



Fostering Sustainability in Small and Medium-Sized Enterprises

Generali SME EnterPRIZE White Paper

 5TH EDITION

SDA Bocconi
SCHOOL OF MANAGEMENT
SUSTAINABILITY LAB

powered
by





For more information, please contact us at sme-enterprize@generali.com



TABLE OF CONTENTS

06	Foreword
09	5TH ANNIVERSARY EDITION OF THE GENERALI SME EnterPRIZE WHITE PAPER Climate Resilience and Competitiveness at the Heart of Europe's SMEs
13	EXECUTIVE SUMMARY A Five-Year View: Consolidation, Stagnation, and the Rise of Climate Resilience
22	CHAPTER 1 THE EVOLUTION OF SUSTAINABILITY AMONG EUROPEAN SMEs How SMEs Approach Sustainability and How Adoption Patterns Have Changed Over Time
32	CHAPTER 2 BARRIERS TO THE SUSTAINABLE TRANSITION How Institutional, Financial, and Operational Obstacles Affect SMEs' Ability to Implement Sustainability Strategies
46	CHAPTER 3 THE SUSTAINABILITY BUSINESS CASE FOR SMEs Benefits and Competitive Advantages of Adopting a Robust Sustainability Approach
54	CHAPTER 4 CLIMATE RISK AWARENESS AND RESILIENCE How SMEs Perceive Climate Risks and the Strategies They Adopt for Adaptation, Mitigation, and Risk Transfer
68	CHAPTER 5 WHAT SMEs NEED TO ACCELERATE THE SUSTAINABLE TRANSITION Strong Demand for Financial and Regulatory Support, with Peak Needs Among Transitioning Firms
78	CHAPTER 6 ROADMAP FOR EUROPEAN SMEs How Policy and Finance Can Accelerate a Just and Sustainable Transition
84	APPENDIX - COUNTRY OVERVIEW
88	SURVEY METHODOLOGY
89	BIBLIOGRAPHY
92	PROJECT TEAM



FOREWORD

Philippe Donnet – Group CEO, Assicurazioni Generali

The fifth anniversary of SME EnterPRIZE marks a significant milestone for Generali and for all our colleagues and partners who have contributed to its development since its launch in 2021.

Through this important initiative, we continue to reaffirm our strong and genuine commitment to supporting European small and medium-sized enterprises (SMEs) in integrating sustainable practices into their operations and business models.

Over the past five years, SME EnterPRIZE has engaged almost 39,000 companies, supporting them in their journey to acquire the tools and knowledge needed to strengthen their preparedness, long-term resilience, and competitiveness.

Reinforcing this engagement is now more critical than ever, as risks linked to extreme weather events increasingly disrupt Europe's industrial activity, infrastructure, and supply chain. For many SMEs, climate risk is no longer an abstract issue: it is a direct business continuity challenge that calls for stronger prevention, adaptation, and effective risk protection.

The past year has seen severe heatwaves, floods, storms, and prolonged droughts that have directly impacted manufacturing activities, energy systems, supply chains, mining operations, and workforce productivity across the continent. This is why this White Paper – once again the result of a fruitful collaboration with the SDA Bocconi Sustainability Lab team, to whom I extend my warmest thanks – places a strong emphasis on climate resilience.

This year's research paints a picture offering both reasons for confidence and grounds for concern. Sustainability adoption remains resilient, but market segmentation is intensifying, institutional barriers remain significant, and a wide protection gap persists in climate risk coverage – with 59% of SMEs still uninsured against extreme events.

In this context, coordinated action from policymakers, financial institutions, and business networks remains essential to ensure continued progress – simplifying the enabling framework, scaling effective incentives, and accelerating solutions that close the protection gap.

At Generali, we recognise this responsibility and remain determined to proactively engage with Europe's policymakers and all relevant stakeholders to advance this effort. European small and medium-sized enterprises are not only the backbone of our economy – they are pivotal to building a resilient, competitive, and sustainable future. Supporting them in their sustainable transition is therefore not simply an act of responsibility; it is a collective investment in the prosperity and well-being of us all.

FOREWORD

Francesco Billari – Rector, Bocconi University

The fifth edition of the Generali SME EnterPRIZE White Paper, *Fostering Sustainability in Small and Medium-Sized Enterprises*, represents a significant milestone in our ongoing effort to understand the sustainability transition of European SMEs. This edition marks six years of uninterrupted longitudinal research, reflecting the evolution of what began as a focused investigation into one of the most comprehensive and sustained studies of its kind in Europe. Spanning eleven countries and five survey waves, this research provides a robust and continuously evolving picture of how SMEs are engaging with the imperative of sustainable transformation.

The findings of this edition are particularly significant, as they reveal a dynamic yet increasingly polarised landscape. On the one hand, the business case for sustainability has never been stronger. Among European SMEs that have already adopted or are actively pursuing sustainability strategies, the share reporting a competitive advantage as a positive or very positive outcome has increased markedly in recent years. Financial benefits are becoming more visible, particularly in relation to insurance and access to credit, while awareness of climate-related risks is extending beyond early adopters to a broader segment of the SME population.

At the same time, our analysis highlights persistent, and in some cases intensifying, barriers to wider adoption. More than half of SMEs report institutional complexity, regulatory uncertainty, and insufficient public incentives as major obstacles to progress. These challenges are further compounded by the evolving landscape of EU regulation, whose practical implications are not yet fully understood or absorbed by SMEs. While the direction of travel is clear, the enabling conditions required to translate ambition into action remain uneven.

A key insight emerging from this research is the persistence of SME engagement with sustainability over time. Across multiple survey waves, the distribution of firms has remained largely unchanged, with a committed core, a substantial group of laggards, and a smaller segment of undecided businesses. This persistence suggests that awareness alone is insufficient to drive transformation at scale. Unlocking broader adoption will require not only regulatory clarity and simplification, but also enhanced financial innovation, targeted capacity-building initiatives, and coordinated institutional support mechanisms capable of addressing the diverse needs of the SME ecosystem.

In this context, the majority of SMEs that have not yet implemented sustainability strategies should not be viewed as passive observers, but rather as the critical frontier of the transition. Engaging this group represents the defining challenge, and opportunity, of the next phase. The evidence presented in this report underscores the urgency of developing tailored, actionable solutions that can effectively bridge the gap between intention and implementation.

As with previous editions, this White Paper aims to serve as a practical roadmap for stakeholders across the public and private sectors. The findings are grounded in direct survey evidence, and the recommendations are designed to be specific, structured, and responsive to the varying levels of maturity across SME segments. From policymakers and financial institutions to industry associations and SMEs themselves, all actors have a role to play in accelerating this transition.

SDA Bocconi School of Management is proud to continue its work in partnership with Generali's SME EnterPRIZE programme, producing actionable knowledge that bridges academic rigour with real-world impact. This collaboration supports an evidence-based policy dialogue that is essential to advancing the sustainability transition of Europe's small and medium-sized enterprises. We present these findings in that spirit, and in the conviction that the transition of Europe's economic backbone is both achievable and essential for building a more resilient and inclusive economy.



