



# **Adoption of Sustainable Accounting Practices for Reporting**

**Transnational Phase: Development of the Final Study Report**

**IO1 Knowledge Gap Framework  
ACT 3 Transnational Phase: Development of Final Study Report  
Version 1.1**



Co-funded by the  
Erasmus+ Programme  
of the European Union

This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained herein.

## CONTEXT

<b>Grant agreement</b>	2016-1-ES01-KA202-025724
<b>Programme</b>	Erasmus+
<b>Key action</b>	Cooperation for innovation and the exchange of good practices
<b>Action</b>	Strategic Partnerships (Development of innovation - Vocational education and training / K202)
<b>Project acronym</b>	REPORT ASAP
<b>Project title</b>	<b>Adoption of Sustainable Accounting Practices for Reporting</b>
<b>Project starting date</b>	31/08/2017
<b>Project duration</b>	24 months
<b>Project end date</b>	31/08/2019
<b>Project Activity (A) Intellectual Output (IO) Multiplier Event (E) Short-term joint staff training events (C)</b>	IO1 Knowledge Gap Framework ACT 3 Transnational Phase: Development of Final Study Report
<b>Activity (ACT)</b>	ACT 3 Transnational Phase: Development of Final Study Report
<b>Deliverable number</b>	
<b>Deliverable title</b>	Development of Final Study Report
<b>Nature of deliverable</b>	REPORT
<b>Dissemination level</b>	PUBLIC
<b>Due date of deliverable</b>	07.05.2018
<b>Actual date of deliverable</b>	08.05.2018
<b>Produced</b>	FGUGREM – Claudia Neiman (Date: 08/05/2018)
<b>Reviewed</b>	ENTITY - Name Surname (Date: DD/MM/YYYY)
<b>Validated</b>	ENTITY - Name Surname (Date: DD/MM/YYYY)

**DOCUMENT CHANGE RECORD**

<b>Issue date</b>	<b>Version</b>	<b>Author</b>	<b>Sections affected / Change</b>
08/05/2018	V 1.1	Claudia Neiman	
14/05/2018	V 1.2	Claudia Neiman	Changes suggested by partners.

## Table of Contents

1. Introduction .....	6
1.1 Scope of the study: .....	6
1.2 Structure of the Study: .....	6
2. Desk Research .....	8
2.1 Sustainability Accounting Overview: .....	8
2.1.1 Background Information: .....	9
2.1.2 Sustainability Accounting and Reporting Importance: .....	9
2.1.3 Identification of Key Sustainability Players: .....	11
2.1.4 Sustainability Accounting and Reporting Strategies: .....	12
2.1.5 Sustainability Accounting and Reporting Practices: .....	13
2.1.6 Key Sustainability Issues and Metrics Used to Quantify them: .....	16
2.2 Education and Training about Sustainability Accounting and Reporting: .....	18
2.3 Case Studies: .....	19
3. The survey .....	25
3.1 Sample Overview: .....	25
3.2 Survey results: .....	25
3.2.1 Institutional Sustainability Reporting: .....	26
3.2.2 Sustainability Drivers and Barriers: .....	27
3.2.3 Regulation: .....	29
3.2.4 Social and Environmental Practices: .....	30
4. Conclusion: .....	36

## LIST OF TABLES

Table 1. Internal and External Benefits of Sustainability Reporting for SMEs.....	p. 9 - 10
Table 2. Sustainability Issues and Key Performance Indicators.....	p. 16 - 17
Table 3. Sustainability Drivers by Country.....	p. 27
Table 4. Sustainability Barriers by Country.....	p. 28
Table 5. Regulations Faced by SMEs by Country .....	p. 29
Table 6. The Social Initiatives Taken by SMEs by Country.....	p. 30 - 32
Table 7. The Environmental Initiatives Taken by SMEs by Country.....	p. 32 - 35

## **1. Introduction**

The Report-ASAP Project has been created on the basis that there is a knowledge gap between best sustainability practices and the reality of Sustainability Reporting Literacy in Small and Medium Enterprises (SMEs). Around Europe, SMEs collectively have a major impact on both the economy's ability to be successful as well as on the environmental problems that we are facing. That is to say, at an EU level, SMEs make up over 99% of all entities and it is estimated that they contribute to 70% of all pollution.

However, where large entities are becoming more responsible regarding Corporate Social Responsibility (CSR), and are facing legal obligation to report their impact on the environment, SMEs are not obliged to take on these types of responsibilities. In turn, the lack of legal, and in many cases social, pressure has led a large majority of SMEs to focus on other aspects of their business, causing a knowledge gap between the actions taken by large businesses and smaller one in regards to sustainability accounting. As part of a European initiative to promote CSR in SMEs, the Project will help businesses complete tasks necessary to carry out sustainability accounting practices as a benefit to the company itself.

As such, Report-ASAP will create a simple yet complete training and education tool to help SMEs to adopt sustainability accounting and reporting practices in a cost effective way by:

- Providing information of sustainability accounting practices and reporting awareness.
- Improving user's skills and competences in relation to sustainability reporting, making it easier to implement these techniques.
- Increasing the visibility of the acquired skills through the lenses of ECVET provisions and providing a Skills and Achievements Recognition Framework for the completed tasks.

This report focuses on the analysis of the situation "AS IS" to provide an overview to the consortium and stakeholder of the current state of sustainability accounting practices in SMEs in the partner countries. The report will be focused on results from the partner countries of the Project that are: the UK, Italy, Greece, Bulgaria, Croatia, and Spain.

### **1.1 Scope of the study:**

The study will look at the "AS IS" situation in the six mentioned countries with the intention of comprehending the main knowledge gaps between this current situation and an ideal one where a majority of SMEs are implementing effective sustainability accounting practices.

### **1.2 Structure of the Study:**

The objectives of the study are achieved through the working on three outcomes:

- An initial desk research activity carried out in order to identify and analyse the current awareness and existing approaches to sustainable accounting and reporting practices of SMEs in the six countries.
- A survey aimed at analysing and identifying the SMEs practices and needs in Sustainable Accounting and reporting and to determine the missing knowledge and skills leading to "Sustainability Reporting Literacy Levels" across participating countries.
- A final report summarising the information obtained in the two previous phases of the study.

This final report is based on the results in the desk research and the survey modules, combining the findings to help provide a set of recommendations for the topics that are necessary for the Project to cover if it will complete its aim to even out the literacy levels across SMEs. These outcomes will orientate the consortium in the design of the Training Course in a way that will permit SMEs work towards augmenting their knowledge and skills in the realm of sustainability accounting. In addition, this information will help the partners determine which competences should be recognised within the skill and achievement framework that will support the course and its learners.

## **2. Desk Research**

### **2.1 Sustainability Accounting Overview:**

Within Europe's 2020 strategy is the agenda for growth and jobs. This initiative emphasises smart, sustainable, and inclusive growth as a way to overcome the structural weaknesses in Europe's economy. In turn, it will help companies to improve their competitiveness and productivity and underpin a sustainable social market economy. However, the majority of formal initiatives are currently directed towards large companies, and these make up less than 1% of all businesses across Europe.

Therefore, it is essential for us to understand what, why, and how smaller entities are taking on sustainability practices and their corresponding accounting tasks. As SMEs traditionally focus on their immediate futures (that is, their survival), they can put off questions such as formal sustainability planning until they are 'more established.' However, SMEs that decide to incorporate sustainability accounting practices into their management protocol can see benefits that payoff in regards to their economic survival as well, such as: improved trust with consumers, improved processes and systems, increased innovation, progressing vision and strategy, reduction of costs, and competitive advantages.

From a European level, it is considered that SMEs do not take advantage of these sustainability accounting benefits for a variety of reasons, mainly based on a lack of knowledge, resources, and motivations. A lack of knowledge about sustainability problems leads SMEs to see their entity as one with a small environmental and social impact, therefore, reducing the feeling that it is their responsibility to make change. In addition, a lack of knowledge about the potential economic and non-economic benefits that come from sustainability accounting lead SMEs to think that the investment is not worth the outcome that results from these practices. A lack of experience and other resources (time, staff, etc.) means that smaller entities must spend larger quantities of time and energy on reports and other practices when compared to bigger, more experienced companies. In addition, in larger companies, they can dedicate a specific person to reporting tasks, something that is not feasible in smaller businesses. Finally, the social pressure of consumers has not yet reached the point where all businesses feel the pressure to change or report their behaviour—indirectly giving the impression that these actions will not be financially beneficial with consumers.

In order to get a better picture of this situation at the level of each individual country, Report-ASAP consists of a first phase which is a primary investigation. The desk research was carried out separately in the six partner countries: the UK, Italy, Greece, Bulgaria, Croatia, and Spain. In addition to demographic information, two main areas of study were addressed: environmental sustainability and social sustainability. Furthermore, sustainable accounting concepts and techniques were investigated in each country to understand how different places across Europe are implementing these ideas. Finally, we have analysed the cost–benefit situation for sustainability accounting practices in SMEs.

