption, supportive funding, good weather years
**Pessimistic:** Supply chain shocks, severe droughts, regulatory penalties
**Status quo:** Slow progress, rising costs, uncertain support

This helps you:

- Identify weak spots in your ESG plan
- Strengthen flexibility and responsiveness
- Choose investments that will matter across different futures

*Pick one ESG goal from your current or planned strategy.*
*Would it still be relevant, and achievable, in each of these three futures?*

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# Future-Proofing ESG Strategies and Scenario Planning

## Adaptive Strategies for Long-Term ESG Goals

Your ESG strategy shouldn't be a one-off document. It should evolve as your business, the community, and the world change. What worked before may no longer fit. Regular updates help rural SMEs stay focused on their goals without getting stuck or overwhelmed.

### What triggers the need for adaptation?

Change often becomes necessary when conditions shift. This can happen due to **new regulation** or **policies** that affect compliance requirements. **Emerging ESG risks** or **rising concerns within the local community** may also push a business to reconsider its current path. Internally, **missed targets**, **unexpected setbacks**, or a **decline in team engagement** can signal that the current plan needs rethinking. Sometimes, **new technologies** or **funding opportunities** make adaptation not just necessary, but strategic.

### Adaptation means:

- Periodically reviewing your ESG goals, even if they seemed solid at first
- Responding to what's working (and what's not) without starting from scratch
- Keeping your team engaged through evolving priorities

*It's not about being reactive.*
***It's about being prepared to evolve.***
***Adaptation keeps your strategy alive.***
*Don't wait for crisis, build the habit of adjusting with intention.*

### Ways to stay adaptive:

- **Keep an eye on changes around you**: regulation updates, climate patterns, consumer expectations
- **Use light-touch reviews**: short quarterly reviews are better than big, rare evaluations
- **Have 'pause points'**: moments when you deliberately stop to ask, "Is this still the right path?"

# Future-Proofing ESG Strategies and Scenario Planning

## How to review and adapt your ESG Plan

You don't need a consultant to review your ESG strategy.
You just need to ask the right questions regularly.

Try this quarterly check-in:

- **What's working?** Are there ESG actions that are producing visible results or positive feedback?
- **What's stuck?** Are there activities that haven't started or are always postponed?
- **What's changed?** Have new risks, regulations, or opportunities emerged since the plan was set?

If the plan still fits: recommit.
If not: adjust timelines, scale actions, or focus on what matters most now.

***Even small updates, like switching priorities or adding a new short-term goal, can reinvigorate your ESG path.***

# SelvaFibre

A practical example of how a rural SME stayed resilient by adapting their ESG strategy

*Paestum (SA), Italy*

This case shows that ESG adaptation doesn't mean starting over, it means adjusting smartly when conditions change.

SelvaFibre is a rural SME in Basilicata that produces natural wool insulation for green buildings. They combine traditional sheep farming with innovative, low-impact construction materials.

SelvaFibre originally focused on promoting energy efficiency and fair employment through local production and inclusive hiring. But after a devastating wildfire season damaged grazing lands (and with new biodiversity protection laws affecting rural land use), they realised their ESG strategy needed to adapt. They weren't just producing insulation anymore; they were part of a fragile ecosystem under stress.

Here's what they changed:

- **Risk Management:** Reallocated funds from an energy upgrade to building firebreaks and securing water tanks
- **Partnerships:** Joined forces with a local rewilding NGO to access biodiversity expertise
- **Review Routines:** Introduced quarterly "pulse checks" to reassess ESG priorities in light of new data
- **Team Governance:** Empowered a rotating staff committee to raise and discuss ESG concerns

These changes weren't a shift in purpose, but rather a way to *protect* it. By staying flexible, SelvaFibre turned stress into momentum.

SelvaFibre's adaptive ESG strategy helped them stay compliant with new biodiversity rules without derailing their long-term goals.

By reallocating funds to fire prevention, they reduced wildfire risk on nearby grazing land.

Partnering with a rewilding NGO gave them fast access to expertise they lacked in-house.

And by involving staff in ESG "pulse checks," they built a stronger sense of ownership and trust.

SelvaFibre's approach shows how a rural SME can stay resilient by building in checkpoints and acting on real-world signals - creating an ESG strategy that breathes, not breaks.

*But what if SMEs didn't just react, and instead reshaped how they make decisions for the future?*

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# Future-Proofing ESG Strategies and Scenario Planning

## Visioning the Future of SME Governance: Your SME in 2030

What if ESG strategies didn't just adapt to change, but helped shape how change is managed?

The way your SME makes decisions today shapes the kind of organisation it will become tomorrow.

Future-focused governance is not just about compliance, it's about building leadership structures, routines, and relationships that support sustainability in the long run.

Think 5-10 years ahead. Imagine your SME has embraced ESG as a core part of how it works. What would be different?

- *Who participates in setting priorities? And who gets to say "no"?*
- *When your SME faces a tough choice (like cutting costs or choosing between speed and sustainability) what values guide the decision?*
- *How is ESG integrated into roles, reporting lines, and internal checks?*
- *Are community voices, frontline workers, or younger team members part of strategic conversations?*
- *How transparent is the process and how often is it revisited?*

Rethinking governance doesn't always mean formal restructuring. Sometimes, it starts with shifting **who is heard**, **what is rewarded**, or **how progress is tracked**.