FOREWORD - 5th Anniversary Edition

CLIMATE RESILIENCE AND COMPETITIVENESS AT THE HEART OF EUROPE'S SMEs

Five years after the launch of the SME EnterPRIZE initiative, this anniversary edition of the White Paper offers a unique vantage point to observe the evolution of sustainability among Europe's small and medium-sized enterprises. What began in 2021 as a pioneering effort to map emerging sustainability practices has grown into one of the most comprehensive multi-year datasets on how European SMEs understand, adopt, and benefit from sustainability.

This fifth edition arrives at an inflection point.

Across Europe, SMEs are navigating an increasingly complex landscape marked by rising climate-related impacts, persistent macroeconomic uncertainty, and rapid regulatory transformation. Yet our five-year evidence base shows a clear pattern: despite volatility, the core of sustainability-committed SMEs has remained resilient, and the business case for sustainability has strengthened significantly.

At the same time, this research shows that the next frontier of SME sustainability is **climate resilience**. Over the past year, climate risk awareness has grown, adoption of risk transfer instruments has accelerated, and demand for institutional and financial support has intensified. These trends reflect a reality that SMEs across sectors and geographies increasingly recognise: climate change is no longer a distant concern but a direct business risk.

With this in mind, the 2026 edition deepens the analysis of climate resilience introduced last year. It examines how SMEs perceive climate risks and the actions they take to mitigate and adapt — from operational measures to insurance coverage and innovative risk-sharing mechanisms.

As in previous editions, this White Paper is the result of a long-standing collaboration between SDA Bocconi School of Management's Sustainability Lab and Generali's SME EnterPRIZE initiative. The research builds on five years of longitudinal evidence on adoption trends, barriers, and benefits, while elevating climate resilience as a cross-cutting priority for Europe's real economy. The depth and continuity of this evidence make it possible to capture structural trends, identify persistent barriers, and assess how SMEs' needs evolve over time.

powered
by



Taken together, the evidence in this White Paper points to a clear conclusion. European SMEs continue to make progress on sustainability, but structural barriers – particularly institutional ones – remain high. The business case has never been stronger, yet nearly half of SMEs still struggle to fully understand it. And while climate risk awareness is rising, a wide **protection gap** continues to expose firms, communities, and value chains to growing physical and financial risks.

Ensuring that SMEs can thrive in the transition to a sustainable and climate-resilient economy is both an economic and societal imperative. Supporting them requires coordinated action across policymakers, financial institutions, and business networks. This report provides data-driven insights and actionable recommendations to guide this transition.

Scope and Methodology at a Glance

The analysis is based on a survey of 1,100 SMEs across eleven European countries – Austria, Bulgaria, Croatia, the Czech Republic, France, Germany, Hungary, Italy, Portugal, Slovenia, and Spain – making it one of the most comprehensive and continuous SME sustainability studies in Europe. Fieldwork was conducted in January–February 2026, enabling fresh comparisons with previous waves.

The White Paper is organised into six chapters that track the SME journey end-to-end – from strategic commitment and barriers, through benefits realised, to climate resilience and concrete policy and financial-sector recommendations. This structure preserves comparability with prior editions while elevating resilience as a central theme.

To guide readers through this evolving landscape, the edition sets out what it brings to the debate:

- A consolidated evidence base on adoption, barriers, and benefits, with five-year trends and 2026 updates.
- A deeper, comparative view of climate risk awareness, adaptation, and risk transfer – highlighting the protection gap and promising innovations.
- Actionable recommendations for the public sector and financial institutions, sequenced to near-term and medium-term horizons to support a just and effective SME transition.

What's New in 2026?

This edition examines the central questions that define SMEs' sustainability and resilience journey:

- How has the strategic approach of SMEs to sustainability evolved, and where has the market consolidated or stalled?
- Which barriers most constrain progress today, and why do institutional frictions now outweigh internal or financial constraints?
- How has the business case for sustainability strengthened (operational, competitive, financial), and where are perception gaps persisting?
- What is the state of climate resilience in SMEs – awareness levels, adaptation actions, and the size of the protection gap?
- Which support measures do SMEs prioritise, and how should they be sequenced to accelerate a just transition?

Why Focus on Climate Resilience Now?

The data show rising risk awareness and growing uptake of traditional coverages, yet persistent gaps in protection and preparedness. By placing climate resilience at the core of this edition, the report connects sustainability and business continuity in practical terms that matter to SMEs and their partners.

We hope that the findings of this fifth edition will help shape more effective policies, inform the development of innovative financial and insurance solutions, and support SMEs across Europe in strengthening their sustainability and resilience capabilities. The evidence underscores the need for coordinated action to ensure that SMEs have the clarity, resources, and protection required to remain competitive in a rapidly changing environment – a prerequisite for both their long-term success and the resilience of Europe's economy.



EXECUTIVE SUMMARY

A FIVE-YEAR VIEW: CONSOLIDATION, STAGNATION, AND THE RISE OF CLIMATE RESILIENCE

Five years into the SME EnterPRIZE research programme, the 2026 survey of 1,100 SMEs across eleven European countries shows a sustainability landscape that remains resilient yet increasingly polarised. A committed core of SMEs engaged in sustainability continues to hold firm, the business case has strengthened across all major dimensions, and climate risk awareness is rising. At the same time, institutional barriers have reached record levels, market segmentation is hardening, and a wide protection gap persists in climate risk coverage.

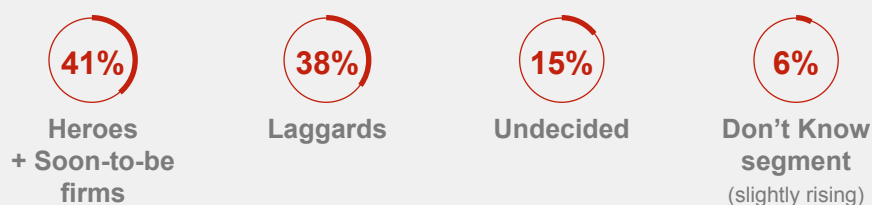
The overall picture is one of progress without expansion: sustainability leaders continue to advance, but the broader SME population remains largely static – and increasingly exposed to climate impacts.