The following information is an overview of the current situation in the countries analysed and the similarities and differences that appeared during the time of the desk research.



### 2.1.1 Background Information:

In all of the countries presented, we can see the importance that SMEs have on the local economies. SMEs make up a large majority of all the entities in these six countries and in some countries, such as Greece, a high percentage of employment opportunities (over 85%) and, for example in Croatia, over 50% of the total revenue generated within the country. As we advance in the project, this information is essential as it shows the impact that well-trained SMEs could have on the overall economic, environmental, and social situation.

Moreover, we can see how within the data collected that a large proportion of the SMEs are actually micro-companies, or entities with less than ten employees. The percentage of micro-companies in Bulgaria, Spain, Italy, and Greece is all over 90% (of total companies in that country). Keeping these conditions in mind, it is necessary to be aware that within these companies it is difficult to dedicate one individual solely to sustainability accounting practices. Assuming that these entities do not have the resources to outsource this type of activity, it will be necessary to consider the incorporation and compatibility of these responsibilities with others.

It is also important to note that in all of the countries, while large organisations have the obligation to complete certain sustainability reporting requirements, smaller entities do not. This means that the majority of information offered in the partner countries is directed towards larger entities and is not scaled to the needs of smaller ones. In addition, the cost of established programmes is, many times, outside of the price range for SMEs. Therefore, in order to provide a way to breach the knowledge gap it is essential to create a programme that identifies SMEs not as a miniature form of larger companies but a distinct type of entity.

### 2.1.2 Sustainability Accounting and Reporting Importance:

Although we do not see the same amount of importance given to sustainability accounting and reporting practices in SMEs as in larger companies, the impact that these activities have within these smaller entities is significant for the well-being of the EU economic, social, and environmental situation. At the same time, we can see how sustainability accounting adds value to the organisation by analysing the company's current situation from a different perspective. Potential benefits can include: finding new and cheaper sources of capital, achieving a more competitive market, thinking 'outside the box' for potential solutions and improvements, and integrating with the local and global communities.

According to the Global Reporting Initiative (GRI) in May of 2013, the DG Enterprise & Industry in 2010, and the Regulation No 1121/2009 of the European Parliament and of the council, we can establish both internal and external benefits of sustainability accounting and reporting for small and medium-sized businesses can be summarized as follows:

Internal Benefits	External Benefits
1. <b>Possible savings</b> of energy and resources.	1. <b>Better communication</b> with authorities and customers.
2. <b>Reduce Expenses</b> and also reduce compliance	2. <b>Better appreciation</b> by banks and insurance

costs (i.e. avoid costly breaches and fines due to non-compliance legislation).	companies: Helps communicate risk management information to investors.
<b>3. Improve employee ethics.</b>	<b>3. Improve public image and build trust:</b> Transparency about non-financial performance can help to reduce reputational risks, open up dialogue with stakeholders such as customers, communities, and investors, and demonstrate leadership, openness, and accountability.
<b>4. Better internal communication.</b>	<b>4. Advantage in obtaining future public contracts:</b> Companies seen as leaders and innovators can be in a stronger bargaining position when it comes to attracting investment, initiating new activities, entering new markets, and negotiating contracts.
<b>5. Modernization of management, improved processes and systems:</b> Internal management and decision-making processes can be examined and improved, leading to cost-reductions by measuring and monitoring such issues as energy consumption, materials use, and waste.	<b>5. “Snowball” effect on suppliers:</b> It helps address environmental and social requirements and pressures.
<b>6. Progressing vision and strategy:</b> Increases awareness of risks and opportunities. Comprehensive analysis of strengths and weaknesses, and the engagement with stakeholders that is necessary for sustainability reporting, can lead to more robust and wide-ranging organizational visions and strategies. Importantly, companies can make sustainability an integral part of their strategies.	<b>6. Compliance with environmental legislation:</b> Measuring sustainability performance can help companies to meet regulatory requirements effectively, avoid costly breaches, and gather necessary data in a more efficient and cost-effective way.
<b>7. Impacts on companies’ economic viability:</b> Among the most environmentally significant SME-dominated manufacturing: <ul style="list-style-type: none"> <li>• Metals</li> <li>• Textiles, leather and clothing, plastics</li> <li>• Timber, woodworking and furniture, printing</li> <li>• Electronics</li> <li>• Specialist chemicals such as dyes, paints, and varnishes</li> <li>• Food, drink, and tobacco</li> </ul>	<b>7. Prevention of environmental accidents</b>

Table 1: Internal and External Benefits of Sustainability Reporting for SMEs

Even with all of the potential benefits—whether they are monetary, environmental, or social—that can be considered, it is also important to recognise that the costs of sustainability accounting and reporting are high for SMEs. For micro and small businesses to be able to following and apply international, European, or country-based standards, they face a plethora of costs and drawbacks. These include but are not limited to: staff and certification costs; unexpected capital expenditure; a lack of short-term market rewards; too much emphasis placed on the paperwork and not enough on the actual actions; an overall complexity of the approach.

Overall, it is necessary to understand that in many, southern and eastern European countries, these costs are high for SMEs. In the creation of a new method of teaching sustainability accounting and reporting, it is necessary to keep in mind the necessity of facilitating major drawbacks that currently exist such as: the time necessary to create the report; the time necessary to discuss the content and conclusions of the report; the information check and final presentation of the report; etc.

### **2.1.3 Identification of Key Sustainability Players:**

In each of the countries researched we can see both non-profit organisations and businesses that are trying to lead the way in regards to sustainability practices. These establishments are slowly working towards making sustainability practices be the norm based on promoting financial, social, and environmental sustainability.

In Bulgaria, we can see how companies are becoming more aware of the current situation and employers are working toward taking responsibility for their impact on employees, the environment, and society. While this number may not be as large as in other European countries, it is showing improvement from the past. One of the biggest actions that is being taken is the awarding of the “Annual Corporate Social Responsibility Awards” that occurs at the Business Leaders Forum. However, the leading companies are often large, international organisations and we see the impact in few small entities.

In Croatia, the situation is similar—sustainability accounting and reporting is a relatively new thing. However, the use of sustainable development in the country is being used as a tool for generating a competitive advantage. This is something that is being integrated into business associations such as the Croatian Business Council for Sustainable Development which has an evaluation method for companies, giving annual awards for the most socially responsible businesses. However, like in Bulgaria, the majority of key sustainability players are large organisations that are obliged to present official sustainability reporting practices.

In Greece, we can also see that the key sustainability players are large, multinational companies which makes sense as, by law, these businesses are obliged to comply with sustainability reporting norms. There are three levels of completion: businesses limited to writing one code of ethics or a good behaviour guide; companies that apply a specific CSR or EMS programme; and those entities which only apply a standard or specialised management system. In addition, in Greece the Sustainable Development Observatory offers a mechanism for recording and monitoring all Sustainable Development initiatives that involve the economy, environment, and society.

In Spain, we can see a movement within the private sector towards more sustainable practices, including various organisations that create an umbrella effect for smaller entities. By combining the strength of a multitude of businesses within a specific industry, these associations are able to have a greater impact that each company would have alone. At the same time we can see how, in Spain, the necessity of economic survival and success form an essential part of environmental sustainability as without this security no SME would be able to put these actions into practice.

In Italy, we can see a larger, government pushed, movement. The main framework for sustainability practices is established with the National Sustainable Development Strategy, based on the UN 2030 Agenda for Sustainable Development. In accordance, this strategy has been organised into five different areas (People, Planet, Prosperity, Peace, and Partnership), and includes a mapping exercise that is able to identify where Italy stands in relation to each goal. In the process, many government organisations are becoming involved such as: Ministries and regional governments; research institutions and other scientific bodies; NGOs and civil societies; etc.

Finally, in the UK, the situation appears more advanced than in the previous countries. There are several agencies that not only make sustainability a first priority, but also help SMEs understand their obligation in clear, guided language. There are also many resources available in the form of tool-kits or charity support for businesses wanting to become more socially responsible. These entities also share success stories and promote the positive side of being more sustainably accountable.

Overall, we can see there is a wide range of sustainability practices currently taking place across Europe, and the institutional and social support received by businesses varies by country. Therefore, it is interesting to provide an all-encompassing solution that not only allows micro, small, and medium-sized entities to be successful, but also creates an international platform where these businesses are able to understand that they are not alone.

#### **2.1.4 Sustainability Accounting and Reporting Strategies:**

We can see from the partner desk research that in each country has its own specific laws when it comes to sustainability accounting and reporting practices in addition to the European legislation.

