



Module 03

ESG ESG RISK

ANALYSIS FOR SME



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Agenda Module 3



- 01 Identifying ESG Risks (incl. EBA guidelines, supply chain, etc.)
- 02 Stakeholder Analysis: Who influences & who is affected?
- 03 ESG Assessment Along the Value Chain
- 04 Applying Double Materiality (Impact & Financial Relevance)
- 05 Creating the Materiality Matrix & Setting Clear Priorities
- 06 Establishing the Foundation for Strategic ESG Objectives

Overview Proceed: Part



1. ESG - Onboarding

Kick-Off & Design of Project

- Conduct ESG kickoff workshop
- Define cross-functional ESG project team
- Set key milestones and implementation roadmap
- Perform industry and peer benchmarking
- Deliver ESG onboarding for decision makers and leadership team



2. ESG Risks

Gap Analysis

- Conduct in-depth ESG baseline assessment (gap analysis)
- Map company's value chain and upstream/downstream activities
- Carry out structured stakeholder analysis

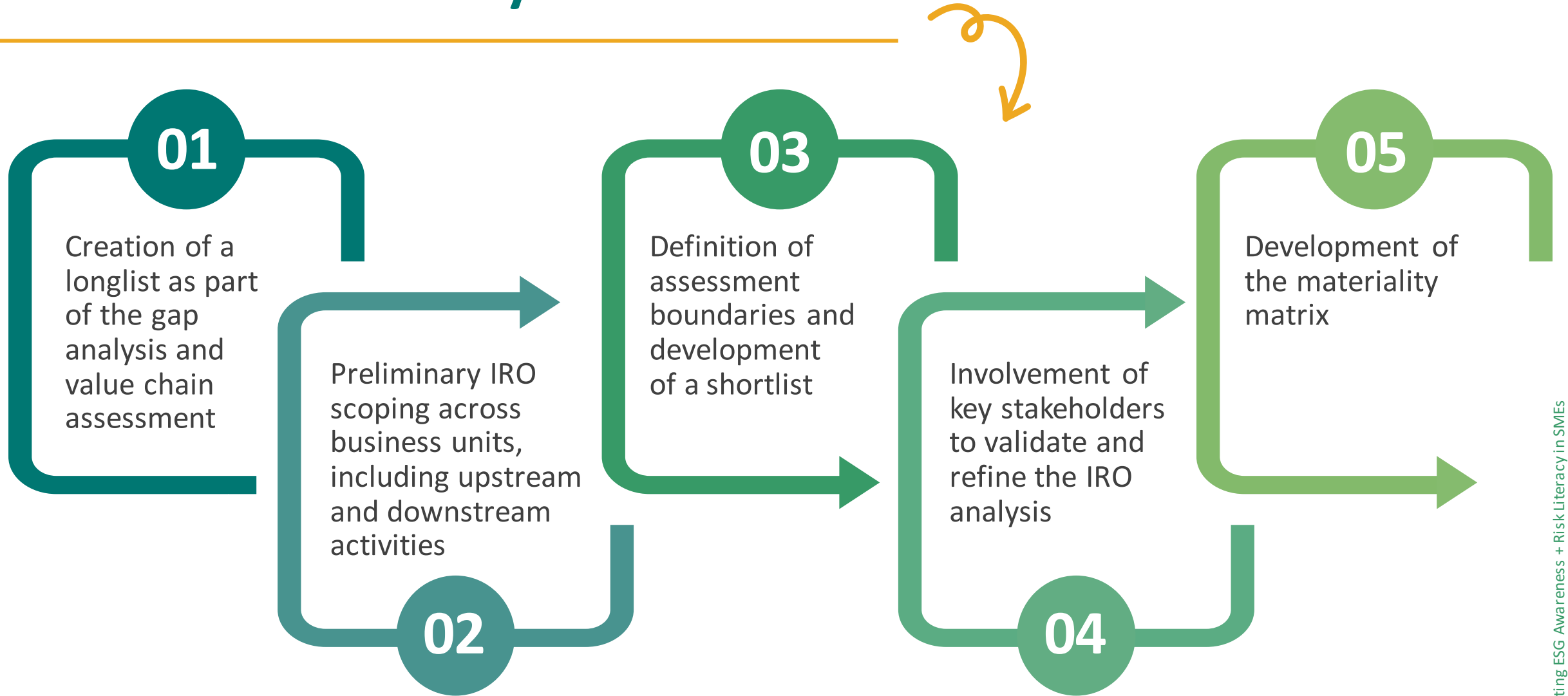


Materiality Assessment s-analyse

- Conduct double materiality assessment (inside-out and outside-in perspective as per CSRD/ESRS; strongly recommended also for VSMEs)
- Perform comprehensive risk assessment (aligned with EBA Guidelines and sector-specific risk factors)
- Review additional legal and regulatory requirements (especially related to supply chain, e.g., LkSG, CSDDD, EUDR)
- Screen for applicable industry-specific ESG standards and frameworks