1. Sustainability Adoption Remains Resilient, Even as Expansion Slows

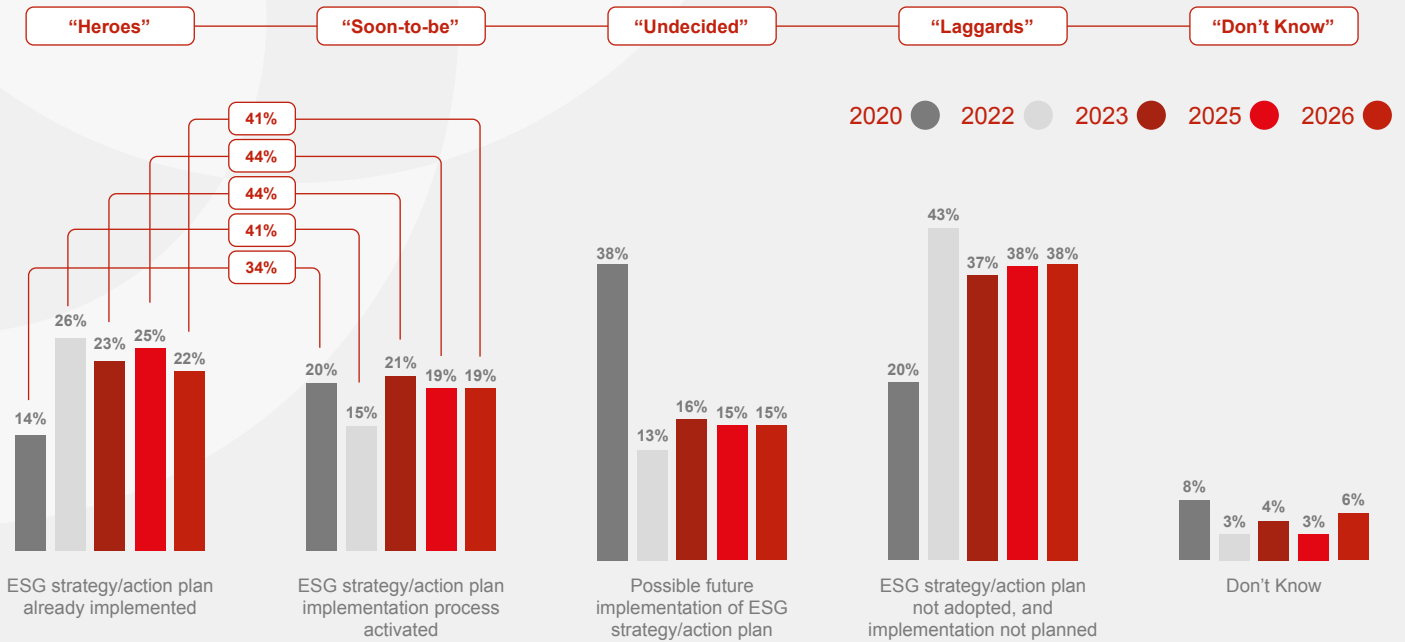
The combined share of SMEs that have implemented or are implementing sustainability strategies – **Heroes and Soon-to-be** – stands at **41%** in 2026. This represents a **durable increase from 34% in 2020**, demonstrating that sustainability adoption has **held firm despite economic and geopolitical volatility** over the past years. Expansion has **slowed**, with adoption levels fluctuating between **41% and 44%** since 2022, but the core of committed SMEs remains **structurally resilient**.

Market segmentation is increasingly stable:



This pattern confirms that **sustainability is here to stay** within Europe's SME fabric – but further expansion will require targeted support to overcome persistent institutional barriers.

Figure A. Strategic approach to sustainability - Trend 2020-2026 – % of SMEs



Source: SDA Bocconi Sustainability Lab Survey for SME EnterPRIZE - January-February 2026 Total N.1,100; January-February 2025 Total N. 1,260; May 2023 Total N. 1,240; May 2022 Total N. 1,000, European Commission SMEs, start-ups, scale-ups and entrepreneurship Flash Eurobarometer 486 (2020)

Company size continues to shape adoption. Larger SMEs (50–249 employees) achieve a **56%** combined adoption rate, compared to **37%** among smaller firms (10–19 employees). Sectoral differences have largely disappeared, showing unprecedented convergence around the European average.

Nationally, long-run convergence continues: Italy (+27 pp since 2020), Spain (+13 pp), France (+10 pp), and Hungary (+8 pp) demonstrate the strongest improvements, while Croatia, Slovenia, and the Czech Republic remain below average in the current wave.

Key Insight

SME sustainability is no longer expanding organically. Without targeted intervention, structural segmentation will persist.

2. Barriers Shift: Financial Constraints Ease While Institutional Obstacles Peak

For the first time since 2020, institutional barriers – not financial ones – are the main constraint to SME sustainability adoption.

Top barriers reported as “very important” or “important”:



Lack of institutional support
(bureaucracy, regulatory complexity)



Lack of public incentives



Lack of a clear legislative framework



Lack of understanding of the business case
(new in 2026)

By contrast, financial and internal resource constraints have slightly eased:



Lack of economic/ financial resources



Lack of internal skills and competencies

The Soon-to-be segment – companies actively transitioning – reports the **highest barrier intensity** across nearly all dimensions. Heroes, in contrast, perceive significantly fewer obstacles, suggesting that the transition phase is the peak moment of friction.

Geographic differences persist. Hungary, Croatia, Slovenia, and the Czech Republic report the highest barrier intensity; France, Austria, and Germany the lowest.

Key Insight

Institutional friction – not capital scarcity – is now the critical bottleneck to scaling sustainability adoption.

3. The Sustainability Business Case Strengthens Across All Dimensions

Among SMEs that have implemented or are implementing sustainability strategies, the perceived benefits of ESG adoption continue to rise across the board, particularly in competitive and financial domains.

Top benefits (very + positive):



Fastest-growing benefits (since 2022):



A new benefit – **better anticipation of EU regulation** – is reported at **62%**, reflecting improved resilience to compliance shocks.

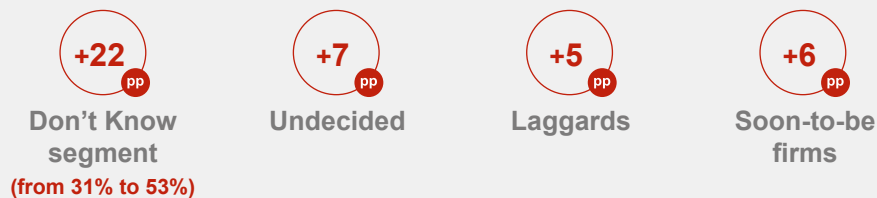
Financial and competitive benefits show significant variation across countries, with Bulgaria, the Czech Republic, France, and Slovenia reporting the strongest perceived gains.

Key Insight

The sustainability business case has never been stronger – but nearly half of SMEs still fail to understand it.

