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Sustainability in Action

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Module 1

Introduction to ESG Principles in Rural Context

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Welcome to Module 1!

Welcome to Module 1: Introduction to ESG Principles in Rural Context

Sustainability starts with a solid foundation and for rural small and medium enterprises (SMEs), that foundation is understanding Environmental, Social, and Governance (ESG) principles. ESG is more than a framework; it is a way of operating that ensures businesses grow responsibly, balance profit with purpose, and create long-term value for their communities.

This module is designed to introduce you to the essential building blocks of ESG. Across the units, you will:

- *Understand the basic principles of ESG and how they apply to small enterprises.*
- *Recognize why ESG matters for sustainable operations in rural contexts.*
- *Identify key ESG risks and opportunities that rural SMEs commonly face.*
- *Learn the main responsibilities of those involved in ESG decision-making.*
- *Appreciate the importance of cultivating an ESG-driven culture within your organization.*

Whether you are completely new to ESG or looking to align your existing practices with sustainability standards, this module will help you see how ESG can guide responsible growth and resilience.

Let’s get started and lay the groundwork for a more sustainable future for rural SMEs.

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What will you learn?

The module aims at establish the foundation for understanding ESG principles, essential for the sustainable operation of rural SMEs.

At the end of the Module, learners will be able to:

- **LO1:Understand the basic principles of ESG (Environmental, Social, and Governance);**
- **LO2: Recognize the importance of ESG factors for sustainable business operations, particularly in rural SMEs;**
- **LO3: Identify key ESG risks and opportunities for small enterprises in rural settings.**

Unit 1	**Understanding ESG and Why It Matters for SMEs**
Unit 2	**ESG in Practice for SMEs: Importance and Responsibilities**
Unit 3	**ESG Assessment and Future Perspectives**

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Unit 1

UNDERSTANDING ESG AND WHY IT MATTERS FOR SMES

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Learning objectives

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

- Understand the basic principles of ESG (Environmental, Social, and Governance).
- Recognize the relevance of ESG for SMEs.

This Unit works on the following ESG Competences:

1 E.1: Having ethical and sustainable thinking
1 E.2: Being a change-maker
1 E.4: Innovative thinking
1 S.1: Valuing ideas
1 S.4: Understanding and promoting inclusion and diversity
1 G.2: Supporting equity and justice

What will we discuss in this Unit?

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Lesson 1

ESG KEY CONCEPTS AND GLOBAL RELEVANCE

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ESG Key Concepts and Global Relevance

What is ESG?

"Environmental, Social and Governance (ESG) metrics are indicators underpinning the measurement of business performance against a range of sustainability factors. When aggregated in ratings and scores, ESG metrics aim to provide an opinion on the performance of a company, asset or financial instrument in the context of indices by assessing its exposure to and/or impact on environmental, social and governance factors, including the company's ability to manage impacts, risks and opportunities associated with such factors."- OECD,2025

- **Environmental factors include:** climate change, pollution, biodiversity.
- **Social factors include:** human rights, labor standards, diversity.
- **Governance factors include:** corporate governance, transparency, anti-corruption.

Think about it:

- *Which of the three ESG pillars (Environmental, Social, Governance) is most relevant to your SME's day-to-day activities and why?*
- *Can you name one example from your business that relates to each ESG factor?*

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ESG Key Concepts and Global Relevance

Where does the concept come from?

Before ESG:
The roots of ESG go back to the idea of Corporate Social Responsibility (CSR), basically, the belief that businesses should care about more than just profits.

When "ESG" was born:
The term ESG was first used in a 2004 report called Who Cares Wins, led by the UN Global Compact and big financial companies. They wanted to encourage investors to look at Environmental, Social, and Governance issues not just profits when making investment decisions.

What happened next:
In 2005, the UN also launched the Principles for Responsible Investment (PRI), which helped spread ESG thinking across global financial markets. Since then, ESG has gone mainstream: used by investors, companies, and policymakers to shape the future of business and sustainability.

ESG Key Concepts and Global Relevance
Why is it globally relevant?

Business is changing and ESG helps you stay in the game:

- ESG gives you a way to show you are a trustworthy and future-ready business;
- In Europe, ESG is no longer just voluntary. The EU Taxonomy and CSRD (Corporate Sustainability Reporting Directive) are setting standards that all businesses will feel even smaller ones, through supply chains and financing;
- Climate risks (floods, droughts), energy costs, labor conditions, supply chain transparency, all these can impact your bottom line. ESG helps you prepare;
- Globally, ESG supports the UN Sustainable Development Goals, the EU wants European companies to lead the way.

What should you remember?

ESG is becoming part of the way business works in Europe, not a trend, but the future. It helps you manage risks, win trust, and find new opportunities. Even for small businesses, it's worth getting started now!

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Lesson 2

THE THREE PILLARS OF ESG

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Environmental Pillar:

Understanding each pillar of ESG helps businesses see where they can reduce risks, improve their impact, and create long-term value, not just for compliance, but for smarter, more sustainable growth

The Environmental (E) pillar looks at how a company impacts the environment and how environmental risks can affect the company.

Key aspects:

- Climate-friendly farming & production (GHG emissions, energy use);
- Water efficiency & pollution prevention (irrigation, runoff);
- Waste reduction (food waste, packaging, circular use);
- Reduced chemical inputs (fertilizers, pesticides);
- Biodiversity & soil health (crop rotation, regenerative practices).

Why it matters for SMEs:

- Many EU markets and large buyers now check suppliers' carbon footprint;
- Managing energy and resource use can save costs and improve efficiency;
- ESG regulations (EU Taxonomy) define what counts as “environmentally sustainable”, this is important for financing and public tenders.

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OECD Environmental Pillar: Topic Classifications

This table shows how the OECD classifies topics under the Environmental Pillar, helping to understand the scope of sustainability metrics.

Topic	Description
Biodiversity & land use	Impacts (including management thereof) on ecosystems, including habitats and species on both land and water
Energy management	Energy production, procurement, transmission, distribution, storage, and consumption
Environmental management	Environmental aspects not included in any other topic. Includes companies' circularity and lifecycle management, Environmental Management Systems (EMS), usage and management of hazardous substances, levels of resource intensity and efficiency, and deforestation management (incl. sourcing of high deforestation risk products). Includes aspects of animal treatment.
Water management	Water consumption, treatment, and discharge as well as exposure to water stress.
Pollution & waste	Disposal of harmful substances to the environment and management of waste, including waste treatment, handling, storage, and disposal. Includes non-GHG emissions impacting air quality and human health.

Adapted from *Behind ESG ratings: Unpacking sustainability metrics* (p. 49), by OECD, 2025, OECD Publishing (https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/02/behind-esg-ratings_4591b8bb/3f055f0c-en.pdf).