Process Materiality Assessment



ESG Value Stream Overview

	Upstream		Product/Service	Downstream				Risks
Raw Materials	Key Suppliers	Materials / Products		Important Customers	Key Partners	Final Product	Product Lifecycle	ESG-Related Questions

ESG Gap Analysis

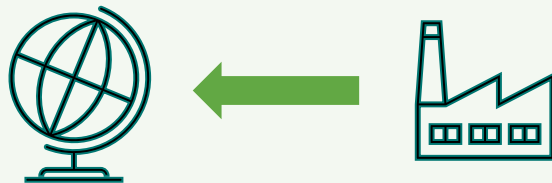
ESRS topic	Sub-sub-criteria	Comments	Control system	Responsibility	Measures	Data acquisition
			yes/no/questionable	no, formal, active	0= no 1= one-off 2= sporadic 3= regular 4= process-structured and optimized	0= no 1= one-off 2= sporadic 3= regular 4= process-structured and optimized
Climate change	Climate change adaptation					
	Climate change mitigation					
	Energy					

Data quality (meaningful, accurate, complete, reliable)	Data utilization	Training	Sensitization	Benchmark assessment	Actions	Materiality longlist
Scale: --/-/0/+/>++	0= no 1= one-off 2= sporadic 3= regular 4= process-structured and optimized	0= no 1= one-off 2= sporadic 3= regular 4= process-structured and optimized	0= no 1= one-off 2= sporadic 3= regular 4= process-structured and optimized	Scale: --/-/0/+/>++	yes/no/in planning	yes/no/questionable

Differentiation Of Impacts & Opportunities / Risks

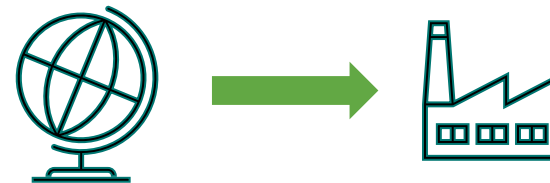
**Impact Essentiality
(Inside-out-perspective)**

Positive & Negative Impact



**Financial Essentiality
(Inside-out-perspective)**

**Opportunities and Risks
for Entrepreneurs**



Procedure Impact

01

Selection of a PDL

02

Collection of current and potential negative impacts (hot spots) along the ESRS categories and collection of current positive impacts (sweet spots)

03

Localization of the negative and positive impacts in the the detailed analysis

04

Listing of existing measures to Improvement/avoidance of negative impacts and promotion of positive impacts

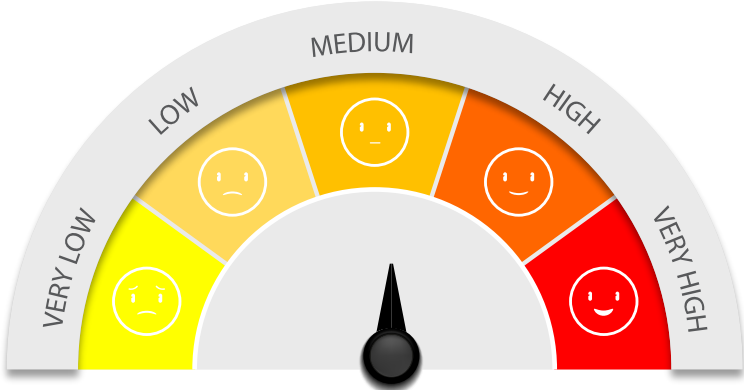
Assessment & Evaluation Of The Current Negative Effects

Current effects (hot spots)	Extent	Scope	Irreversibility	Is the impact assessed as material?
Impact 1				No
Impact 2				Yes
Impact 3				No
Impact 4				Yes
...				
Impact X				Yes