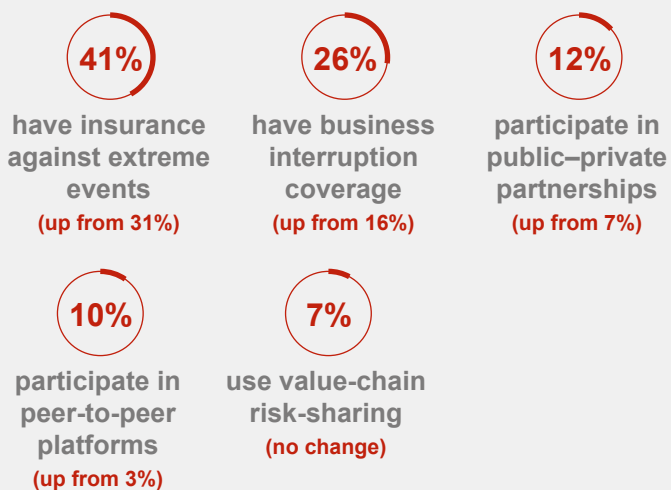
4. Climate Risk Awareness Rises – but the Protection Gap Remains Wide

Climate risk awareness has increased from **50% to 55%**, indicating that concern is spreading beyond early adopters. The most striking gains occur among:

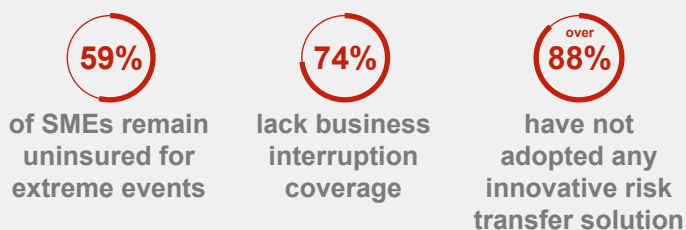


By sector, Construction, Industry, and Trade register the largest jumps (+7-8 pp), reflecting recent extreme weather impacts. Country-level volatility remains high, influenced by recent climate events.

Risk transfer adoption is growing, but gaps remain severe

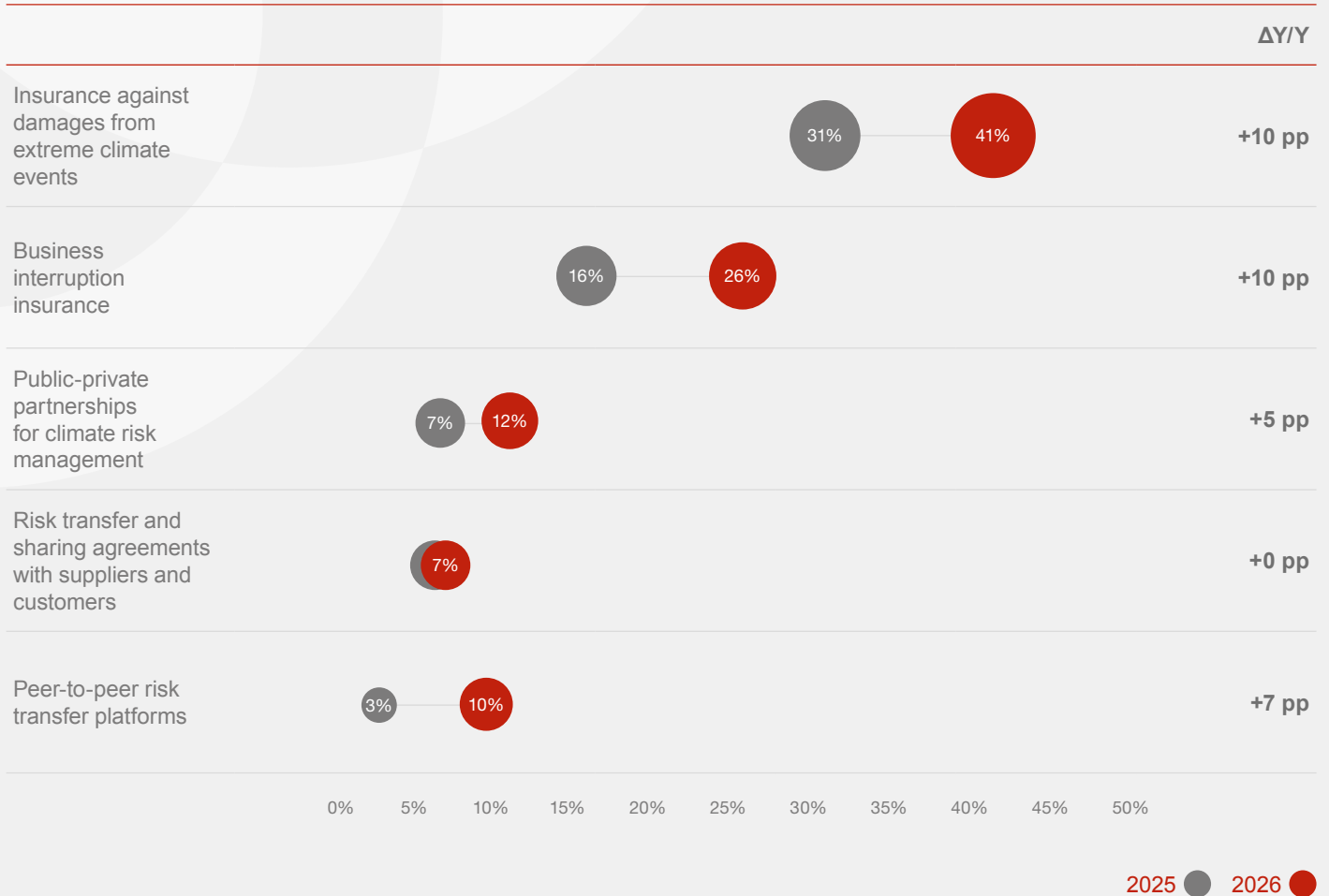


Despite this progress:



National results vary widely, driven by regulation, banking requirements, and recent disaster experience.

**Figure B. “Which climate risk transfer initiative has your company implemented in the last five years, if any?”
% of SMEs reporting significant adoption (“Very” + “Fairly”) in 2026 vs. 2025**



Source: SDA Bocconi Sustainability Lab Survey for SME EnterPRIZE - January-February 2026 Total N. 1,100; January-February 2025 Total N. 1,260

Key Insight

Climate resilience is rising, but Europe’s SMEs remain vastly underprotected against growing physical risks.

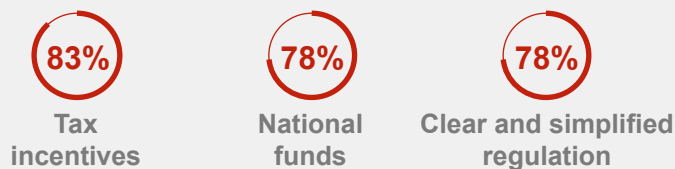
5. Demand for Support Remains High – Especially Among Transitioners

SMEs continue to prioritise fiscal and financial support:



Secondary measures show slightly declining urgency (education, advisory services, punitive tax measures, partnering with finance providers).

The **Soon-to-be** segment consistently reports **the highest demand**, with peaks of:



This group is therefore the most responsive to well-designed support mechanisms and represents the highest-impact target for policy intervention.

Key Insight

The transition phase is the moment when SMEs need the most support – and where support can unlock the most progress.