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Social ***Pillar:***

Grasping each ESG pillar helps businesses uncover opportunities to operate more responsibly, build trust, and drive sustainable success, not just to meet rules, but to lead with purpose and resilience.

The Social (S) pillar looks at how a company manages relationships with its employees, customers, suppliers, and society.

Key aspects:

- Fair labor practices & safe working conditions (farm, factory, transport);
- Health & safety for seasonal and permanent workers;
- Inclusion of local communities & fair treatment of smallholder farmers;
- Ethical sourcing, ensuring no child labor or human rights violations in supply chain;
- Community involvement & supporting local development.

Why it matters for SMEs:

- Buyers expect transparent and ethical supply chains and SMEs must show this too;
- Good HR practices help attract and retain talent in competitive labor markets;
- Companies with a strong social profile have better customer trust and resilience in crises.

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OECD Social Pillar: Topic Classifications

This table shows how the OECD classifies topics under the Social Pillar, helping to understand the scope of sustainability metrics.

Topic	Description
Human rights	Management of risks and impact on human rights, including child and forced labour, the protection of vulnerable groups and availability of grievance mechanisms. Includes aspects of armed conflict (e.g. conflict minerals).
Labour rights	Employee salaries and benefits, working conditions, employee representation, collective bargaining, freedom of association, employment stability. Includes aspects of companies' supply chain management.
Diversity, equity & inclusion (DEI)	Non-discrimination, gender equality, minority inclusion, board and management diversity, and DEI initiatives
Health & safety	Occupational health and safety for employees and contractors, including physical hazards (e.g. noise, air quality, etc.), psychological hazards (e.g. stress and mental health), and ergonomic hazards.
Data privacy & security	Protection of data privacy and security, including the prevention of unauthorised access to customer and company data.

Adapted from *Behind ESG ratings: Unpacking sustainability metrics* (p. 49), by OECD, 2025, OECD Publishing (https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/02/behind-esg-ratings_4591b8bb/3f055f0c-en.pdf).

Governance Pillar:

"Sound corporate governance and risk management systems are crucial pre-requisites to successfully implementing policies and measures to address environmental and social challenges." (Eccles & Stroehle, 2019)

The Governance (G) pillar looks at how a company is running transparency, ethics, and accountability.

Key aspects:

- Clear and fair decision-making (even in small/family-run businesses)
- Business ethics & anti-corruption policies (especially in procurement, sales)
- Following food safety, labor, and environmental regulations
- Managing business risks (e.g. crop failure, supply chain disruptions)
- Transparent practices (e.g. basic financial reporting, fair pricing)

Why it matters for SMEs:

- More investors and buyers demand anti-corruption and ethical conduct policies.
- Transparent and ethical SMEs build long-term trust with customers and partners.
- Good governance helps SMEs access finance and comply with EU expectations.

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OECD Governance Pillar: Topic Classifications

This table shows how the OECD classifies topics under the Governance Pillar, helping to understand the scope of sustainability metrics.

Topic	Description
Corporate governance	Management and board effectiveness, including companies' organisational structure, shareholder rights, financial and non-financial reporting, auditing, and the integration of ESG aspects into corporate decision-making.
Business ethics	Questions of ethical business conduct, including companies' involvement in controversial products and activities. Includes political influence and lobbying activities
Corruption, bribery & fraud	Corruption, bribery, fraud, and questions of ethical employee behaviour.
Business resilience	Ability to withstand non-environmental risks, including operational, financial, regulatory, and supply chain resilience. Includes aspects of emergency preparedness, for instance through scenario planning and stress testing.
Corporate responsibility	Responsible company practices beyond legal requirements, including fair trade, donations, philanthropy, nand generic ESG and/or sustainability certifications.

Adapted from *Behind ESG ratings: Unpacking sustainability metrics* (p. 49), by OECD, 2025, OECD Publishing (https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/02/behind-esg-ratings_4591b8bb/3f055f0c-en.pdf). © OECD 2025.

Case Study: Confiserie Rabbel GmbH

ESGs in action

Westerkappeln, Germany

"Making your life sweeter since 1907!"

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Case Study: Confiserie Rabbel GmbH

ESGs in action

Short company profile

- Type and size of SME: rural, family-run
- Rural setting: Located in Westerkappeln, Germany (rural area in North Rhine-Westphalia).

- Rabbel is a medium-sized food manufacturer specializing in handcrafted confectionery such as pralines and macarons.
- The company employs approximately 200 staff members.
- Founded in 1907, Confiserie Rabbel is a fourth-generation family-owned business.

“Making your life sweeter since 1907!”

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Case Study: Confiserie Rabbel GmbH

ESGs in action

2022, Rabbel published its first declaration under the **German Sustainability Code (DNK)** to communicate its ESG activities and establish a framework for sustainability management.

- Comprehensive ESG strategy with measures in the areas of environmental protection, social responsibility, and corporate governance.
- Focus lies on measurable emissions reductions, resource-efficient production, fair working conditions, and values-driven corporate leadership.

ESG Challenge / Opportunity

Rabbel sees **sustainability as a core part of its identity**, not just a compliance issue.

"Sustainability is an integral part of the corporate strategy and is embraced at all levels of the company."
Source: Confiserie Rabbel – DNK Report

Key ESG actions are driven by internal values, regional responsibility, and a long-term business perspective — rather than external pressure.

Further information available at: https://www.confiserie-rabbel.com/umweltschutz/

ESG4SMEs Sustainability in Action

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Case Study: Confiserie Rabbel GmbH

What did they do?

Measures taken by Confiserie Rabbel GmbH along the three ESG pillars

Packaging & Material Use

- Minimalist packaging, reusable solutions (e.g. tins, felt), eco-friendly cartons.

Resource-Conscious Production

- Digitization to save paper, recycling of paper/cardboard.
- Reduced water, cleaning agents, and disinfectants
- Production of organic and vegan products.

Energy Efficiency & Renewable Energy

- Photovoltaics for in-house power, heat pumps for heating/cooling.
- Building insulation, LED and daylight use.
- Waste heat recovery for hot water and chocolate melting.

Environmental

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Case Study: Confiserie Rabbel GmbH

What did they do?

Measures taken by Confiserie Rabbel GmbH along the three ESG pillars

Employee-Centered Corporate Culture

- Flat hierarchies and transparent communication structures
- Regular dialogue formats to involve employees in decision-making
- Internal suggestion system for active participation and improvement

Social Engagement & Societal Responsibility

- Partnerships with schools and training institutions to support young talent
- Support for local social organizations (e.g. food banks, integration)
- Participation in regional CSR and sustainability networks

Modern Human Resources Development

- Training via in-person and digital formats.
- Individual coaching and tailored development pathways.
- Support in personal matters, promotion of age-diverse and intercultural teams.