At the EU level, we can see that the environmental legislation that is relevant to SMEs are: air quality, emission trading and noise; Chemicals (REACH); Energy efficiency; Environmental management (EMAS; Lifecycle Assessment, CSR); Waste management (including packaging, electrical, oil, and hazardous waste); Water; Soil; and Landfills. Socially, SMEs are obligated to consider: employees (health and safety, work-life balance, living standard, professional development, diversity, and equality); avoiding discrimination and violation of human rights; avoiding misleading and comparative advertising; and informing and engaging communities.

However, many of the specific sustainability accounting and reporting practices that are required by the EU (and, subsequently by each member state) only tend to apply to large companies. This means that country laws have more say in the actions taken by SMEs or that these businesses themselves can decide whether or not they wish to take on the same responsibilities that larger businesses are obliged to comply with.

At the same time, there is an all-encompassing theme that shows that micro, small, and medium-sized entities choose not comply with the same regulations as larger companies. On one hand, this can be related to the idea that these smaller entities have a reduced self-perceived impact and importance in the global market due to the fact that they do not have the same legal obligations as larger companies.

On the other hand, we can see how it is more difficult for SMEs to comply with environmental legislation. The cause is two-fold: the complexity of the legal situation and the cost of dedicating someone to take on the task of sustainability accounting and reporting in addition to other needs. And, because there is no dedicated person to this task, SMEs generally incur 35% more costs than larger firms when it comes to complying with regulations. Therefore, with the development of this Project, we must be realistic about the monetary, temporal, and competency capabilities of small companies.

In addition, due to this complexity and cost, we can see how SMEs tend to only comply with regulations when required, and have a lower tendency to go beyond these requirements when compared to larger entities. Accordingly, we should consider how Report-ASAP will be able to reduce the regulatory burden on SMEs while augmenting the sustainability accounting and reporting practices.

For example, in Croatia, the only legal framework for sustainability accounting and reporting practices is the EU directive, and the majority of good practice leaders are large foreign companies. Similarly, in places such as Bulgaria, difficulties in implementing EU environmental legislation can be reflected in the interpretation of national laws. This is mainly due to a lack of knowledge at a company level about the obligations that each entity has in addition to the slow adaptation and development of new national strategies and laws.

Another example can be found in Greece where, due to the lack of overall knowledge about the environmental regulations, SMEs tend to receive the information about their environmental reporting obligations during inspections and not before. This means that SMEs can receive fines for the lack of action they are taking without even knowing they have the obligation to fulfil them.

A different, but equally frustrating situation exists in Spain where different regions impose different obligations on companies. This means that understanding the unique requirements based on location is complicated, time-consuming, and considered expensive. In fact, an estimated 20% of SMEs are willing to invest in sustainability practices (in comparison to 74% of larger companies) because they are not aware of the cost-benefit situation for their business.

In addition, we can see how there are countries (such as Greece and the UK) where the separation of mandatory and self-regulation can cause SMEs to focus instead on pure survival instead of the investment in sustainability accounting and reporting practices. While short-term this may be more beneficial (and even necessary), the long-term impact can be less financially sustainable than those companies that work towards this type of practices. However, this argument must be presented convincingly to SMEs if we want them to voluntarily take on sustainability accounting and reporting practices.

### **2.1.5 Sustainability Accounting and Reporting Practices:**

We consider that a Sustainability Report is a document that is published voluntarily by a company, expressing the environmental and social impacts caused by its everyday activities. Although this

Report can have other names, such as a Corporate Social Responsibility Report, the concept is the same, focusing on giving visibility to the company's activities in a credible reflection of these actions. In the EU, starting in 2018, large companies are now obliged to create this sort of report, while it is still voluntary for SMEs.

Businesses have a plethora of international and national options when choosing to participate in sustainability accounting and reporting practices. An overview of certifications includes but is not limited to the following international options:

- **ILO Global Compact**

International initiative, promoted by the UN, which aims to involve companies and businesses in general on a platform of 10 shared principles about human rights, work and environment. The consistency with the Global Compact commits companies, together with other actors of socio-economic development, to pursue an inclusive and socially responsible business model.

- **OECD Guidelines**

These guidelines are addressed in particular to multinational companies, even if the indications contained may be valid for other types of companies of different sizes and nature. The guidelines offer recommendations and principles for companies wishing to inspire their conduct in terms of social responsibility. The application is voluntary and non-compulsory.

- **GRI – Global Reporting Initiative**

International guidelines for the preparation of a Sustainability Report, providing information on the economic, environmental, and social activities put in practice by the enterprise. This is an integrated reporting model touching on all three aspects of sustainability which, in turn, allows for an evaluation of each of the sections independently through performance indicators.

- **AA1000 – AccountAbility 1000**

This standard is undertaken on a voluntary basis for the development of a corporate social responsibility profile by means of ethical and social commitment towards relevant stakeholders. The standard identifies guiding principles to be observed in the social reporting process, with the aim of making the organization publically accountable, namely able to give answers and take responsibility for its actions.

- **SA8000 – Social Accountability 8000**

An international code of conduct that focuses on the rights of company employees. This standard provides for a series of ethical principles, for which specific procedures are established. Applying businesses undertake compliance checks by institutions accredited by the SAI (Social Accountability International), the international agency which developed the standard.

- **GBS – Study Group on Social Report**

The Study Group on Social Report, made up of representatives from the academic and consulting world, has developed a social reporting model for companies and public administrations. The GBS guidelines identify a minimum content and a structure of the document that must be present in the Social Report, leaving the possibility for those who realize it to include other optional information if deemed appropriate.

- **ISO 14000**

This acronym identifies a family of standards that was created to improve the environmental management of an organization. Companies can adopt this sustainability tool by complying with these rules that define how to implement an environmental management system, in order to be integrated with other management systems, and to achieve compatible economic and environmental objectives.

- **ISO 26000**

This standard is for social responsibility in general. However, it does not represent a certification standard through binding requirements, but a set of voluntary guidelines instead.

- **ECOLABEL**

ECOLABEL is a community brand for the visibility of environmental excellence and works towards facilitating consumers in the recognition of products with a lower environmental impact, based on measurement criteria applied to the entire life cycle of the product.

- **EMAS – Eco-Management and Audit Scheme**

This European Standard incorporates the structure of the International Standard ISO 14001(part of the ISO 14000 family) and provides for the voluntary adhesion of companies to an eco-management and audit system by accredited certifiers. This certification has stricter requirements than an ordinary Environmental Management Systems (EMS).

We can also see country specific certifications that include but are not limited to:

- **Italian National Contact Point for CSR**

A sustainability reporting standard and guidelines that has been developed by the Italian Ministry for Economic Development.

- **The Greek Sustainability Code**

Based on the German Sustainability Code, a recognized European standard for disclosing non-financial information, this Code is structured reference system for transparency and self-commitment of organizations on Sustainable Development and Responsible Entrepreneurship.



### 2.1.6 Key Sustainability Issues and Metrics Used to Quantify them:

For companies to be able to track their economic, environmental, and social performances, it is necessary for them to establish key performance indicators or KPIs. Each indicator has a variety of ways to be measured. These indicators are then used to establish the “as is” situation of the company, its progress, and areas for improvement. These metrics will clearly differ in each company, depending on its activities and impact on the environment and community. However, we can identify both social and environmental metrics that are commonly used in reports. An example can be seen in the table below:

Indicators	Measures
<b>Environmental</b>	
Energy efficiency: – Lighting – Heating – Production equipment	Electricity used(KWH) Renewable energy use Recycled heat (KWH) Gases used (cubic feet) Energy consumed per GDP
Air emissions and Transport: – Greenhouse gases – Air pollution – Fuel efficiency – Exhaust emissions	CO2, N2O and CH4 emissions (million tonnes) Greenhouse Gas emissions- SO2, NOx, VOCs (million tonnes) Dust emissions (g) Freight transport (tonne kilometres) Passenger transport (no. of journeys)
Waste: – Production waste recycle and re-use – Radioactive waste	Waste generated (tonnes/ KG) Waste recycled (tonnes/ KG)
Water: – Used and recycled – Leaks of hazardous substances	Use of water (million tonnes/ M3) Water recycled (million tonnes) Leaks (m3)
Resources used: – Materials – Product life cycle – Sustainable packaging – Eco-design	
<b>Social</b>	
Relationship with Employees: – Occupational rights – Health and safety programs – Discrimination (gender, age, orientation, ethnic minorities). – Staff turnover – Child labour – Human rights	Unemployment rate as a share of total Labour force by gender (%) Work accidents (no.) Number of leave days because of work injuries Number of discrimination claims How much money for health and safety equipment per worker Ratio of basic salary and remuneration of women to men by employee category Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments. Number of grievances related to human rights filed, addressed, and resolved through formal



Indicators	Measures
	grievance mechanisms.
Training and education: – Education and training for employees – Corruption	Population with upper secondary education (% of total) Average hours of training per year per employee by employee category and by gender Percentage of employees receiving regular performance and career development reviews by gender Percentage and total number of business units analysed for risks related to corruption Percentage of employees trained in organization's anti-corruption policies and procedures
Relations with local communities – Community involvement – Employment creation and skills development – Technology development and access – infrastructure to benefit both business and the community	Sponsoring/ donation Percentage of operations with implemented local community engagement Monetary and non-monetary fines and sanctions for noncompliance with operating social laws and regulations
Product Responsibility – Product quality – Defectiveness of goods – Information provided on labels – The complaint procedures	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling
Suppliers responsibility	
<b>Economical</b>	
Profits	Annual growth rate of GDP at constant prices (% change)
Revenue	Net sales plus revenues from financial investments and sales of assets
Productivity	Total factor productivity
Innovation	General expenditure on R&D as a share of GDP (%)
Investment	Investment in equipment as a share of GDP (%)

Table 2: Sustainability Issues and Key Performance Indicators

Reports should include responsible policies and practices in the working environment; responsible policies and environmental management practices; and socially responsible relations with the community. As this information is gathered, it shows transparency in the company's activities both to the internal and external stakeholders.