6. A Coordinated Approach Is Required to Accelerate a Just and Climate-Resilient Transition

A. Policy Priorities for Strengthening SME Sustainability and Resilience

1 Deliver Size-Sensitive Regulatory Simplification and Integrate Climate Risk into Public Planning

Deliver size-sensitive regulatory simplification, streamline authorisations and procedures, and improve consistency across Member States, while integrating climate risk awareness into public planning and permitting frameworks, to address the 53–56% of SMEs reporting record-level institutional barriers.

Five years of evidence show that institutional complexity now outweighs financial constraints as the main obstacle to SME transition, particularly for firms already engaged in implementation.

2 Strengthen EU and National Incentives Targeting Firms Nearing Sustainability Adoption and Link Support to Risk Reduction

Strengthen incentives and EU/national funding lines by prioritising firms nearing sustainability adoption (“Soon-to-be” SMEs), where barrier intensity is highest and responsiveness to support is greatest, reflecting SMEs’ stated priorities (83% demand for tax incentives; 78% for national funds).

Where possible, link public support to measurable risk-reduction outcomes, including climate adaptation measures and improved protection against physical risks, to help close the persistent climate protection gap.

3 Promote the Sustainability Business Case Among SMEs Through Trusted Local Networks

Promote the sustainability business case among SMEs through regional business networks, trade associations, and chambers of commerce, mobilising peer examples, benchmarks, and practical tools to help the 59% of non-committed SMEs understand the concrete competitive, financial and risk-management benefits of sustainability, navigate requirements, and enter the transition with confidence.

Five-year evidence shows that limited understanding of the business rationale – rather than lack of returns – is now a binding constraint for wider uptake.

B. Financial-Sector Priorities for Expanding Access and Closing Protection Gaps

1 Translate Sustainability into Financial Access

Expand sustainability-linked lending and insurance products with transparent pricing differentials that reward verified sustainability progress, amplifying the +14–15 pp rise SMEs report in improved financial conditions.

② Address the Climate Protection Gap

Scale both traditional and innovative protection mechanisms – parametric solutions, PPPs, multi-year covers and risk-sharing schemes – to reduce the 59% exposure gap in extreme event insurance and 74% gap in business interruption protection.

③ Expand the Role of Financial Institutions as Transition Partners

Offer advisory services, diagnostic tools, simplified sustainability onboarding and financial literacy support, especially tailored for Soon-to-be SMEs who face the steepest implementation barriers.

Europe's SME sustainability landscape has reached a pivotal moment. The evidence shows that sustainability commitment is **durable**, the business case is **stronger than ever**, and **climate risk awareness is rapidly spreading** across all segments. Yet adoption will not accelerate on its own. Institutional frictions remain high, the market is increasingly segmented, and climate-risk protection continues to lag behind rising physical threats. Unlocking the next wave of SME progress requires coordinated action from policymakers and financial institutions alike – removing structural barriers, scaling financial incentives and innovative risk-transfer solutions, and expanding practical guidance for the millions of SMEs ready to take the next step. The foundation is solid; with the right support, Europe's SMEs can move from resilience to acceleration in the transition to a sustainable, competitive and climate-ready economy.



CHAPTER 1

THE EVOLUTION OF SUSTAINABILITY AMONG EUROPEAN SMES

*How SMEs Approach Sustainability and How
Adoption Patterns Have Changed Over Time*



powered
by



 **SME
EnterPRIZE**



Chapter 1 confirms that the sustainability landscape among European SMEs has matured over the 2020–2026 period. Sustainability commitment remains resilient at 41% (Heroes and Soon-to-be combined), representing a 7 percentage point (pp) increase from 34% in 2020 despite macroeconomic turbulence.

Company size continues to be a strong predictor of adoption. Larger SMEs (50–249 employees) lead at 56%, followed by mid-sized firms (20–49 employees) at 42%, while smaller enterprises (10–19 employees) stand at 37%.

Cross-country dynamics point to broad convergence since 2020. Italy records the strongest increase (+27 pp, from 20% to 47%), followed by Spain and Slovenia (both +13 pp). At the same time, several countries remain below the European average, including the Czech Republic (36%), Croatia (31%), and Slovenia (31%).

1.1 COMMITMENT TO SUSTAINABILITY CONSOLIDATES, BUT FURTHER GROWTH REQUIRES SUPPORT

The Combined Share of Heroes and Soon-to-be SMEs Stabilises at 41% Signaling Resilience and Consolidation but Also the Need for Targeted Institutional Measures.

Analysis of the strategic sustainability trend data from 2020 to 2026 (**Figure 1**) shows that European SMEs' approach to sustainability has remained remarkably resilient despite ongoing economic and regulatory pressures.

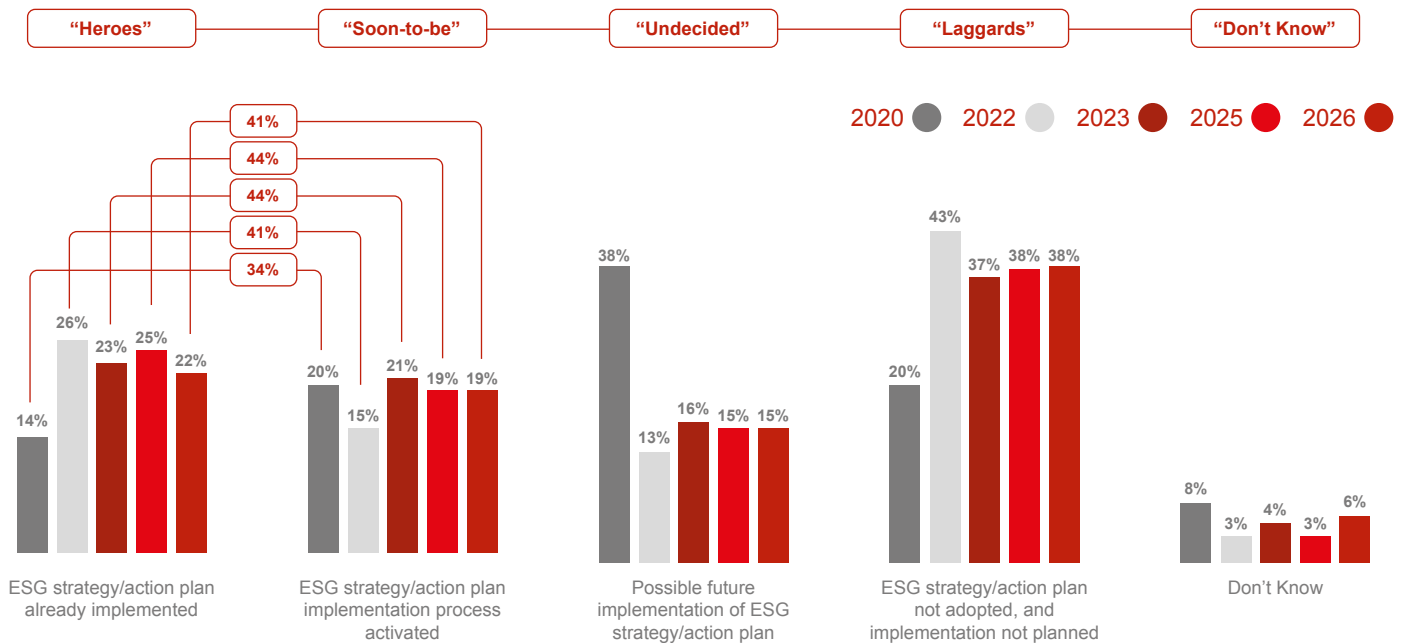
The combined share of companies that have either implemented or are implementing sustainability strategies (Heroes and Soon-to-be firms) stands at 41%. This represents a significant increase from the 34% recorded in 2020 and confirms the adoption of sustainability practices has strengthened over the six-year period.