Case Study: Confiserie Rabbel GmbH

What did they do?

Measures taken by Confiserie Rabbel GmbH along the three ESG pillars

Strategic Integration of Sustainability

- Sustainability is an integral part of the corporate strategy
- The management holds direct responsibility for sustainability matters
- The sustainability strategy is reviewed and further developed annually

Sustainability Reporting & Transparency

- Alignment with the German Sustainability Code (DNK)
- Preparation and publication of a DNK-compliant sustainability report

Stakeholder Involvement & Internal Communication

- Regular exchange on sustainability topics via various internal communication channels
- Active employee involvement in defining goals and developing measures (bottom-up approach)

Corporate Governance

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Case Study: Confiserie Rabbel GmbH

What changed?

Confiserie Rabbel

Impact of ESG implementation and reporting

- **Energy self-sufficiency** achieved
- Over **900 tons of CO_2 emissions saved** by 2021 through green energy, heat recovery, insulation, LED lighting, and optimized resource use.
- **100 % recycling** of over 50 tons of paper and cardboard per year.
- **Sustainable packaging** introduced: reusable, recyclable, and reduced to the essential minimum.

Environmental outcomes

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Case Study: Confiserie Rabbel GmbH

What changed?

Confiserie Rabbel

Impact of ESG implementation and reporting

- Increased **diversity and inclusion**: Employees from over 10 nations, including the long-term integration of refugees.
- More than 90 % female workforce, with active promotion of women in leadership roles.
- Implementation of family-friendly working hours and a positive, **inclusive work culture.**
- Participation in **youth education** and health initiatives

Social outcomes

Case Study: Confiserie Rabbel GmbH

What changed?

Impact of ESG implementation and reporting

- Clear assignment of **ESG responsibilities**
- DNK reporting has led to increased **internal awareness, structured communication, and transparent documentation** of sustainability progress.
- **Procurement of certified organic and fair-trade ingredients**
- Regular internal communication

Governance outcomes

Case Study: Confiserie Rabbel GmbH

Interim findings

Implementing and reporting ESG practices has helped Confiserie Rabbel to:

- Strengthen its position as a sustainable and socially responsible premium food producer.
- Increase employee satisfaction and retention through meaningful values and flexible structures.
- Build customer trust by combining craftsmanship with verified sustainability standards (e.g. IFS, DNK).
- Set a clear course for long-term, responsible business growth rooted in regional identity and environmental stewardship.

Case Study: Confiserie Rabbel GmbH

Leading with Purpose, Rooted in Place

Making it work locally - Adapting ESG to Our Rural Reality

- **Workforce diversity**: Integration of refugees and employees from 10+ countries to address labor shortages.
- **Family-friendly work**: Flexible hours and inclusive culture adapted to rural infrastructure limits.
- **Regional identity**: Local sourcing to support agriculture and shorten supply chains.
- **Energy autonomy**: Rooftop photovoltaics for self-sufficiency and efficient space use.
- **Community engagement**: Partnerships with schools and health projects to strengthen rural well-being.

How One SME Made ESG Work

Confiserie Rabbel

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REFLECT

- What specific sustainability practices from Confiserie Rabbel stand out as particularly effective or transferable?
- How does their approach to reporting (e.g. using the DNK) compare with your current reporting framework?
- Which environmental or social actions did you find most relevant to your own sector or business model?
- Could a simplified or scaled version of these practices be implemented in your company?
- What would be a realistic first step to initiate or improve ESG activities in your business?
- Are there opportunities to collaborate locally (e.g. with other SMEs, chambers, initiatives) as Rabbel does in its region?
- How might your company contribute to broader sustainability goals in your local community?

Lesson 3

WHAT ESG MEANS FOR YOUR SME

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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What ESG Means for Your SME

Why is it important to understand how ESG affects Your SME?

ESG helps you future-proof your business:

- Environmental and social issues are now business risks, not just ethical concerns;
- Understanding ESG helps you adapt to new regulations, changing customer expectations, and climate impacts.

It improves your decision-making:
When you understand ESG, you can make better decisions about:

- Choosing local and sustainable suppliers
- Using energy-efficient equipment and managing fuel use
- Managing water use efficiently in production

This often leads to cost savings, stronger reputation, and innovation.

It helps you define a stronger mission & vision:

- Companies that embed ESG into their mission are seen as more purpose-driven and resilient;
- Green finance, public tenders, and partnerships increasingly require ESG alignment;
- SMEs that understand ESG are better prepared to win new business and access new markets.

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What ESG Means for Your SME

SDG Compas35s

The SDG Compass helps SMEs connect their ESG actions to global sustainability goals. It is especially useful in food and agriculture, where SMEs have a direct impact on issues like: Climate, nutrition and community well-being and Supply chain transparency.

1
Understand the SDGs
Learn about relevant global goals

2
Define Priorities

3
Set Goals
Establish clear measurable objectives

4
Integrate
Embed goals into business operations

5
Report & Communicate
Track and share your progress

Before moving on, take 5 minutes to think of your own SME:
Using the 5 steps of the SDG Compass, think about one ESG issue your business could tackle more effectively:

- *Which global goal is most relevant to your business?*
- *What impact area should you prioritize?*
- *Can you name one measurable goal you could set?*
- *How would you integrate it into daily operations?*

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Resources for Unit 1:

Video: SDG Compass Step 1 – Understanding the SDGs
Article: What is ESG? A guide for businesses

Your Action Plan:

1. **Understand ESG Basics**
   Learn what Environmental, Social, and Governance factors mean and how they relate to your SME. Think about real examples from your daily work.

2. **Identify Your Priority Pillars**
   Decide which of the three ESG pillars (Environmental, Social, or Governance) is most relevant to your business operations right now and why.

3. **Connect to Global Goals**
   Use the SDG Compass to link your ESG actions to global sustainability goals, focusing on areas where your SME can make a real difference.

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Unit 2

ESG IN PRACTICE FOR SMES: IMPORTANCE AND RESPONSIBILITIES

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Learning objectives

At the end of the Unit 2, you are expected to:

- Recognize the importance of ESG factors for sustainable business operations, particularly in rural SMEs.
- Understand the main responsibilities of someone involved in ESG.
- Recognize the importance of an ESG culture.

This Unit works on the following ESG Competences:

1 E.3: Understanding and doing impact assessment
1 S.1: Valuing ideas
1 S.6: Knowledge of working conditions
1 G.2: Supporting equity and justice

What will we discuss in this Unit?

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Lesson 1

INTRODUCTION TO ESG STANDARDS

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Introduction to ESG Standards

- ESG standards help SMEs manage environmental, social, and governance risks and opportunities;
- For SMEs, standards increase structure, transparency, and credibility;
- ESG standards enable market access and financing opportunities;
- Aligning with standards supports regulatory readiness and value chain inclusion.