*Imagine your SME in 2030.*
*What does it value? How does it lead? Who makes decisions, and how are they made?*
*Sketch a moment where your future governance model supports a meaningful ESG choice, and think about what needs to change now to make that future possible.*

# Future-Proofing ESG Strategies and Scenario Planning

## What This Means in Practice: Turning Vision into Action

**Why this matters:**

Even the strongest ESG strategies can falter without governance that supports them. When decision-making remains too narrow, or when sustainability isn't anchored in roles and routines, momentum fades... especially during transitions or setbacks.

**When to act**

- During annual reviews or strategy updates
- After major ESG wins or challenges
- When your team grows, or external context shifts

**How to begin**

1. Map out who currently makes key decisions. Is the group diverse in role, experience, and perspective?
2. Check whether ESG priorities are shaped by a few voices or shared across functions and levels.
3. Set lightweight routines to reflect not just on *what* was decided, but *how* and *why*.
4. Clarify ownership: who is responsible for keeping ESG on the agenda?
5. Ask openly: Is our current way of leading ready for the future we want?

This is your moment to turn the 2030 vision into concrete shifts: starting small, but starting now.

# Making ESG Work: Implementing, Investing, and Adapting

In rural SMEs, ESG only becomes real when it moves beyond intentions and into daily practice. This means creating not just strategies, but habits: **a culture where sustainability is part of the work, not an extra task**. It grows stronger when employees participate, when resistance is met with empathy and clarity, and when leadership leads by example: visibly, consistently, and with purpose.

**Building a long-term ESG strategy also means knowing where to invest**. From biodiversity protection to digital sustainability, meaningful projects grow from local realities. Rural SMEs don't need complex tools, just clear steps: setting priorities, crafting simple proposals, assessing feasibility, and choosing the right moment to act. **Green finance, when well understood, can turn ideas into impact**.

The future brings climate shifts, new regulations, and evolving community expectations. **Scenario planning helps SMEs explore what lies ahead, and prepare to adapt before they're forced to react**. Adaptation isn't a sign of failure. It's how purpose stays alive over time. By staying flexible, SMEs can revise strategies, respond to signals, and make better choices without starting from scratch.

**Governance makes the difference between temporary change and lasting impact**. Visioning how your SME will lead in 2030 means asking: who is heard, what is valued, how trade-offs are resolved, and what kind of leadership will carry your sustainability goals into the future. ESG only lasts when decision-making evolves alongside it… when strategy breathes, not breaks.

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# Summary of Unit 3

## Making ESG Work: Implementing, Investing, and Adapting

### ESG Works Best When It Becomes Daily Practice

In rural SMEs, ESG becomes real when it's part of daily work—not an extra task. It grows stronger through consistent action, employee participation, and leadership that leads by example. Sustainability thrives when it's visible, shared, and practiced, not just planned.

### Knowing Where to Invest Creates Long-Term Value

Effective ESG strategies focus on practical, local investments—from biodiversity and energy efficiency to digital tools. Rural SMEs don't need complex systems; clear steps and good timing matter more. When well understood, green finance can turn ideas into real impact.

### Adaptation Keeps Purpose Alive

ESG strategies must evolve as conditions change—new rules, shifting climates, and community needs. Adaptation isn't failure; it's resilience. Through scenario planning and flexible reviews, SMEs can stay ahead, adjust goals, and make better choices without starting over.

### Governance Turns Action into Lasting Impact

Good governance ensures ESG efforts endure. It's about clear roles, fair decision-making, and leadership that values purpose over short-term gain. ESG lasts when decisions reflect shared values—when strategy breathes, not breaks.

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# Unit 1 - Additional Resources

- *Corporate Governance*
- *What is ESG Leadership?*
- *ESG governance, leadership and culture framework*
- *Unpacking the Governance Pillar of ESG: Leadership, Integrity, and Accountability*
- *ESG Disclosure Handbook*
- *Why ESG matters for SMEs*
- *ESG Manager for Rural SMEs Profile*

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# Unit 2 - Additional Resources

- *Crafting a Sustainable Future: A Guide on How to Develop an ESG Vision*
- *Environmental, social and governance (ESG) materiality assessment*
- *Ferrovie dello Stato Materiality Assessment*
- *Poste Italiane Materiality Assessment*
- *Why ESG is here to stay*
- *What Is Operational ESG?*
- *From Compliance to Competitive Edge: Operationalising ESG at Scale*
- *Navigating the Interplay of GRI Standards and ESRS*
- *Comparative Look: CSRD vs. Global Reporting Initiative (GRI) Standards*

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# Unit 3 - Additional Resources

- ESG and Culture of Sustainability
- Culture and Metrics: A 6-step guide to enhance your ESG performance through company culture
- Overcoming Resistance to ESG: Play it Green's Guide
- Unlocking Green Finance for Small Businesses: Inside the EU's SME Sustainable Finance Standard Proposal
- ESG Investments
- How to Perform ESG Due Diligence for Investors?
- 7 ESG Investment Strategies to Consider
- Sustainable Finance and Small and Medium Enterprises
- 7 impactful trends to future-proof your ESG strategy
- Scenario Planning For SMEs
- Intro to scenario planning for SMEs
- Adaptive Strategies for Long-Term ESG Goals
- ESG in 2025: Climate Adaptation Strategies and Predictions
- Unlocking Impact - How to build an integrated, adaptive ESG and social impact strategy
- Future-Proofing SME and Entrepreneurship Policies

# Thank you for completing the Module!

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**Module developed by**

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