

Data platform support to SMEs for ESG reporting and EU taxonomy implementation

JRC Technical Report

Preliminary Assessment
2022

Authors

Margot Möslinger (JRC.I.4)
Alessandro Fazio (JRC.I.4)
Olivier Eulaerts (JRC.I.3.)



JRC TECHNICAL REPORT

OVERVIEW

Sustainable finance is a key factor in the economy's transition towards climate-neutrality by 2050. SMEs account for 99% of EU enterprises but are currently exempted from disclosing sustainability information. However, SMEs could benefit from voluntary reporting through higher visibility, improved access to credit, benchmarking opportunities and improved monitoring of trajectories towards sustainability targets. Digital platforms can help SMEs in reporting but the current landscape for solutions targeting SMEs is fragmented. The study provides a preliminary assessment of challenges and opportunities for the sector.

AIM

The aim of the study is to provide an initial examination of the existing landscape of data platforms for voluntary EU Taxonomy reporting in support of SMEs.

METHODOLOGY

Desk research and semi-structured interviews addressed the following questions:

- What information on SMEs is collected? By whom/why/how?
- What can motivate SMEs to report voluntarily?
- How can data quality be guaranteed?

ANALYSIS & RESULTS

- SMEs often fail to see the value of (voluntary) reporting
- few platforms have a clear focus on SMEs
- platforms either focus on investors (with a financial portfolio perspective) or on individual companies
- barriers for SMEs:
 - discrepancies between frameworks applied by different platform providers
 - non-harmonized metrics for SMEs,
 - high administrative burdens and costs related to data acquisition and quality control

Investor-focus



Company-focus



Both (+auditors)



Figure 1 Types of taxonomy solutions



RECOMMENDATIONS

- facilitating access to reporting (if free / low admin costs)
- communicate value creation – visibility & benchmarking
- data quality – ESAP, algorithms and audit
- goal orientation – sustainability transition