Why is it important for SMEs to know ESG Standards?

What are the most commonly used ESG standards SMEs should be aware of?

The most widely used ESG standards globally include:

- GRI (Global Reporting Initiative): Focused on impact-based sustainability reporting across sectors and sizes, including SMEs.
- ESRS (European Sustainability Reporting Standards): Mandatory for large EU companies, increasingly relevant for SMEs in supply chains.
- ISO standards (e.g., ISO 14001 for environment, ISO 45001 for health & safety): Help implement ESG-related management systems.

Additional Sources
Video N1.
Video N2.
Video N3.

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GRI: The World's Most Used ESG Reporting Framework

Click To Watch

After watching the video, take 5 minutes to think of your own SME:

- *If you had to share one ESG story from your business, what would it be?*
- *What would you want to tell your customers, team, or community?*

Think about how using GRI Standards could help you tell that story clearly and build trust.

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The World's Most Used ESG Reporting Framework

What is GRI?

- GRI stands for Global Reporting Initiative, the world's most widely used sustainability reporting standard;
- Developed in 1997, GRI pioneered the idea that organizations should report on their economic, environmental, and social impacts;
- It is governed by the Global Sustainability Standards Board (GSSB) an independent body.

Why GRI Matters for SMEs:

- Flexible & scalable: SMEs can adopt GRI proportionally based on their size and resources;
- Stakeholder-focused: Helps SMEs communicate ESG performance to investors, clients, and the public in a clear and comparable way;
- Supports SDGs: Aligned with UN Sustainable Development Goals enabling SMEs to show contribution to global sustainability.

GRI in Practice:

- Climate Change & Emissions (GRI 305): GRI reporting supports transparency on fertilizer use, energy efficiency;
- Water & Waste Management (GRI 303, 306): GRI guides SMEs in monitoring consumption and discharges;
- Biodiversity & Land Use (GRI 304): Helps SMEs assess their impact on ecosystems, guiding better land and soil management.

Additional Sources
Video N1.
Video N2.
Video N3.

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ESRS (European Sustainability Reporting Standards): The New EU Framework

WHAT IS ESRS?

01

- Developed by EFRAG (European Financial Reporting Advisory Group) under the EU's CSRD (Corporate Sustainability Reporting Directive).
- Mandatory for large and listed companies from 2024–2026.
- Not (yet) mandatory for SMEs, but indirectly affects SMEs through value chain transparency.

WHAT IS EU DOING AND WHY?

02

- EU law requires large companies to disclose ESG risks, opportunities, and impacts.
- In Feb 2025, the EU proposed to limit CSRD to companies with 1000+ employees.
- This supports transparency for investors, consumers, and civil society under the European Green Deal.

03

ADDITIONAL SOURCES

Video N1
Video N2
Video N3

03

EXAMPLE FOR FOOD/AGRICULTURE SME:

A tomato processor exporting to Germany will need to track water use (ESRS E3), labor rights (S1), and governance structure (G1) to keep retail contracts, even if not legally obliged.

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EU ESG Legal Framework: The Bigger Picture

The EU ESG Legal Framework is the set of European laws that require companies and financial market participants to consider environmental, social, and governance aspects. Its goal is to promote sustainable investments, boost transparency, and help achieve the EU's climate and social targets.

Key Regulations & Directives:

- **EU Taxonomy Regulation (2020/852) –** Defines which economic activities count as sustainable.
- **Corporate Sustainability Reporting Directive (CSRD) –** Expands reporting duties for ESG criteria (phased in from 2024).
- **Corporate Sustainability Due Diligence Directive (CSDDD) –** Requires supply chains to be checked for sustainability risks.
- **EU Climate Law (2021/1119) –** Legally binds the EU to be climate neutral by 2050.
- **Fit for 55 Package –** Measures to cut EU greenhouse gas emissions by 55% by 2030.

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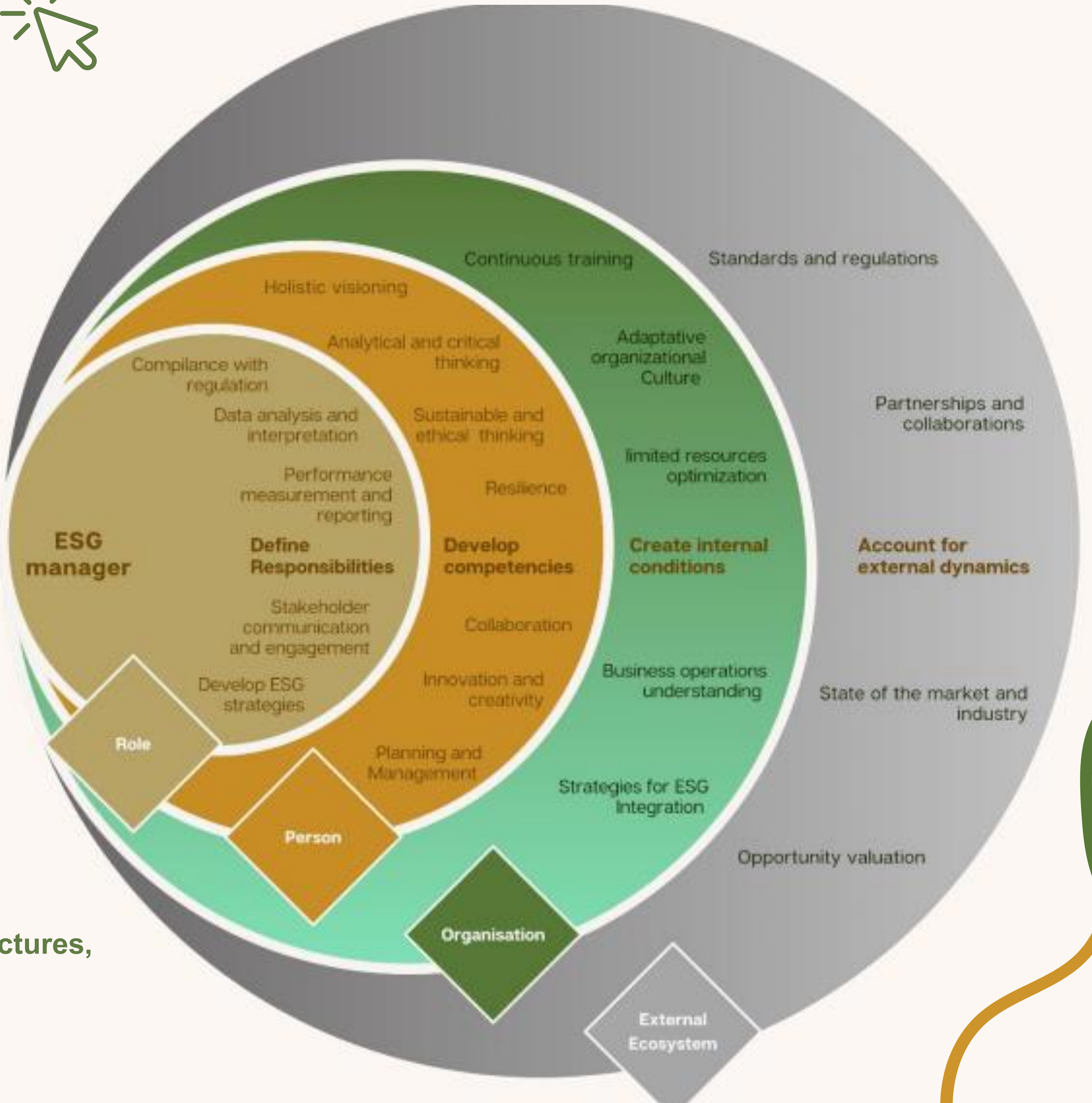
Lesson 2