However, the data also reveal a phase of stabilisation. The combined share of Heroes and Soon-to-be companies reached 41% in 2022 (Heroes 26%, Soon-to-be 15%), rose to 44% in 2023 (Heroes 23%, Soon-to-be 21%), and remained at the same level in 2025 (Heroes 25%, Soon-to-be 19%). In 2026, the share moderates slightly to 41% (Heroes 22%, Soon-to-be 19%). This sustained range, oscillating between 41% and 44% over four consecutive years, suggests that commitment to sustainability among European SMEs has stabilised rather than reversed, reflecting the consolidation of a core group of sustainability-oriented firms despite implementation challenges and macroeconomic uncertainties.

A similar stability can be observed across other segments. The share of Laggards declined from 43% in 2022 to 37% in 2023, before settling at 38% in both 2025 and 2026. The Undecided segment has remained broadly constant at around 15–16% throughout the period.

One notable new development in 2026 is the doubling of the “Don't Know” share, which increases from 3% to 6%. This shift may indicate growing uncertainty among SMEs in navigating an increasingly complex sustainability landscape rather than active disengagement from sustainability issues.

Figure 1. Strategic approach to sustainability - Trend 2020-2026
% of SMEs

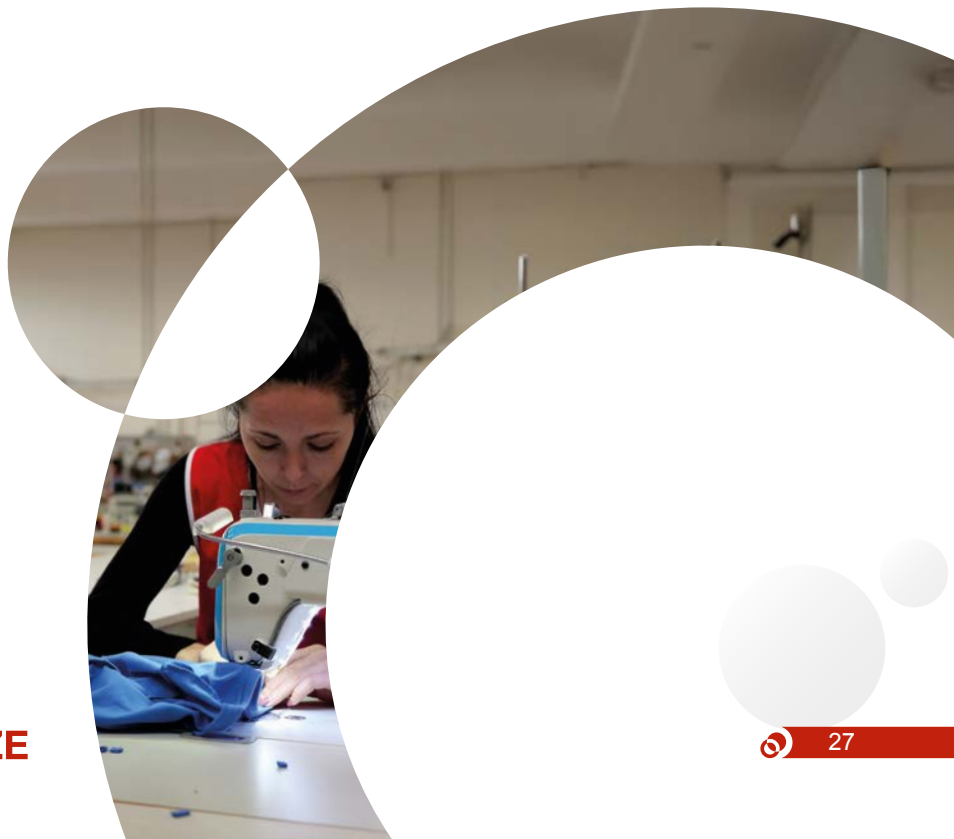


Source: SDA Bocconi Sustainability Lab Survey for SME EnterPRIZE - January-February 2026 Total N. 1,100; January-February 2025 Total N. 1,260; May 2023 Total N. 1,240; May 2022 Total N. 1,000, European Commission SMEs, start-ups, scale-ups and entrepreneurship Flash Eurobarometer 486 (2020)

The 2026 results highlight three key dynamics.

- A committed core holds firm.** The sustained combined share of Heroes and Soon-to-be companies, fluctuating between 41% and 44% over four survey waves, indicates the presence of a stable group of SMEs actively engaged in sustainability. Although the 2026 figure represents a slight decline from the 2023–2025 peak, it confirms that the foundations of sustainability commitment among European SMEs remain solid. A closer look at the composition of this group reveals an additional nuance. In 2022, Heroes clearly outnumbered Soon-to-be firms (26% versus 15%). By 2026, however, the two segments have converged (22% and 19% respectively). This suggests that the pipeline of companies moving towards adoption of sustainability strategies remains active, but that the conversion of Soon-to-be firms into full Heroes will be a critical factor in determining whether the committed share grows or gradually erodes in the coming years.

- Structural persistence and its implications:** the data reveal a well-defined and stable market structure, composed of a committed core of sustainability leaders (Heroes and Soon-to-be firms at 41%), a large segment of Laggards (38%), a stable pool of Undecided companies (15%), and a newly expanded group of uncertain firms (“Don’t Know”, rising from 3% to 6%). What stands out is the persistence of this segmentation. Over three consecutive waves from 2023 to 2026, the share of Laggards has remained within a narrow range between 37% and 38%, while the Undecided segment has fluctuated only marginally between 15% and 16%. This near-crystallisation suggests that organic movement between segments has slowed, and that the current distribution is unlikely to change significantly without targeted policy interventions addressing regulatory complexity, institutional support, and financial incentives – all identified by SMEs themselves as key obstacles.
- Regulatory burden reduction announced but not yet absorbed.** Another contextual factor is the regulatory evolution of 2025. The Omnibus I package proposed by the European Commission in February 2025 – and formally approved by the European Parliament on 16 December 2025 after several revisions – introduced significant simplifications to CSRD and CSDDD reporting obligations. Two caveats are relevant when interpreting its potential impact. First, timing: the survey for this edition was conducted in January and February 2026, immediately after the agreement was finalised, meaning SMEs are unlikely to have fully absorbed the practical implications of these changes. Second, scope: the Omnibus package mainly addresses sustainability reporting and due-diligence requirements. Yet the barriers SMEs identify as most burdensome extend beyond reporting and include regulatory complexity in permitting and authorisation processes, lack of public incentives, and broader bureaucratic obstacles affecting day-to-day business operations.