1	2	3	4	5
Low		Middle		High

*Companies can define topics as material without in-depth analysis - “established scientific consensus”

Assessment & Evaluation of Potential Negative Effects



Probability of occurrence	5. Almost Certainly					
	4. Probably					
	3. Possible					
	2. Unlikely					
	1. Rare					
		1. Marginal	2. Insignificant	3. Moderate	4. Essential	5. Serious

Differentiation Of Impacts & Opportunities / Risks

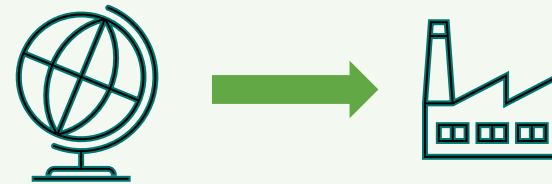
**Impact Essentiality
(Inside-out-perspective)**

Positive & Negative Impact



**Financial Essentiality
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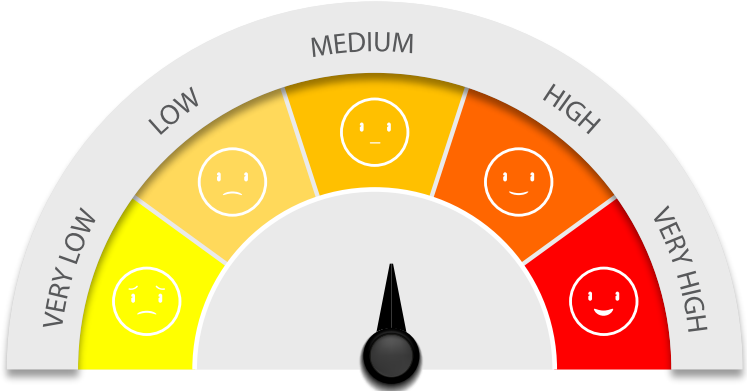
**Opportunities and Risks
for Entrepreneurs**



Climate Change Adaption Risk

Category	Specific Hazard	Relevance (Y/N)	Potential Impact	Likelihood (Short Term, 0-5 years)	Likelihood (Medium Term 5-10 years)	Likelihood (Long Term 10-30 years)	Adaptation Measures	Responsible
Temperature Related	Changing Temperature (Air, Freshwater, Marine)	Y	Text	Scale 1-5	Scale 1-5	Scale 1-5	Text	Text
	Heat Stress							
	Temperature Variability							
	Ocean Acidification							
	Permafrost Thawing							
Water-Related	Changing Precipitation Patterns and Types (Rain, Hall, Snow/Ice)							
	Water Stress							
	Flood (Coastal, Fluvial, Pluvial, Groundwater)							
	Saline Intrusion							
Wind-Related	Changing wind Patterns							
	Cyclone, Hurricane, Typhoon							
	Strom (Blizzards, Dust & Sandstorms)							
	Tornado							
Solid Mass-Related	Coastal Erosion							
	Soil Degradation & Erosion							
	Avalanche, Landslide, Solifluction							
	Subsidence							
	Glacial Lake Outburst							
Chronic Effects	Sea Level Rise							
	Chronic Drought							
	Wildfire							