ESG ROLES, STAKEHOLDERS AND RESPONSIBILITIES

ESG Management in SMEs

Who is responsible for ESG in an SME and how do we build capacity for it?

What the ESG manager does	Competencies needed
Conditions needed inside the SME	Opportunities and pressures from outside



ESG is not the job of one person — it is a shared responsibility requiring skills, structures, and alignment both inside the SME and with its external environment!

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Confiserie Rabbel GmbH

Stakeholder-Related ESG Goals

Confiserie Rabbel **involves employees** in sustainability by integrating their ideas and supporting personal goals, **collaborates closely with suppliers** to ensure sustainable sourcing, and **contributes to the community** through donations, volunteering, partnerships, and sustainable investments.

Case Study Confiserie Rabbel

How an ESG goal turned into measurable actions through purpose-driven leadership and community engagement.

Confiserie Rabbel

Was the goal followed up?

Yes, stakeholder dialogues drove concrete actions and key customers increasingly demand sustainability.

Was progress reviewed?

Yes, annually discussed with leadership and documented through stakeholder-driven measures.

Who was responsible?

Owner and management, supported by leadership and employees through shared accountability.

Confiserie Rabbel GmbH

ESG in Action: People, Skills, Tools

ESG Competences and Roles

Who did what?

- Rabbel pursues an internal ESG approach in which the executive management and employees jointly drive sustainability efforts.
- Executive Management holds direct responsibility for ESG strategy, coordination, and annual review (Role: ESG Leader)
- Employees and team leaders actively contribute to developing and implementing sustainability measures (Roles: ESG Analyst & Optimizer)

Relevant ESG Competences used

1.E.1 – Ethical and sustainable thinking
1.S.4 – Understanding and promoting inclusion and diversity
4.S.5 – Stakeholder engagement and communication
1.E.6 – Knowledge of resource, waste, and water management

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Confiserie Rabbel GmbH

ESG in Action: People, Skills, Tools

Tools and methods

Strategy tools

- German Sustainability Code (DNK), with 20 criteria and selected indicators.

KPIs

- Water, gas, electricity consumption, CO_2 emissions.

Data collection

- Manual and automated via measuring devices and PV software.

Progress tracking

- Annual strategy update, internal coordination, employee input.

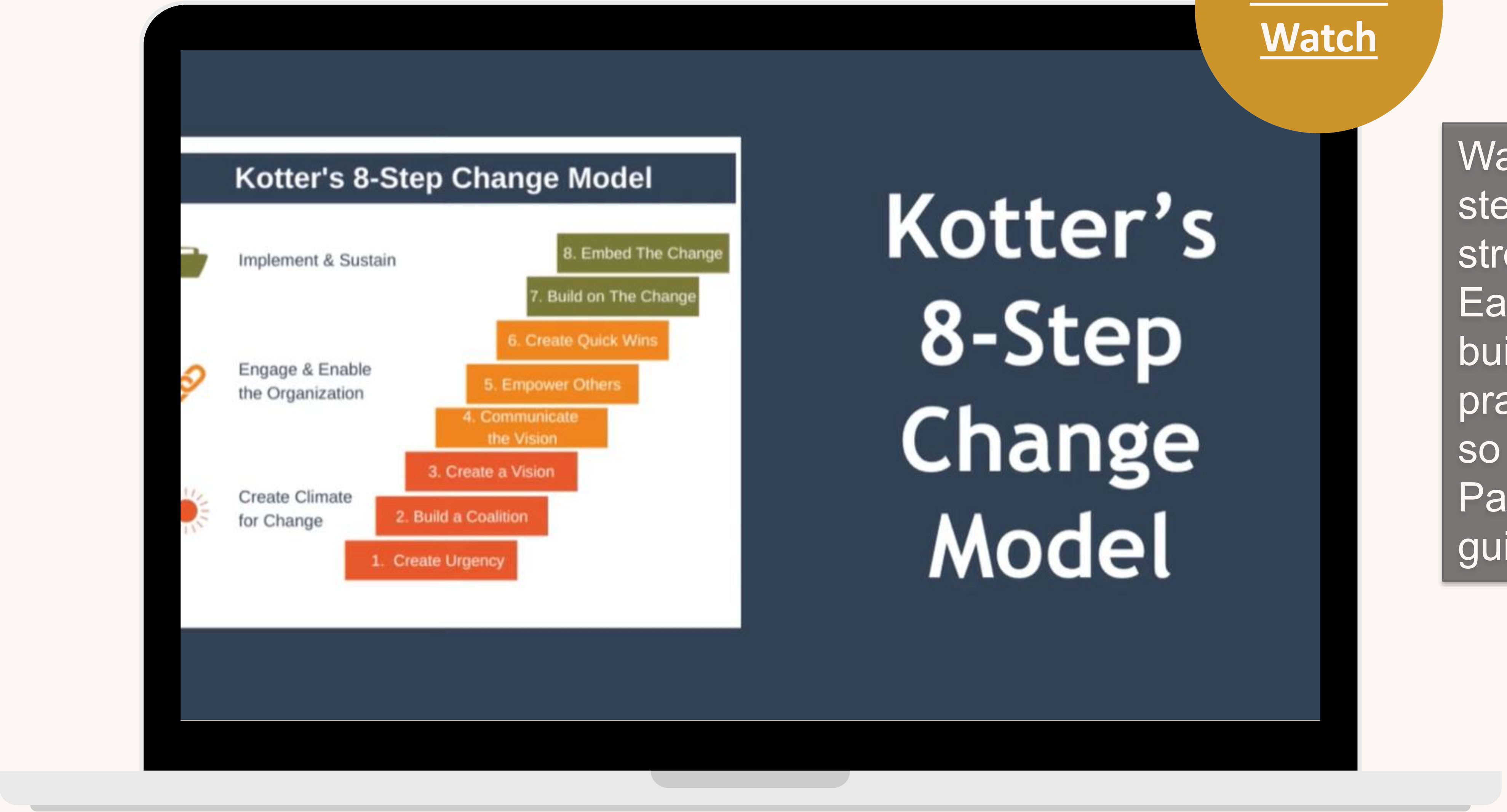
Reporting standard

- German Sustainability Code (DNK) – https://www.deutscher-nachhaltigkeitskodex.de/en/