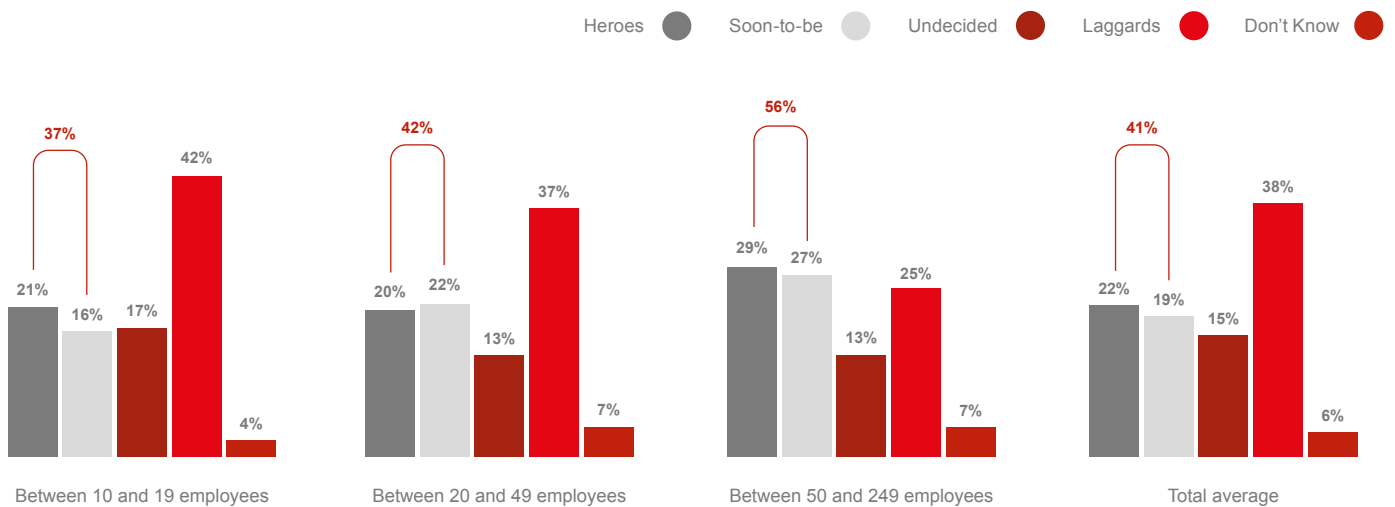


1.2 COMPANY SIZE DRIVES SUSTAINABILITY ADOPTION

Larger SMEs Lead with a 56% Combined Heroes and Soon-to-be Adoption Rate, Confirming the Strong Link Between Company Size and Engagement with Sustainability

Analysis confirms a clear and persistent correlation between company size and sustainability adoption (**Figure 2**). Larger companies (50–249 employees) record the highest combined adoption rate (Heroes + Soon-to-be firms) at 56%, substantially exceeding the total average of 41%.

Figure 2. Strategic approach to sustainability in 2026
% of SMEs - By number of employees



Source: SDA Bocconi Sustainability Lab survey for SME EnterPRIZE – January–February 2026 Total N.1,100

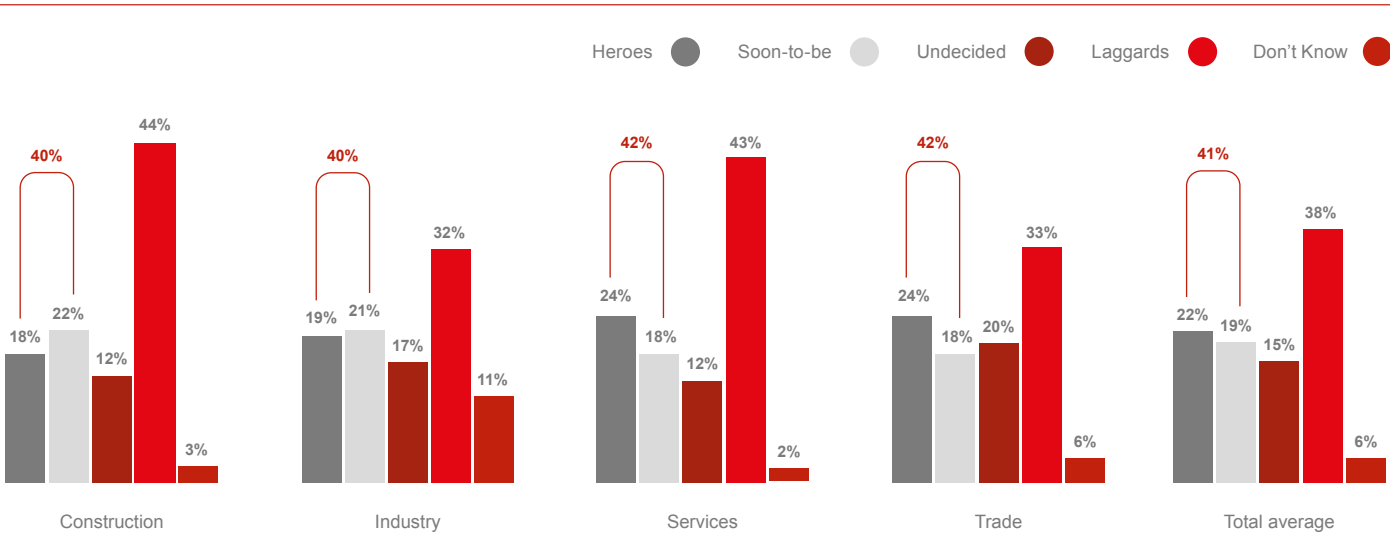
The mid-sized segment (20–49 employees) records a combined adoption rate of 42%, broadly in line with the total average. Smaller enterprises (10–19 employees) remain the least engaged group, with a combined Heroes and Soon-to-be rate of 37%.

1.3 SECTOR HAS LIMITED INFLUENCE ON ENGAGEMENT WITH SUSTAINABILITY

All sectors converge around the 41% average, with differences between sectors at their lowest level.

The sectoral analysis for 2026 reveals a high degree of convergence across industries, with all four sectors clustering within a two-percentage-point range around the total average of 41% (Figure 3). Unlike company size, which generates a clear gradient in engagement with sustainability, sector affiliation appears to play a marginal role in determining a firm’s sustainability posture.