Therefore, it is important to consider both the interior and exterior benefits that are provided with a sustainability report. For the company itself, these indicators and their subsequent report are important because they will provide useful information about the environmental performance of the company and possible areas of improvement. On the other hand, stakeholder benefits should also be

considered because these indicators are a succinct way for businesses to summarise their actions and present them clearly to the community.

We should also consider that the final presentation of reports does not always include a direct reference of indicators, but that they can be included in an indirect way. This can make reporting easier because not every question needs to show an answer, but it can also make the situation more complicated because businesses may have a harder time following report structure. By using a reporting structure that clearly presents the KPIs and their respective measures it might be possible to facilitate this process for businesses new to the sustainability accounting and reporting activities.

## **2.2 Education and Training about Sustainability Accounting and Reporting:**

In a society where the benefits of sustainability accounting and reporting are obvious, but the use of this resource is limited in SMEs, we must consider what educational options are available to companies. Education for Sustainable Development (ESD) is a UNESCO initiative that hopes to improve the learning process to consider the long-term future of the economy, the environment, and communities around the world. This goal has been incorporated into the Sustainable Development Goals and, therefore, into the European member states. However, it is important to ask: What steps are currently being taken?

In the UK, we can see how sustainable development is being integrated into the strategy outlined by the Higher Education Funding Council for England (HEFCE). This strategy aims to provide its students with the skills and knowledge necessary to put sustainability practices in place. Consequently, several HEI initiatives have been put in place to reach this end. One of these projects includes university networks that are able to explore ESD opportunities and conduct further research on the subject.

At a more localised level, the UK also offers several qualifications for CSR at the Masters level, and courses are often integrated as an option in MBA's. In addition, professional development is available for individual and institutional support through organisations such: the National Youth Agency; Sustainable Development Alliance for Learning and Skills; Business in the Community; the Ellen MacArthur Foundation, etc.

While in the UK, there are many options for large and small business alike to find resources, in Croatia, the majority of resources are only set-up for large companies. Institutions that offer social responsibility and non-financial reporting often offer short workshops or other forms of educational training. In addition, the integration of CSR into university courses is mostly only presented via case studies or specialised course as it is not a specific offered programme.

In Spain, the interest in non-financial or sustainability reporting is not included into the legislative initiatives presented in 2017 for Business Accounting studies. However, it is included at a more private level, such as sustainability accounting classes offered within the scope of specific Master's (especially at private schools) and the appearance of specialised consultants in Environmental Legislation.

Although Greek Chambers and Businesses Associations offer training courses on sustainability accounting or similar subjects, they mostly target medium and large companies that can cover the substantial financial contribution required. At the same time, this means that the backbone of the Greek economy, micro and small-enterprises, are not able to participate in such training. Because there is no legal requirement for SMEs to produce sustainability reports, training costs are so high, and implementation and operation of this type of reports is expensive for SMEs, it is clear why the majority do not voluntarily participate in this kind of activity.

In Bulgaria, while training for sustainability accounting and reporting practices does exist, it is not very common and often includes foreign entities that go to this country to speak in one or two cities about this topic. This is consistent with the lack of knowledge about this subject and corresponding policies that we can see in the desk research. At the same time, several online tools have been identified to assist Bulgarian businesses and there is a Master's degree offered in Sofia focused on CSR.

Overall, we can see a movement towards increasing the importance of sustainability activities around Europe. The interest in non-financial reporting is growing in large companies due to the international requirement for large businesses and, as a consequence, knowledge about this type of actions is becoming more common. However, the development and implementation of programmes is often slower or more complex than businesses would like, making it difficult to go above and beyond the requirements.

### 2.3 Case Studies:

Following are success stories as presented by the partner countries for companies that are leading in sustainable practices:

- **The UK**

Avon Metals Ltd (AML) is a privately-owned UK-based SME established over 60 years ago. They manufacture, process, and trade an extensive range of metals. They are regarded as one of the leading companies in the industry, as well as being an important global trader.

Since 2006, AML made a conscious decision to embark on a pioneering journey towards implementing, measuring, and reporting sustainability. They adopted an approach that allows sustainability to permeate into every single activity and decision. AML is committed to continuous improvement on sustainability and seeks to create a world class brand that will motivate customers, employees, suppliers and communities to partner with the company for mutual long-term benefit.

AML core values are based on 'honesty, integrity, flexibility, reliability, financial stability and forming strategic long-term relationships' and, following these values, the company has had great success, boasting many approvals and accreditations, including internationally recognised standards and some Awards such as:

- The Queen’s Awards for Enterprise: International Trade and Sustainable Development: recognition of Avon’s outstanding achievements and commitment to total sustainability within the recycling industry (2012, 2009, 2007)
- Business of the Year, Gloucestershire Business Awards (winner 2012 and Finalist 2013, 2011, 2009).
- ITV / Price Waterhouse Coopers West of England Business Awards (finalist 2008, 2009, 2010).
- Exporter of the Year, Insider Magazine Business of the Year (2012).
- Nature Works Education Award, Gloucestershire Wildlife Trust (2011).
- Steven Munnoch Young Business Person of the Year, Gloucestershire Media Business Awards (2011).

AML has been a signatory to the United Nations Global Compact since 2007 and the company continues to align their operations and strategies with the UN Global Compact ten principles in the areas of human rights, labour, the environment, and anti-corruption. The main aim of AML is continuous improvement; therefore, they have accredited ISO9001 & AS9100 Quality Management Systems, ISO14001 Environmental Management System and ISO50001 Energy Management System in place to ensure the continues development and improvement of the businesses into the future. They are one of the few companies around the world to be ‘both AS 9100 Aerospace and ISO 14001 Environmentally approved’.

The company’s sustainability policies are based on their 20/20 initiative. There are 20 Sustainable Development Indicators (SDI) that cover the company’s policies; these are separated into the ‘three pillars of sustainable development – social well-being, economic prosperity, and environmental stewardship.’ Each policy is measured and reported to the stakeholders with complete transparency. For example, AML promotes the protection of Local Wildlife and Biodiversity, as they are an active corporate sponsor of Gloucestershire Wildlife Trust. AML is actively a member of the Climate Change Levy Scheme.

- **Italy**

ENEL, the Italian leading manufacturer and distributor of electricity and gas, has been publishing an annual Sustainability Report since 2003. Along with a financial and economic evaluation, the reports include key ESG factors (Environment, Social and Governance), which are perceived as clear indicators of good corporate governance and account for a consistent share of a company’s market value. Among ENEL’s medium-term objectives set for the year 2020 (which also include guaranteeing access to electricity to 3 million people who currently still lack power) is that of providing basic education on energy issues to 400 thousand people and contributing to the employment and economic growth of an additional 500 thousand individuals. The company’s goal is to overcome the carbon-neutral finish line by 2050, by completely eliminating CO2 emissions from all of our production activities.

ENEL’s Open Power strategic approach has placed environmental, social and economic sustainability at the centre of its corporate culture, and is implementing a sustainable development system that is based on the creation of shared value, both inside and outside of the company.

In order to ensure a transparent, accurate report, ENEL claims to comply with the “Sustainability Reporting Guidelines” defined by the Global Reporting Initiative (GRI). In particular, the GRI’s SDG (Sustainable Development Goals) Mapping Service confirmed that the SDGs in the ENEL Sustainability Report are properly mapped and in line with their relative indicators.

Between now and 2020, the Group’s sustainability objectives will focus on five main areas:

1. Innovation and operational efficiency
2. Responsible relations with communities
3. Quality in customer relations
4. Management, development and motivation of people
5. Decarbonisation of the energy mix.

These objectives have attracted ethical investment funds, which at the end of 2015 accounted for 8% of ENEL’s share capital.