Lesson 3

ESG CULTURE AND ITS IMPORTANCE

Kotter's 8-Step Change Model For Your SME



[Click To Watch]

Watch this video to learn how Kotter's 8-step change model can help you build a strong ESG culture in your organization. Each step, from creating urgency and building a coalition to anchoring ESG practices in daily operations, is explained so you can see how to apply it in practice. Pay attention to how these steps can guide your own actions to embed

ESG Culture and Its Importance

What is ESG culture and how do we build it in food and agriculture SMEs?

ESG culture = shared values, habits, and behaviors that support sustainability and responsible business practices.

It's not just policies, it is "how things are done" every day across the SME.

How to Build ESG Culture

- Owners and managers model ESG-aligned behaviors.
- Communicate values: Embed ESG goals into mission, onboarding, and training.
- Involve employees: Create participatory activities (e.g. energy-saving, safe farming).
- Celebrate progress: Share ESG wins with teams and stakeholders.
- Integrate into operations: Align ESG with business practices (procurement, hiring, waste).

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Kotter's 8-Step Change Model

Create a Sense of Urgency 1
Show why ESG matters now.

Build a Guiding Coalition 2
Engage leaders and influencers to drive change.

Creating a Vision 3
Define clear ESG goals and how to achieve them.

Kotter's 8-Step Change Model

Communicating the Vision
Share ESG priorities widely across the company

4

Empowering Others to Act on the Vision
Remove barriers and enable ESG initiatives.

5

Planning for and Creating Short-Term Wins
Celebrate early ESG successes

6

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Kotter's 8-Step Change Model

Consolidating Improvements and Producing Still More Change

7

Integrate ESG into policies and processes.

Institutionalizing New Approaches

8

Make ESG values part of everyday business decisions.

Before moving on, take 5 minutes to think of your own SME:

Using Kotter's 8-Step Change Model, think about one ESG culture shift you'd like to lead in your business:

- *What change is needed?*
- *Have you created urgency around it?*
- *Who are the key champions in your team?*
- *Have you shared a clear vision?*
- *What's one small action you can take this month to start building momentum?*

ESG Culture in SMEs: What It Is and Why It Matters

WHAT IS ESG CULTURE?

The shared values, behaviors, and norms that guide how a company integrates Environmental, Social, and Governance principles into its daily decisions and long-term strategy.

How is it built?

- Leadership commitment & role-modeling
- Clear ESG goals aligned with business strategy
- Employee engagement and ESG training
- Transparent communication and accountability mechanisms

Why is it important for SMEs?

- Enhances trust with customers and partners
- Supports risk management and regulatory compliance
- Drives innovation and long-term value
- Attracts conscious investors and talent

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ESG Goal: Building an ESG Culture

The DNK report shows that ESG at Confiserie Rabbel is embedded in **values**, **leadership**, and **participation**. It is practiced through value reviews, ESG-oriented leadership, employee involvement, and stakeholder dialogue that turns ideas into actions. ESG is further integrated into sourcing, packaging, **compliance**, and community engagement such as donations, volunteering, and regional anchoring.

Case Study Confiserie Rabbel

How an ESG goal turned into measurable actions through purpose-driven leadership and community engagement.

Confiserie Rabbel

Was the goal followed up?

Yes, through annual value reviews, stakeholder-driven actions, and ongoing ESG integration.

Was progress reviewed?

Yes, through annual value checks, leadership dialogue, documented measures and external certifications.

Who was responsible?

Owner and management, supported by leadership and employees through shared accountability.

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Resources for Unit 2:

Video: Intro to ESG Frameworks and Standards

Article: List of key ESG reporting frameworks, standards, ratings, and regulations

Your Action Plan:

1. **Learn the Key ESG Standards**
   Familiarize yourself with main ESG standards like GRI, ESRS, and ISO. Understand what each measures and why they matter

2. **Map Your Stakeholders**
   Identify who is involved in ESG inside your company (owners, staff) and outside (suppliers, customers, community).

3. **Define Your ESG Values**
   Discuss and agree on the values that will guide your business's sustainability efforts.

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Unit 3

ESG ASSESSMENT AND FUTURE PERSPECTIVES

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Learning objectives

At the end of the Unit 3, you are expected to:

- Recognize the importance of ESG factors for sustainable business operations, particularly in rural SMEs.
- Identify key ESG risks and opportunities for small enterprises in rural settings.

This Unit works on the following ESG Competences:

1 E.1: Having ethical and sustainable thinking
1 E.2: Being a change-maker
1 E.3: Understanding and doing impact assessment
1 E.4: Innovative thinking
1 S.1: Valuing ideas
1 S.4: Understanding and promoting inclusion and diversity
1 S.6: Knowledge of working conditions
1 G.1:Knowledge of systems thinking (time, space, and context)
1 G.2: Supporting equity and justice

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What will we discuss in this Unit?

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Lesson 1

ESG RISKS AND OPPORTUNITIES

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ESG Risks and Opportunities for Food and Agriculture Sector

Environmental Risks:
- Climate change impact (e.g. droughts, floods)
- Soil degradation, water scarcity
- Biodiversity loss
- Waste and emissions regulation non-compliance

Social Risks:
- Labor practices and workforce safety (e.g. seasonal/migrant labor)
- Community opposition or loss of social license to operate
- Health and nutrition concerns

Governance Risks:
- Lack of transparency and traceability in supply chains
- Weak anti-corruption practices
- Regulatory non-compliance

Cross-cutting Risks:
- Reputational damage from unethical sourcing or environmental harm
- Market access loss (e.g. due to ESG standards of buyers or retailers)
- Disruption in global supply chains (e.g. geopolitical instability, pandemics)

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ESG Opportunities for Food and Agriculture Sector

ACCESS TO FUNDING

- ESG-linked loans, green bonds, sustainability grants
- EU CAP funds with ESG conditions

PARTNERSHIPS & NETWORKING

- Collaboration with larger corporations in sustainable value chains
- Partnerships with research institutions or ESG certifiers

MARKET DIFFERENTIATION

- Stand out with certified ESG practices (e.g. organic, fair trade, climate-neutral labels)
- Attract conscious consumers and premium markets through visible sustainability efforts

OPERATIONAL BENEFITS

- Cost savings via resource efficiency (e.g. energy, water, waste reduction)
- Risk mitigation and resilience building (e.g. through climate-smart practices)

INNOVATION & REPUTATION

- Boosting brand trust and loyalty
- Driving agtech innovation (e.g. precision farming, traceability tools)

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Confiserie Rabbel GmbH

ESG Risks

Confiserie Rabbel addresses ESG risks primarily in the areas of energy supply, raw material sourcing, employee retention, supply chain, and compliance. Actions include a PV system, light and gas management, Organic/Fairtrade sourcing and supplier cooperation, employee participation with training, health support and apprenticeships, plus IFS certification, annual value reviews, and strict legal compliance.