Risk Assessment

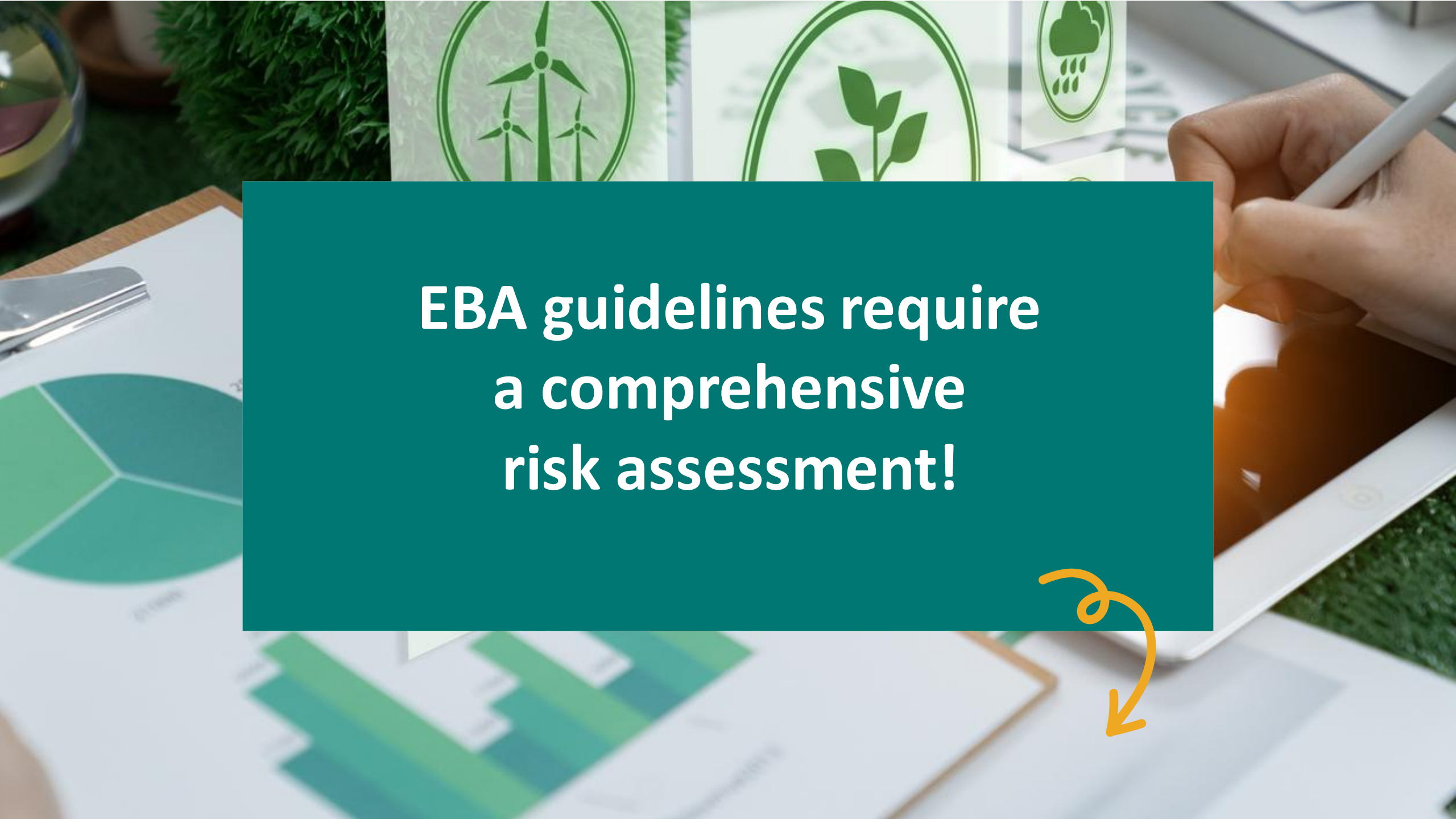


Probability of occurrence

5. Almost Certainly					
4. Probably					
3. Possible					
2. Unlikely					
1. Rare					
	1. Marginal	2. Insignificant	3. Moderate	4. Essential	5. Serious

Supplier Risk Assessment

Supplier Name	Country Risk Level (Low/Med/High)	Sector Risk Level (Low/Med/High)	ESG RISK Category (E/S/G)	Issue Description	Likelihood (Low/Med/High)	Impact (Low/Med/High)	Overall Risk Assessment (auto)	Existing Controls	Recommended Action



**EBA guidelines require
a comprehensive
risk assessment!**



Division or Allocation of Stakeholder

01

Who is affected?

02

Who is interested in sustainability reports?
(Users of Sustainability Statement)