- **Croatia**

Končar – Electrical Engineering Institute, Inc. acts as a group of 17 Subsidiaries and one associate Company. The Group was established in 1928 and has around 3,650 employees at the moment. Their consolidation profit was 173.8 million kn, and it had an increase of 15.6 per cent compared to the previous year. Moreover, Končar – Electrical Engineering Institute, Inc. has been awarded by COP Index in the category of Medium-sized enterprises.

The first Social Responsibility Report (COP) was published by the KONČAR Group for the year 2006, and it refers to all the Group’s companies. The reporting cycle is annual, and the Report is aligned with the Global Initiative (GRI) guidelines and the Global Compact principles.

Areas of expertise of KONČAR Group’s companies:

- Electricity production;
- Electricity transmission and distribution;
- Electric traction;
- Other.

KONČAR’s business policy is based on:

- The satisfaction of customers, suppliers and other stakeholders;
- Environmental protection, health and safety protection;
- Continuous improvement of products and processes;
- Inclusion and motivation of the employees.

The Report includes 12 material aspects with the appropriate qualitative and quantitative indicators.

ECONOMIC CATEGORY: economic effect

Due to the appropriate activities and measures on the foreign market, and in spite of the lack of planned domestic revenues (e.g. delivery of trains for HŽ Passenger Transport), the KONČAR Group has achieved good financial results, as it has increased the revenues on the basis of the sales of goods and services on the export markets by 7.7 % and contracted new deals worth 2.7 billion kn, out of which 50 per cent were based on the export.

**ENVIRONMENTAL CATEGORY:** energy, water

The data show a significant reduction of electricity consumption in 2016 compared to the previous years, which is the result of continuous investments in the infrastructure and the advancement of technological processes.

**SOCIAL CATEGORY:**

Apart from the systematic implementation of education and professional training of employees, KONČAR is encouraging and rewarding individuals for their special results in their education process as well, such as giving an award for the best doctoral dissertation, the award for the best student of Faculty of Electrical Engineering and Computing and Faculty of Mechanical Engineering and Naval Architecture, etc.

**WORK RELATIONS AND LONG-TERM WORK:**

Employment, health and safety at work, training and education, and gender equality in terms of salary.

**HUMAN RIGHTS:**

Non-discrimination, freedom of associating and collective bargaining.

**SOCIETY:**

Local Communities. **PRODUCT LIABILITY:** marking the products and services, compliance with regulations.

**STAKEHOLDER INCLUSION:**

One of the crucial prerequisites for the comprehensive implementation of the activities of a socially responsible business is the identification of stakeholders as well. KONČAR has recognized and segregated all the individuals, communities, and organizations that affect or are affected by the Group's business.

- **Greece**

Company: Hilton Athens, a luxury hotel chain

Best practices: The following practices could be easily adopted and implemented with a small scale investment by micro and small businesses in the HORECA industry.

LED Lighting: Annual energy savings of 1,500,000 kWh.

Water Flow Reduction: It installed water flow reducers in guest rooms and public areas and managed to reduce annual water consumption per room by 16% without affecting, as the surveys show so far,

the customer satisfaction index. Annual water savings were measured at 16,000 m<sup>3</sup>, equivalent to annual water consumption of around 65 households.

**Soap Recycling:** In cooperation with the “Soap for All company”, the hotel proceeds to recycle used soaps to protect the environment, support socially vulnerable groups and strengthen social structures and structures that protect children and families in need.

**Composting:** installation of a composting bucket with a maximum capacity of 2.1 m<sup>3</sup> with a production capacity of 1 m<sup>3</sup> compost per 14 days. The staff is trained to separate and collect organic waste from the kitchen and restaurants that are placed in the bin and turn into a rich dark substance, called compost or humus or soil conditioner. Bacteria, fungi and other microbes are the “workers” of composting.

**I-brella:** Hilton launched this pilot project last summer by installing in 12 pool umbrellas a photovoltaic product that allows easy and direct low-voltage power supply for use in a range of electrical appliances such as charging mobile customer phones.

**Earth Hour:** It participates every year in Earth Time, WWF's global initiative, which symbolizes that we all can act to protect the environment. At that time, the exterior and interior lighting of the hotel goes out for an hour, the restaurants and bars operate “in the light of candles” and at the same time special briefing is given to the customers, encouraging them to turn off the lights of their rooms.

- **Bulgaria**

The Bulgarian affiliate of the world software leader SAP SE has been on the Bulgarian market for more than 18 years. In December 1999, SAP SE registered its subsidiary SAP Bulgaria, and the SAP Labs Bulgaria Development Center was launched in 2000. In the company over 700 professionals work in the field of software development and the latest SAP In-memory and cloud technologies. SAP actively collaborates with Bulgarian universities within the framework of the SAP University Alliances program and it is also actively developing the global SAP policy for CSR and sustainable development. In 2012, SAP Labs Bulgaria received the ISO 14 001 certificate - the international standard for environmental management systems. Among some of the achievements of the company are the following:

- Winner of the AON Award “Best Employers in Bulgaria” for 2017, 2014, 2012, 2008 and 2006;
- Award in the category “Corporate and Social Responsibility” of the Bulgarian Association of Information Technologies for 2011;
- Corporate Social Responsibility Award for 2013;
- Third place in the category “Socially Responsible Campaign of the Year” of the 2014 “b2b Media Annual Awards” for the company's educational initiatives.

SAP Bulgaria treats Corporate Social Responsibility with strategic focus - with the goal of providing a reliable future for the society, their customers and company. By mobilizing their employees, time and technology, they strive to have a positive impact on the environment through economic growth, new jobs, innovation and social activity. For 2016, the company has 11,117 hours spent in volunteering,



and their activities directly affected over 12,000 people. For traditionally their largest initiative, named “Month of Service”, 242 SAP volunteers joined 11 activities ranging from renovating churches to sowing trees. Teams from 10 to 40 people spent their free time together in doing different activities, having a positive impact on society and the environment. SAP enables every employee who wants to do so, to go with his team one day a year to help those in need. Traditionally, the SAP employees use their one-day volunteering day during the Volunteering Month initiative, with activities ranging from painting of kindergartens, building and improving eco-gardens, helping older people prepare for the winter with cleaning their yard, splitting wood, do small repairs and many other activities. For 2015, during the initiative, 210 employees allocated 1943 hours of traditional volunteering, and their actions assisted 1217 people.

- **Spain**

Ecoalf (<https://ecoalf.com/es/>) is a brand that was created in 2009 when the founder, Javier Goyeneche, became frustrated with the excessive use of natural resources and the quantity of waste produced by industrialised countries. After spending time travelling around the world to see the development of sustainable process, Goyeneche decided he had a way that he could make a difference. Ecoalf is one of the first brands in Spain that creates high fashion clothes from recycled materials, at the same quality of design and technical properties of non-recycled fashion. With each piece containing a minimum of 80% recycled material, the goal is to show that it is not necessary to continue abusing natural resources in order to be considered stylish.

A current Ecoalf pilot project called Upcycling the Oceans uses plastic recycled from the Andalusian coast of Spain. Goyeneche considers that if it takes over 400 years for a plastic bottle to disappear, it is important to change the way we look at plastic bottles and do something more than throwing them away. Together with local fisherman, the initiative works to convert bottles and other plastic that is found when bottom-trawling the Mediterranean Sea into a prime resource for this products. This project is co-financed by a local water (and bottling) company, Lanjarón, in Granada that looks to help make the coast lines more pure.

The bottles, which are made of PET (polyethylene terephthalate or a polymer resin that is most often used as synthetic fibres) are being transformed into textile products, and will hopefully form an important part of a circular economy effort supported by Goyeneche. The weaving of PET fibres into thread, that can be made into fabrics, is something that the founder first saw in Southern Asia and has since been working to perfect the process. He is now able to produce truly designer pieces with this material and is currently collaborating with Spanish designer Sybilla on a sustainable jacket line. Every piece of Ecoalf clothing also comes with an info label which offers up the characteristics and origin of the garment. This promotes awareness about the company’s goals while also explaining why the piece is high quality as well as sustainable. At the same time, it encourages buyers to take an active role in informing themselves about their consumption.



### **3. The survey**

#### **3.1 Sample Overview:**

The objective of the survey is to analyse and identify the SMEs awareness, needs, and existing approaches to Sustainable Accounting and reporting practices. The survey was launched among SMEs in the 6 participating countries: Greece, the UK, Bulgaria, Croatia, Italy, and Spain.

In order to obtain maximum results from the surveys, they were translated into country languages accordingly (Greek, Bulgarian, Croatian, and Italian) before sending the questionnaires to the respondents. With the intention of collecting all data in one place and to get more systematic information about sustainable accounting and reporting practices in the studied countries, an online e-survey (survey monkey) was used. The e-survey was accessible on the internet for the invited organisations in February and March 2018 and was finally closed in the beginning of April 2018.