Case Study Confiserie Rabbel

How an ESG risk turned into measurable actions through purpose-driven leadership and community engagement.

Were the risks followed up?

Yes, through on-going measures (PV, energy, sourcing, employee, compliance) with regular monitoring.

Was progress reviewed?

Yes, annually via value checks, leadership discussions, stakeholder documentation, and external certifications.

Who was responsible?

Owner and management, supported by leadership and employees through shared accountability.

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Confiserie Rabbel GmbH

ESG Opportunities

Confiserie Rabbel sees ESG opportunities primarily in employer attractiveness, sustainable and high-quality products, regional anchoring, workforce diversity, and compliance as a competitive advantage.

Case Study Confiserie Rabbel

How an ESG goal turned into measurable actions through purpose-driven leadership and community engagement.

Confiserie Rabbel

Was the goal followed up?

Yes, through actions in employer branding, sustainable sourcing, regional engagement, and compliance.

Was progress reviewed?

Yes, via annual value checks, leadership discussions, certifications, and community engagement.

Who was responsible?

Owner and management, supported by leadership and employees.

Lesson 2

ESG SELF-ASSESSMENT

ESG Self-Assessment

What the ESG manager does

B IMPACT

Free, globally recognized tool developed by B Lab. It helps businesses evaluate their ESG performance across five key areas: governance, workers, community, environment, and customers and supports them in becoming certified B Corporations.

ESG MANAGER (ESG4SMES)

A flexible role and framework designed specifically for rural and agrifood SMEs. It helps organizations integrate ESG into their strategy and operations. The ESG Manager may act as an analyst, optimizer, or leader; gathering data, implementing improvements, and steering long-term sustainability.

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ESG Self-Assesment: B IMPACT ASSESSMENT

What should you remember?

The B Impact Assessment (BIA) is a free, globally recognized tool developed by B Lab to help businesses measure and manage their social and environmental performance. It supports SMEs in identifying ESG risks and opportunities and improving impact over time.

1. ASSES YOUR IMPACT
2. COMPARE YOUR IMPACT
3. IMPROVE YOUR IMPACT

Why is it important for SMEs?

- Helps improve resource efficiency, ethical sourcing, and local community engagement
- Enhances visibility with ESG-minded investors and partners
- Offers a structured path toward certification, funding access, and supply chain integration

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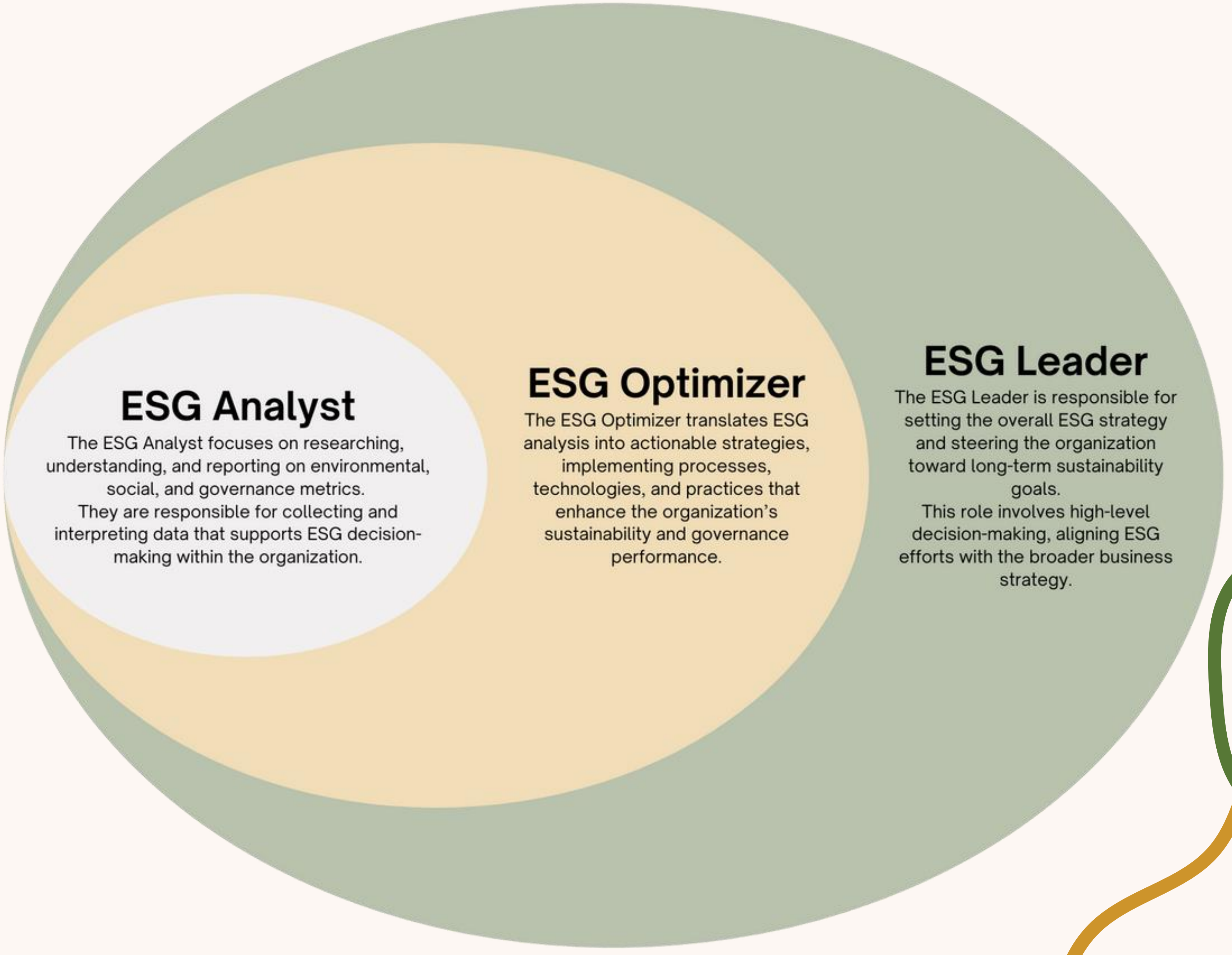
ESG Self-Assesment: The ESG MANAGER PROFILE

The ESG Manager is a flexible professional role developed to help rural SMEs, especially in the agrifood sector, embed Environmental, Social, and Governance (ESG) practices into their core operations and strategy.