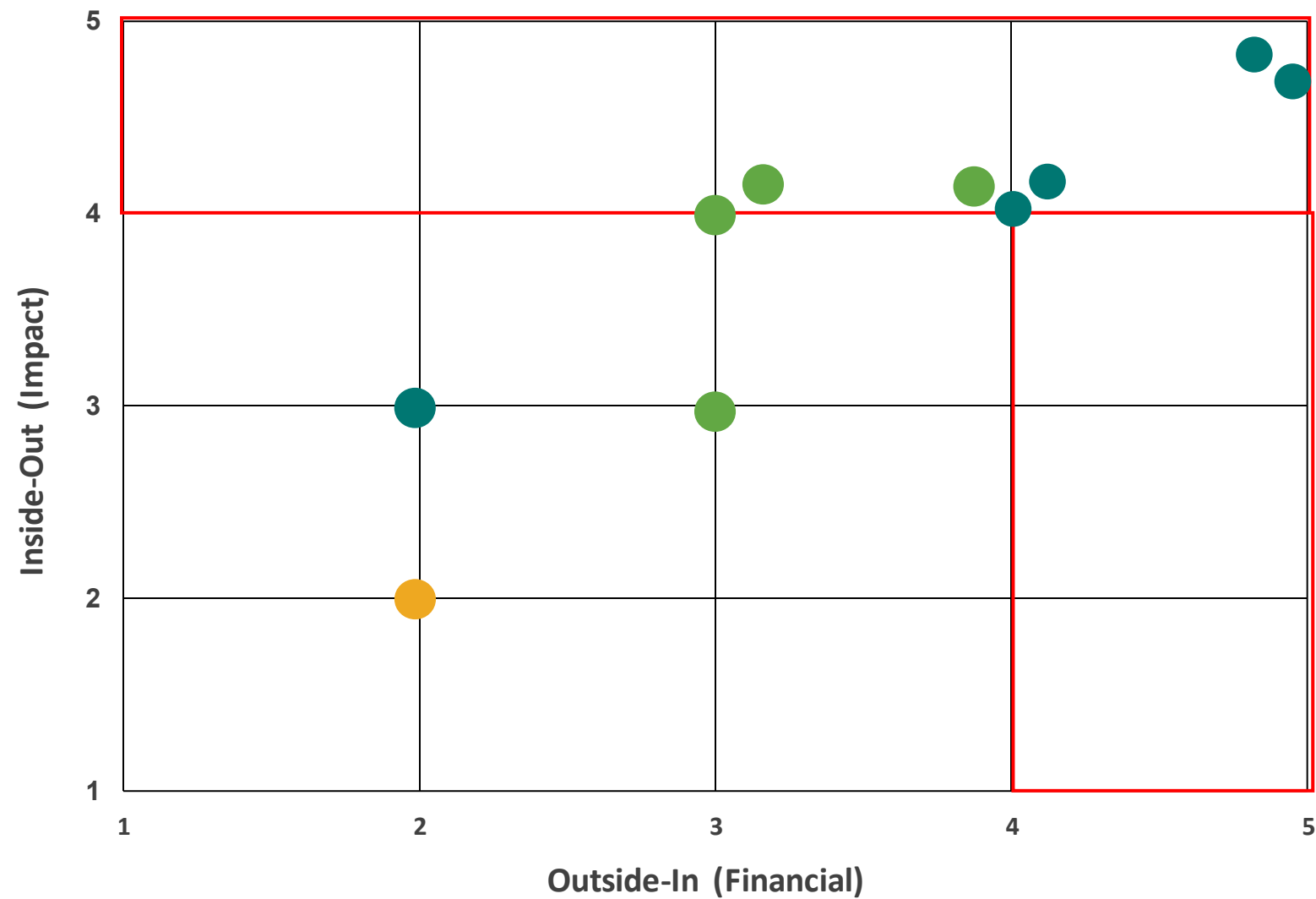
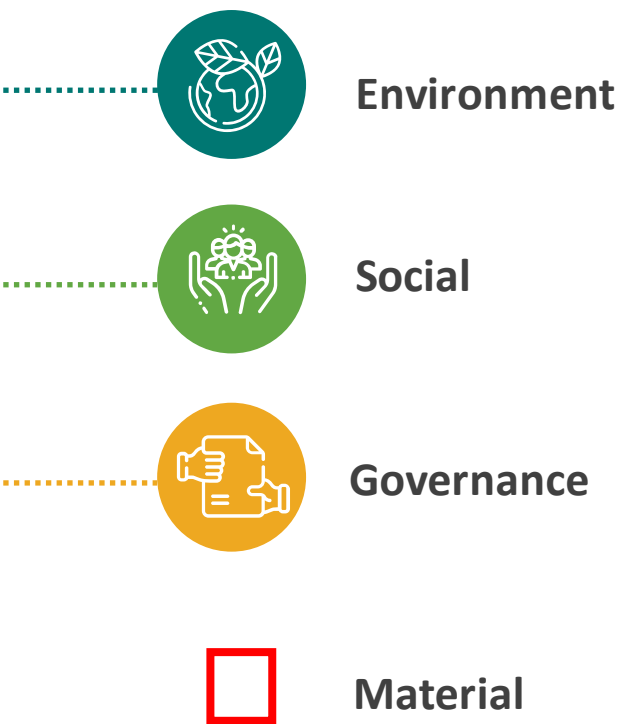
03

Requirements of relevant stakeholders?