The target group for the survey were the SME organisations in these EU countries. Initially, micro organisations were excluded from the questionnaire; however, due to the difficulty of finding respondents (in turn due to the large percentage of micro companies in the majority of countries), these companies were reintroduced to the sample.

There were a total of 217 respondents to the questionnaire. 18% of these came from Greek businesses; 11% from Spanish businesses; 15% from Italian businesses; 19% from Croatian businesses; 12% from British businesses; and 25% from Bulgarian businesses.

#### **3.2 Survey results:**

The majority of respondents to the survey were managers of the company or of similar titles (such as CEO, owner, etc.) and a significant percentage have higher education degrees (undergraduate and postgraduate studies). In addition, it is significant to identify that over 50% of the companies represented are micro companies. This is especially important to not as the questionnaire was not initially open to respondents for micro companies.

In all countries except Bulgaria, the sector that is by far the most represented in the survey is the service sector. In Bulgaria, this sector is second behind the manufacturing sector.

Therefore, when analysing these results, we must consider that our public is overwhelmingly highly educated persons in positions of power, mostly in micro companies, that function within the service sector. This information is also important to keep in mind when establishing sustainability accounting solutions because it is the most identified sector in the majority of countries.

### 3.2.1 Institutional Sustainability Reporting:

When questioned about the definition of sustainability reporting (when a definition was given), the majority of respondents either was partially aware or not at all aware of the definition of this practice. The UK and Italy had the highest number of respondents who were fully aware of the definition with 22% and 14.29% of their surveys generating this response respectively. The rest of the countries had less than 10% of respondents who answered that they are fully aware of this definition.

Therefore, we can assume that the first step of the Report-ASAP Project must be in promoting the awareness of sustainability accounting and reporting. Based on the desk research, the most effective way to do this is probably through promoting the benefits that this type of reporting provides for the companies.

The second factor that should be taken into consideration is the perception of social and environmental impact these entities have. Individually, less than 10% of companies in Croatia, Bulgaria, Spain, and Greece believe they have significant impact and over 50% believe they have minimal impact. In the UK, approximately 15% believe they have significant impact, although almost 50% believe they have minimal. Finally, in Italy we see the most aware SMEs, where 1/3 of all participants said that they had both significant and minimum impact.

Perhaps a second step for the Report-ASAP project should be in promoting the awareness of the environmental and social impact that SMEs have collectively at a country and European level. As the overall economy depends on the health and well-being of individual businesses, a winning strategy might be to create a general desire to help push towards collective goals.

In all countries, when asked specifically about what actions they are taking, the responses are what we could expect from the desk research. The majority of SMEs don't have a sustainability policy currently in action in any form; a large majority don't have a dedicated person in charge of sustainability initiatives; and, consequently, very few entities are actually producing sustainability reports. This means that even though some companies are taking some actions towards being more sustainable, the majority are not taking the steps to make the information about their activities available to the public.

This is reiterated as the majority of the respondents confirm that their companies do not have conversations about sustainability with stakeholders. Those entities that are having these conversations are primarily interacting with employees, customers, and communities (with the exception of Italy which only recognises the first two categories as being sources of important dialog).

Data about the dialogs that companies are creating about sustainability questions is important because it helps us understand the social pressure that businesses face. Therefore, by promoting a solution that will allow companies to address the concerns presented by these stakeholders, we will be providing additional benefit for these entities.

Finally, we can see that the implementation of Sustainability Management Systems for their businesses is not common, the highest percentage of businesses using this kind of system found in Bulgaria at 47% and Italy at 38%. This percentage drops to as low as 12% in Croatia and 15% in the UK.

### 3.2.2 Sustainability Drivers and Barriers:

When asked about the sustainability drivers in each country the results were the following. Percentages from 40-59% have been highlighted in green and those 60% and higher are in blue. Note: only the percentages for those who said that the driver was high (as opposed to moderate, low or none) are shown.

Sustainability Drivers	Greece	Spain	UK	Italy	Bulgaria	Croatia
Do the right thing ethically	70.83%	63.64%	76.00%	33.33%	36.36%	43.75%
Protect the environment	73.91%	31.82%	68.00%	61.90%	46.88%	46.88%
Comply with EU laws and regulation	45.83%	31.82%	40.00%	42.86%	54.55%	56.25%
Comply with national laws and regulation	54.17%	45.45%	56.00%	38.10%	63.64%	56.25%
Reduce the burden of environmental fines and taxation	16.00%	18.18%	36.00%	36.00%	27.27%	15.63%
Good publicity (improve the company image)	86.96%	22.73%	48.00%	38.10%	57.58%	37.50%
Reduce costs and save money	87.50%	27.27%	54.17%	52.38%	60.61%	37.50%
Meet demands and respond to pressure from stakeholders	32.00%	4.55%	33.33%	33.33%	25.00%	9.38%
Gain a competitive advantage	87.50%	22.73%	40.00%	38.10%	43.75%	31.25%
Other (please specify type and rank)	0%	0%	0%	0%	0%	0%

Table 3: Sustainability Drivers by Country

As we can see from the previous table, incentives such as doing the right thing ethically have a large pull in countries such as Greece, Spain, and the UK whereas reducing costs and saving money is important in Greece, Italy, and Bulgaria. However, overall, we can see how in Greece and the UK, these incentives are valued more than in other countries. This is important to understand because in different cultures the perception of drivers is not only different, but also stronger or weaker than in other cultures.

This idea is especially interesting when we compare it with the data obtained from the Sustainability Barriers. Percentages from 40-59% have been highlighted in green and those 60% and higher are in blue. Note: only the percentages for those who said that the barrier was high are shown.

Sustainability Barriers	Greece	Spain	UK	Italy	Bulgaria	Croatia
Lack of awareness of the management/ownership	66.67%	27.27%	16.00%	50.00%	43.75%	12.90%
Lack of interest by employees	20.83%	22.73%	20.00%	28.57%	42.42%	6.45%
Lack of understanding or information on sustainability risks and potential benefits	62.50%	27.27%	24.00%	33.33%	38.24%	20.00%
Complexity and lack of clarity on legal or regulatory obligations	83.33%	18.18%	36.00%	42.86%	56.25%	25.81%
Lack of expertise, skills and time	79.17%	36.36%	40.00%	42.86%	51.52%	29.03%
Lack of financial resources and high implementation costs	68.00%	36.36%	40.00%	47.62%	53.13%	23.33%
No demand from customers	33.33%	13.64%	32.00%	19.05%	40.63%	25.81%
It does not create a competitive advantage or additional business opportunities	20.00%	4.55%	24.00%	33.33%	36.36%	22.58%
Other	0%	0%	0.04%	0%	0%	0%

Table 4: Sustainability Barriers by Country

Where Greek enterprises saw the most sustainability drivers, they also saw the most barriers. In comparison, Spain, the UK, and Croatia seem to give low importance to these restrictions. Overall, those barriers which seem to generate the most concern are: the lack of expertise, skills, and time; and the lack of financial resources and high implementation costs.

The information gathered in the previous tables is important because it allows us to understand which aspects are the most important for SMEs, both in questions of why they would want to increase their sustainability practices and why they haven't done so already. Most importantly, we must consider that SMEs want to be able to follow legislation while reducing costs and saving money. Secondary to these benefits are doing the right thing ethically and protecting the environment.

On the other hand, it is essential that our solution be able to provide clarity in regards to the current situation and sustainability accounting practices. In turn, the competences and knowledge necessary to complete reports should be presented in a straight-forward way in order to allow the majority of

team members to complete the task at hand while not requiring a large temporal or monetary investment.

### 3.2.3 Regulation:

Additional questions were presented to clarify the perspective that the SMEs have about the stringency of social and environmental regulations in their country. Most companies regard their country's regulations as moderate (the UK and Italy) or between moderate and lax (Greece, Spain, Bulgaria, and Croatia).

The following table shows the current regulations that SMEs may face and the percentages of companies that are directly impacted by them. Percentages from 40-59% have been highlighted in green and those 60% and higher are in blue.

Regulations/Taxes	Greece	Spain	UK	Italy	Bulgaria	Croatia
Waste management licences or exceptions	8.00%	36.36%	29.17%	47.62%	24.24%	9.68%
Water discharge	4.00%	27.27%	20.83%	47.62%	33.33%	6.45%
Oil storage	0%	18.18%	4.17%	n/a	15.15%	9.68%
Environmental taxes	20.00%	9.09%	4.17%	71.43%	24.24%	25.81%
Landfill tax	0%	0%	12.50%	33.33%	54.55%	22.58%
Climate change levy (CCL)	0%	9.09%	12.50%	9.52%	3.03%	0%
Work place, occupational health and safety regulations	48.00%	77.27%	66.67%	28.56%	75.76%	61.29%
Product safety	36.00%	63.64%	33.33%	52.38%	33.33%	22.58%
Equal employment opportunity	8.00%	40.91%	45.83%	57.14%	24.24%	22.58%
Human rights, anti-corruption and anti-bribery regulations	8.00%	13.64%	29.17%	47.62%	18.18%	22.58%
None	20.00%	9.09%	20.83%	4.76%	6.06%	19.35%
Other (please specify)	4.00%	0%	0%	4.76%	0%	0%

Table 5: Regulations Faced by SMEs by Country

By understanding where companies in different countries are already operating within available legislation, we can work towards better understanding what competences they must already have. As we can see, work place, occupational health, and safety regulations top the list in all countries except Italy. Therefore, we can assume that basic, social questions are being addressed. In addition, we know that a large percentage of companies already have the competences to deal with necessary regulations and, therefore, most likely will also be able to face sustainability accounting and reporting if presented reasonably.