How can it be used?

- Understand ESG risks and opportunities
- Implement ESG strategies in daily operations
- Lead long-term change and sustainability planning
- Tailored for different SME types, from micro and family-run farms to structured agrifood companies
- Can be adopted by owners, employees, or external advisors



ESG Self-Assesment: The ESG MANAGER PROFILE

An ESG Manager helps a company be more environmentally friendly, socially responsible, and well-governed. In rural businesses, this person might be the owner, a family member, a dedicated employee, or even an outside expert. The document shows that the job can have three main sides:

- As an **Analyst**, the ESG Manager understands the rules, collects and studies information about the company's impact, and checks how it compares to standards.
- As an **Optimizer**, they put improvements into action, making sure sustainable practices are part of everyday work.
- As a **Leader**, they set the vision, make long-term plans, and encourage others to follow sustainability goals.

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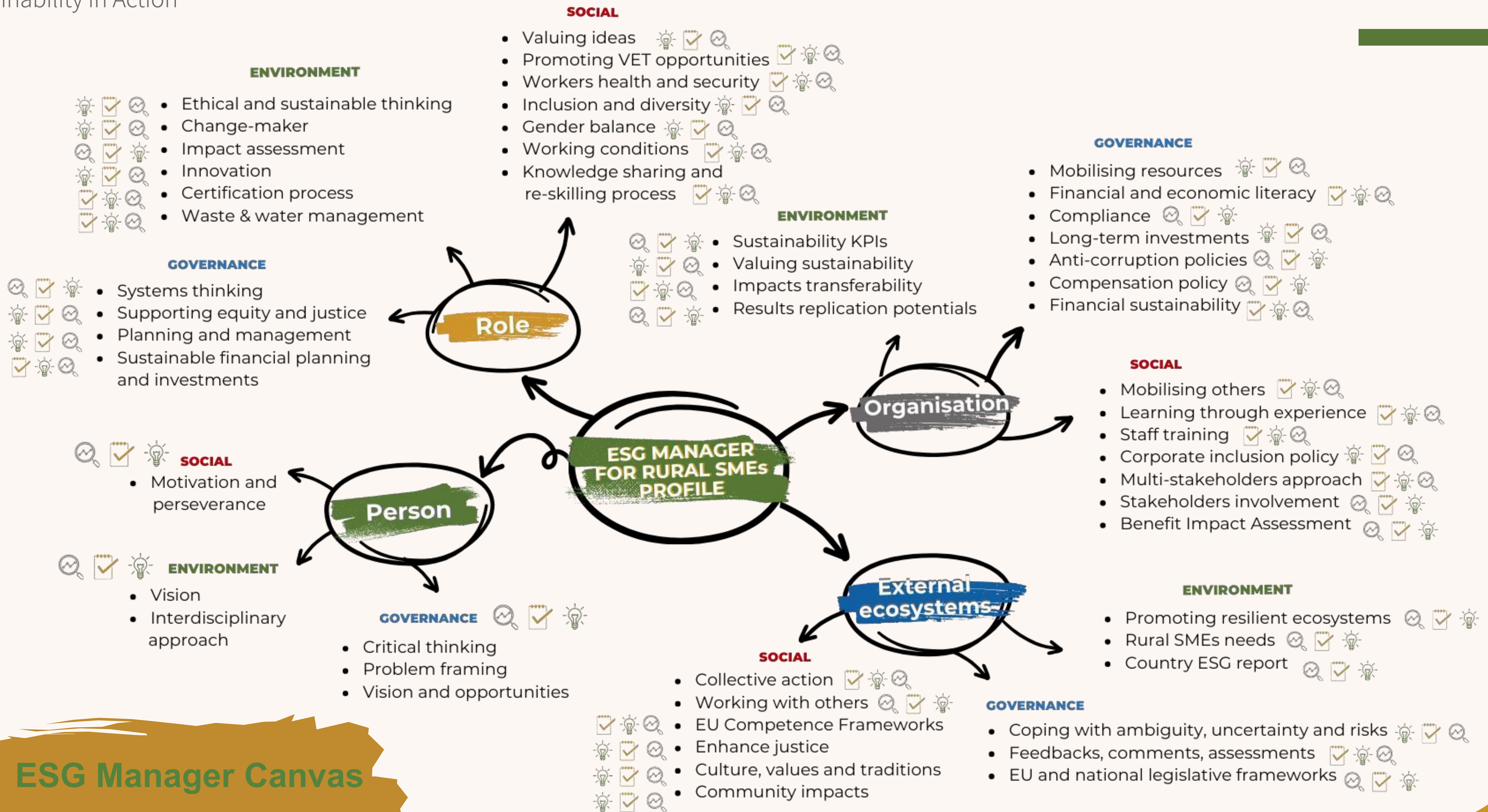

ESG Manager Canvas

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Resources for Unit 3:

Video: ESG materiality assessments
Article: How To Align ESG Risk Assessments with Business Strategy

Your Action Plan:

1. **Identify Sector-Specific Risks**
   Look at environmental, social, and governance risks common in food and agriculture, such as supply chain disruptions, climate impacts, or labor issues.
2. **Spot Opportunities**
   Find ways ESG can create value, like access to new markets, funding opportunities, or improved efficiency.
3. **Choose an Assessment Tool**
   Select a framework like the B Impact Assessment or ESG Manager tool to measure your current ESG performance.

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Conclusion

Summary and Future Perspectives

You learned:

- What ESG (Environmental, Social, Governance) means and why it matters for SMEs in the agri-food sector
- The risks SMEs face (e.g., climate impacts, regulatory pressure, supply chain issues)
- The opportunities ESG brings (e.g., funding, partnerships, market access)
- How tools like B Impact Assessment and the ESG Manager role help SMEs navigate ESG challenges and plan for sustainable growth.

Conclusion

Summary and Future Perspectives

As you progress through the course, you will learn about:

- Analyze ESG data to evaluate performance, identify risks, and guide strategic decision-making **(Module 2)**
- Implement practical ESG strategies that improve operations, reduce environmental impact, and promote social responsibility **(Module 3)**
- Develop long-term ESG strategies tailored to rural SME needs, aligning goals with business operations and regulations **(Module 4)**
- Monitor and report ESG performance using indicators and global reporting standards like GRI, SASB, and CSRD **(Module 5)**
- Adapt ESG strategies to local contexts, addressing region-specific environmental and socio-economic challenges **(Module 6)**

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Thank you for completing the Module!

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