Example: Devide Steakholder in Groups

Stakeholder Group	Stakeholder Category	Level of Influence	Level of Interest	Engagement Method	Key ESG Topics of Interest	Remarks / Next Steps
Employees	Affected			Survey / Workshop	Working conditions, Inclusion	
Suppliers	Affected			Code of Conduct / Audits	Human rights, Compliance	
Environment / Nature	Affected			NGOs / Science Input	Emissions, Biodiversity	
Local Communities / Residents	Affected			Dialogue, Forums	Noise, Water, Health	
End Users / Consumers	Affected			Feedback, Complaints	Product transparency	
Workers in the Value Chain	Affected			Supplier Surveys / Audits	Labor rights, Safety	
Customers (B2B)	User of Sustainability Statement			Survey / Interview	Carbon footprint, Traceability	
Investors / Shareholders	User of Sustainability Statement			Reports, ESG Ratings	Governance, Risks	
Banks / Lenders	User of Sustainability Statement			ESG Reports	Taxonomy, KPIs	
Civil Society (NGOs, Unions)	User of Sustainability Statement			Dialogue, Partnerships	Justice, Climate Action	
Regulators / Authorities	User of Sustainability Statement			Official Reporting	Legal Compliance	
Media / Public	User of Sustainability Statement			Website, Press	Transparency	
Rating Agencies / Analysts	User of Sustainability Statement			Surveys / Ratings	KPIs, Emissions	
Industry Associations / Networks	User of Sustainability Statement			Workshops, Representation	Sector best practices	

Double Materiality



Double Materiality: Overview

Business Area	Service / Product	Climate Change (E1) Positive Impact	Impact E1 (1-5)	Likelihood E1 (1-5)	Climate Change (E1) Negative Impact	Severity E1 (1-5)	Likelihood E1 (1-5) ²

- 01 Selection of Business Area
- 02 Selection of a Service/Product within Business Area
- 03 Impact Summary along ESRS Standard

Summary: ESG Risks



**Creation of an overview
of impacts, risks and
opportunities**



**Cross-check with
stakeholder
requirements**



**Prioritization of most
relevant ESG topics**

LCA & PCF Overview - For Product Deep Dive

	LCA (Life Cycle Assessment)	PCF (Product Carbon Footprint)
What is it?	A comprehensive environmental assessment that evaluates all environmental impacts of a product, process, or service throughout its entire life cycle.	A specific climate-related assessment that focuses solely on the greenhouse gas emissions (expressed as CO ₂ equivalents) of a product across its life cycle.
Scope definition (system boundaries, functional unit, flows, allocation, assumptions, data quality)	1. Definition of system boundaries (e.g., cradle-to-grave, cradle-to-gate) 2. Definition of product function and functional unit 3. Accounting for all material, energy, and emission flows 4. Allocation rules for environmental impacts 5. Methodological assumptions, selection of environmental impacts 6. Requirements for data quality	1. Define system boundaries (typically cradle-to-gate or cradle-to-grave) 2. Record product-specific emission data 3. Focus exclusively on greenhouse gas emissions (CO₂, CH₄, N₂O, etc.) 4. Simplified methodology focused on climate impact 5. Use of standardized emission factors
What is the process?	1. Define goal and scope 2. Create life cycle inventory (input/output analysis) 3. Conduct impact assessment (for various environmental impact categories) 4. Interpret results and identify environmental hotspots	1. Define system boundaries 2. Collect data (direct and indirect emissions) 3. Calculate total CO₂ equivalents 4. Report according to GHG Product Standard or ISO 14067
What is the significance?	• Identification of all environmentally relevant hotspots of a product • Foundation for comprehensive sustainability strategies and product optimizations • Comparison of product alternatives based on their complete environmental impact profiles	• Quantification of the CO₂ footprint of a product • Basis for climate strategies, CO₂ reduction targets, and offsetting • Comparison of products based on their climate impact
Methodological Basis (Standards & Protocols)	• ISO 14040 and ISO 14044 – International standards for Life Cycle Assessment (LCA)	• Greenhouse Gas Protocol – Product Life Cycle Accounting and Reporting Standard • ISO 14067 (Carbon Footprint von Produkten)

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