### 3.2.4 Social and Environmental Practices:

The following tables allow us to understand the percentage of companies, by country, that are implementing specific social and environmental practices. These practices may or may not be tied to an official policy and may or may not be reported in an official manner. However, by understanding what companies are already doing, we can help them promote their good practices. Percentages from 40-59% have been highlighted in green and those 60% and higher are in blue.

#### Social Practices:

Overall we can see how SMEs across Europe are taking social action in a majority of categories across Europe. However, there is still a lot of room for improvement, such as in the work companies do in their local communities and conversations they have with suppliers. It is important for businesses to understand the long-term benefits of these types of actions so that they begin to implement them in the same way they are already implementing other sustainable practices, such as flexible working hours and family-friendly leave.

Relationship with Employees	Greece	Spain	UK	Italy	Bulgaria	Croatia
Flexible working hours and family-friendly leave	54.17%	61.90%	54.55%	61.90%	46.88%	51.61%
Facilities (i.e. Childcare services, Canteen, Sport room, etc.)	0%	14.29%	9.09%	14.29%	9.38%	9.68%
Soft loans	0%	4.76%	9.09%	19.05%	9.38%	9.68%
Health and safety programs	45.83%	28.57%	18.18%	42.86%	34.38%	12.90%
Trips and events	12.50%	23.81%	27.27%	14.29%	18.75%	41.94%
Trade union relationships	0%	14.29%	4.55%	47.62%	3.13%	0%
Social dialogue, respect for the right of workers to be informed and consulted	4.17%	28.57%	31.82%	n/a	40.63%	41.94%
Remuneration	20.83%	14.29%	36.36%	33.33%	59.38%	51.61%
None	25.00%	28.57%	31.82%	14.29%	9.38%	22.58%

  

Training and Education	Greece	Spain	UK	Italy	Bulgaria	Croatia
Occupational training, development and education for employees	66.67%	42.86%	72.73%	57.14%	62.50%	77.42%
Equal opportunities and access to the training and development opportunities	25.00%	38.10%	36.36%	28.57%	31.25%	41.94%
Regular performance and career development reviews	20.83%	28.57%	40.91%	38.10%	15.63%	29.03%
Communication and training on human rights policies, anti-corruption and bribery policies.	4.17%	4.76%	0%	9.52%	6.25%	9.68%
None	29.17%	42.86%	18.18%	9.52%	18.25%	16.13%

Diversity and Equal Opportunitites	Greece	Spain	UK	Italy	Bulgaria	Croatia
Employment diversity (gender, age group and minority group)	37.50%	42.86%	68.18%	33.33%	75%	61.29%
Gender equality (salary, remuneration and promotion)	20.83%	61.90%	59.09%	57.14%	50%	58.06%
Hire disabled, detainees and internees	4.17%	4.76%	31.82%	57.14%	12.50%	6.45%
None	58.33%	33.33%	22.73%	19.05%	12.50%	19.35%

  

Local Communities	Greece	Spain	UK	Italy	Bulgaria	Croatia
Donation (education, research, health care...)	16.67%	20.00%	22.73%	14.29%	28.13%	35.71%
Donating employees time and/or expertise to do some volunteering work in the community	0%	0%	31.82%	23.81%	6.25%	19.35%
Collaboration with the educational bodies (e.g. grants, research funding, internships, events, sponsorship).	8.33%	10.00%	31.82%	33.33%	40.63%	25.81%
Supply of goods and services free of charge for social activity	29.17%	10.00%	27.27%	19.05%	18.75%	35.48%
Entertainment, restorations and exhibitions	0 %	20.00%	4.55%	9.52%	9.38%	25.81%
None	58.33%	55.00%	27.27%	42.86%	34.38%	38.71%

  

Product Responsibility	Greece	Spain	UK	Italy	Bulgaria	Croatia
Advertisement messages containing the social value	16.67%	10.00%	13.64%	42.86%	15.63%	29.03%
Surveys measuring customer satisfaction	41.67%	40.00%	40.91%	52.38%	53.13%	41.94%
Assessing the health and safety impacts of products and services	16.67%	30.00%	13.64%	38.10%	15.63%	6.45%
Special products or services dedicated for the disadvantaged	0%	0%	18.18%	14.29%	3.13%	16.13%
Suggestions by the client companies	20.83%	20.00%	9.09%	19.05%	25.00%	12.90%
None	25.00%	35.00%	36.36%	23.81%	15.63%	41.94%

  

Suppliers	Greece	Spain	UK	Italy	Bulgaria	Croatia
Risk of forced, compulsory and/or child labour	8.33%	14.29%	22.73%	0%	18.75%	9.68%
Human rights criteria	37.50%	4.76%	22.73%	42.86%	9.38%	25.81%
Health and safety at work	37.50%	38.10%	45.45%	52.38%	40.63%	32.26%



Salary in accordance with legal or industry minimum wage	4.17%	19.05%	22.73%	9.52%	12.50%	16.13%
Regular working time	4.17%	9.52%	13.64%	19.05%	15.63%	29.03%
Criteria for impacts on society	4.17%	4.76%	13.64%	28.57%	6.25%	12.90%
Social certifications	4.17%	4.76%	4.55%	23.81%	3.13%	16.13%
None	33.33%	42.86%	50.00%	33.33%	46.88%	29.03%

Table 6: The Social Initiatives Taken by SMEs by Country

### Environmental Practices:

With the following data, we can see how SMEs across Europe are implementing a variety of sustainable environmental practices. Due to the desk research and answers obtained in previous sections of the report, we can deduce that these acts are normally, 1) relatively simple to understand and put into practice, and 2) they show an obvious benefit to those who are implementing them.

Materials	Greece	Spain	UK	Italy	Bulgaria	Croatia
Reduce the use of materials or to use recycled materials	17.39%	60.00%	38.10%	52.38%	34.48%	29.03%
Making the production, use and disposal of products more environmentally friendly (easier to maintain, repair or reuse)	26.09%	35.00%	23.81%	28.57%	31.03%	25.81%
Life cycle assessment	8.70%	25.00%	9.52%	23.81%	3.45%	6.45%
None	52.17%	25.00%	52.38%	19.05%	44.83%	48.39%

Energy						
Lights	Greece	Spain	UK	Italy	Bulgaria	Croatia
Use reminders and promotional materials to raise awareness of switching off and good practice	65.22%	15.00%	28.57%	38.10%	6.90%	19.35%
Initiatives to reduce energy consumption (energy saving bulbs, daylight sensors, timers and movement sensors lights)	78.26%	50.00%	42.86%	42.86%	48.28%	32.26%
Using natural light when possible (clean windows and skylights, opening all blinds, arranging desks near windows).	69.57%	30.00%	33.33%	57.14%	41.38%	41.94%
Having more switches that are clear labelled (more control)	17.39%	15.00%	4.76%	4.76%	10.34%	6.45%
None	13.04%	35.00%	28.57%	23.81%	37.93%	32.26%
Heating	Greece	Spain	UK	Italy	Bulgaria	Croatia



Initiatives to reduce heating consumption (e.g. thermostats, radiator valves, zone control and timer, not heating an empty building, not blocking heat emitters)	52.17%	55.00%	42.86%	52.38%	34.48%	29.03%
Decrease heat losses (e.g. double glazing, insulation, separate areas which have different temperatures, heaters only work when doors are closed)	39.13%	15.00%	47.62%	42.86%	48.28%	22.58%
Raise awareness of how expensive air conditioning and electric heaters	17.39%	25.00%	19.05%	14.29%	10.34%	45.16%
Regularly check and maintain the heating system and air conditioning units	82.61%	20.00%	23.81%	23.81%	37.93%	41.94%
Using clean / renewable energy (e.g. wood biomass boiler, solar system..etc.)	17.39%	10.00%	19.05%	19.05%	10.34%	6.45%
None	13.04%	25.00%	42.86%	28.57%	20.69%	25.81%
<b>Production Equipment</b>	<b>Greece</b>	<b>Spain</b>	<b>UK</b>	<b>Italy</b>	<b>Bulgaria</b>	<b>Croatia</b>
Turn off machinery that is idling and switch it off when not in use	26.09%	45.00%	42.96%	52.38%	57.72%	64.52%
Switches are labelled and staff are trained in the correct procedures for operating machinery so they know what they can turn off	13.04%	25.00%	14.29%	28.57%	13.79%	19.35%
The optimum settings for equipment are used	4.35%	30.00%	23.81%	23.81%	27.59%	16.13%
Installing a higher efficiency equipment	0%	30.00%	9.52%	19.05%	37.59%	25.81%
Regular checks and maintenance of equipment	17.39%	30.00%	23.81%	33.33%	48.28%	41.94%
None	65.22%	35.00%	38.10%	28.57%	20.69%	22.58%
<b>Water</b>	<b>Greece</b>	<b>Spain</b>	<b>UK</b>	<b>Italy</b>	<b>Bulgaria</b>	<b>Croatia</b>
Initiatives to reduce water consumption (stop leakage, install self-closing taps, use scrapers and brushes when cleaning, rinse products in stages).	65.22%	40.00%	19.05%	47.62%	48.28%	38.71%
Monitoring your water meter (regular meter readings)	30.43%	20.00%	19.05%	14.29%	37.93%	25.81%

Regularly check and maintenance for boiler and associated system for leaks	8.70%	10.00%	28.57%	33.33%	27.59%	25.81%
Water recycled and reused (e.g. to flushing toilets).	0%	20.00%	9.52%	33.33%	10.34%	6.45%
Wastewater treatment	4.35%	5.00%	9.52%	19.05%	6.90%	19.35%
Not discharging of oil into water (use an oil separator in your surface water drains to remove oil, grease, petrol and diesel from surface water run-off)	0%	0%	9.52%	9.52%	10.34%	22.58%
None	26.09%	50.00%	57.14%	28.57%	27.59%	41.94%
<b>Waste</b>	<b>Greece</b>	<b>Spain</b>	<b>UK</b>	<b>Italy</b>	<b>Bulgaria</b>	<b>Croatia</b>
Initiatives to reduce waste (responsible printing and photocopying, recycled cartridges, use less, re-usable /returnable packaging)	78.26%	45.00%	38.10%	61.90%	51.72%	45.16%
Use items as many times as possible	26.09%	20.00%	47.62%	42.86%	34.48%	38.71%
Recycle what you can (electrical equipment, oil, batteries, furniture)	56.52%	55.00%	47.62%	n/a	6.90%	32.26%
Sell your scrap material to another company	13.04%	10.00%	19.05%	4.76%	37.93%	12.90%
Recycling bins widely available and labelled clearly	13.04%	20.00%	42.86%	14.29%	13.79%	35.48%
Educate staffs about your plans and recycling	26.09%	20.00%	23.81%	23.81%	6.90%	25.81%
Put posters up as a reminder to follow good practice	26.09%	10.00%	9.52%	23.81%	3.45%	6.45%
None	13.04%	25.00%	19.05%	14.29%	20.69%	19.35%
<b>Transport and Greenhouse Gases</b>	<b>Greece</b>	<b>Spain</b>	<b>UK</b>	<b>Italy</b>	<b>Bulgaria</b>	<b>Croatia</b>
Encourage staff and visitors to use public transport or share rides (e.g. cycle to work scheme).	4.35%	20.00%	28.57%	38.10%	31.03%	32.26%
Improved route planning for visits and deliveries.	0%	10.00%	9.52%	23.81%	37.93%	16.13%
Use tele /video conferencing when possible.	4.35%	15.00%	42.86%	28.57%	17.24%	22.58%
Reduction of delivery frequencies and use the correct vehicle for the job	0%	20.00%	14.29%	9.52%	17.24%	16.13%

Considering space, fuel efficiency, reliability and exhaust emissions when purchasing vehicles and converting existing vehicles to cleaner fuels	0%	0%	14.29%	23.81%	10.34%	19.35%
Regular vehicles servicing to reduce emissions (lower emissions result in lower road tax and company car tax)	4.35%	5.00%	47.62%	28.57%	31.03%	29.03%
Initiatives to reduce emission of greenhouse gases beyond the legal obligations	0%	10.00%	9.52%	19.05%	6.90%	6.45%
None	95.65%	55.00%	28.57%	23.81%	31.03%	35.48%
<b>Overall</b>	<b>Greece</b>	<b>Spain</b>	<b>UK</b>	<b>Italy</b>	<b>Bulgaria</b>	<b>Croatia</b>
Screening new suppliers using environmental criteria	4.35%	10.00%	23.81%	33.33%	13.79%	12.90%
Incorporating sustainability goals into supply-chain relationship	4.35%	5.00%	23.81%	23.81%	6.90%	0%
Incentives to business partners to adapt sustainability business practices	4.35%	15.00%	4.76%	14.29%	3.45%	16.13%
Including sustainability performance indicators in employee evaluations	0%	15.00%	4.76%	19.05%	6.90%	12.90%
Developing products and services that reduce or prevent environment damage	26.09%	15.00%	28.57%	19.05%	17.24%	29.03%
None	69.57%	65.00%	52.38%	33.33%	58.62%	58.06%

Table 7: The Environmental Initiatives Taken by SMEs by Country

#### **4. Conclusions:**

This report provides an overview of the current situation regarding sustainability practices, including sustainability accounting and reporting practices, in six different countries across the EU: Greece, Spain, the UK, Italy, Bulgaria, and Croatia. It has been created with the support of six country reports detailing the current situation in each of these countries.

The first part of the report presents the study and its relevance to the current economic, environmental, and social situation faced in Europe. As SMEs contribute greatly to all three of these aspects of life while lacking the obligation and support to become more sustainable, they are the ideal target group for the Report-ASAP Project.

The second part of the report presents the desk research that was found in each of the countries. Although there are many similarities, there are also differences between countries. We can see how the different countries are alike in their economic make-up—that is, micro, small, and medium-sized enterprises provide a large percentage of the jobs available and are essential to the economic well-being of these countries. At the same time, SMEs across the board do not seem to understand the impact that they have on the economic, environmental, and social aspects of a community or country. On the other hand, we can also see how the countries legislation and the interpretation of regulation is different in different places, making a broad overview of the situation and a single solution difficult to establish.

Perhaps the most important thing across the board is the obvious lack of knowledge about and interest in investing in sustainability accounting and reporting practices. Although we are able to identify a plethora of benefits, few SMEs actually seem to be implementing these practices into their management systems. From the desk research, we understand that there are few main barriers: the lack of knowledge about the costs-benefits of sustainability accounting and reporting; the lack of understanding about legal aspects around this subject; the lack of time, money, and other resources; and the lack of social and legislation pressure.

The third part of the report presents actual data that was collected from SMEs in the six countries of interest and, in most cases, closely corresponds to the information established during the first section of the study. This data was collected and organised based on a survey created by the consortium, distributed within the different partner countries, and was later analysed both by country and as a whole. For the most part, this data confirms the results of the desk research although it also shows us something interesting—SMEs already tend to implement some sustainability practices into their businesses, they just do not classify these activities as such.

From the data provided, we can understand that SMEs are interested in participating in sustainability accounting and reporting practices in order to save money and comply with legislation. Following these drivers, we see the desire to do the right thing. By understanding what SMEs want, we are able to create a final product that will satisfy their needs. For example, due to the fact that, in many cases, SMEs consider their own legislation to be moderate to lax, but find it complex, offering the competences necessary to decodify this legislation could be beneficial for SMEs. Additionally, by

presenting the final results of the Project as a way to understand how sustainability accounting practices can save a business money is good selling point.

In addition, it is necessary to consider what are the current barriers of sustainability accounting and reporting practices—identified during the study as mainly a lack of knowledge and resources. This ties back into the desk research as most SMEs do not seem to understand how these reporting activities work and why they would be beneficial for a small entity. Therefore, by providing a clear, concise presentation of sustainability accounting and reporting practices can go a long way in making sure SMEs understand the benefits, costs, and how to of these practices.

It is also important for SMEs to understand that some of their current practices can already be classified as sustainable activities and, therefore, be included in their sustainability accounting practice. By educating SMEs on the benefits on sustainability accounting and reporting practices, and showing them that they don't actually have to completely change what they are currently doing, we can facilitate this practice for SMEs.

Overall, due to the precarious situation of SMEs in most member countries of the EU, it is important that these companies understand the benefit that taking on another task has for them. It is also important that this task does not seem overwhelming for these entities as they are usually a reduced number of employees, already completing a plethora of activities, and working only with short periods of time.

To this end, the Report-ASAP Project can help towards the development of a training path focusing on simpler and less costly tools that better meet micro and small businesses' needs. Such tools could focus on environmental and social indicators of guidelines in order to advance public image or gain a competitive advantage. The final results of Report-ASAP should make raising awareness on the benefits of sustainability accounting and reporting practices, and provide easy, practical steps for implementing these practices, a main priority.