Figure 3. Strategic approach to sustainability in 2026
% of SMEs - By sector



Source: SDA Bocconi Sustainability Lab survey for SME EnterPRIZE — January–February 2026 Total N.1,100

Services and Trade share the highest combined Heroes and Soon-to-be rate at 42%, followed by Construction and Industry at 40%. These findings reinforce the conclusion that sector-specific characteristics play a secondary role in sustainability adoption compared with structural factors such as company size. As a result, policy interventions addressing common institutional and financial barriers are likely to be effective across all sectors.

1.4 SUSTAINABILITY ADOPTION CONVERGES ACROSS EUROPE

Cross-country comparison of the combined share of Heroes and Soon-to-be SMEs (2020–2026) shows lagging countries catching up as overall sustainability commitment rises from 34% to 41%.

The longitudinal analysis of sustainability adoption across eleven European countries from 2020 to 2026 reveals a landscape marked by increasing convergence, with historically lagging markets catching up and former frontrunners stabilising (**Figure 4**). Over this period, the European average rises from 34% in 2020 to 41% in 2026, a gain of seven percentage points (pp) that confirms the overall strengthening of commitment to sustainability despite the macroeconomic and regulatory turbulence of recent years.

One country stands out for the scale of its progress. Italy's sustainability adoption has risen from 20% in 2020 to 47% in 2026 – a gain of 27 percentage points, the largest increase among the countries analysed. This shift transforms Italy from the clear outlier in 2020 into one of the better-performing countries by 2026, broadly in line with France (49%) and Portugal (49%), and above the European average. Spain also records a strong long-term gain of 13 percentage points (from 31% to 44%), as do Slovenia (+13 pp, from 18% to 31%) and Hungary (+8pp, from 37% to 45%).

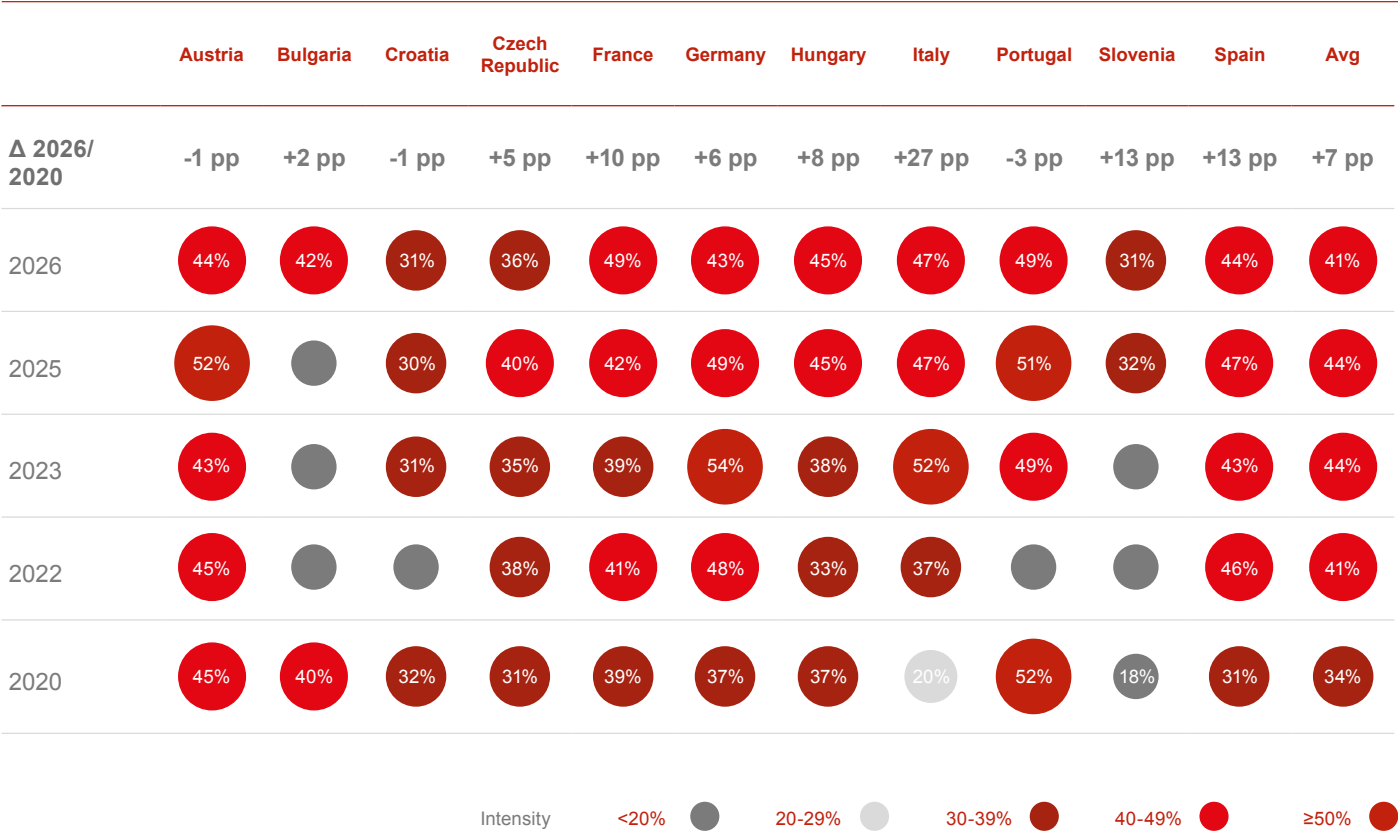
Among countries with longer historical data, Germany remains a strong performer at 43% in 2026, although this represents a decline from its 2023 peak of 54%. France reaches 49%, the highest country-level rate in the 2026 wave alongside Portugal. Austria, which led the 2025 wave at 52%, declines to 44% in 2026.

Croatia (31%) and Slovenia (31%) remain the two countries with the lowest adoption rate in the 2026 wave, below the European average. Slovenia, however, records substantial progress compared with its 2020 level of 18%. The Czech Republic, at 36%, also remains below average despite a five-percentage-point gain since 2020. Bulgaria, included in the survey for the first time in 2026, records an adoption rate of 42%, broadly in line with the European average and slightly above the 40% level reported in earlier benchmark data for 2020¹.

Taken together, the 2026 cross-country picture shows a gradual narrowing of the gap between leaders and laggards, as previously weaker performers catch up while frontrunners stabilise. At the same time, meaningful differences persist, particularly between Western and Central-Eastern European markets. Although this convergence is encouraging, it also suggests that the initial gains driven by early adopters may already have been realised. Further progress is therefore likely to require increasingly targeted country-specific interventions.

1. A note of caution is warranted when interpreting country-level results. Small year-on-year variations may fall within the bounds of sampling variability and should therefore be treated carefully. By contrast, trends observed across multiple survey waves, as well as large changes, provide a more robust indication of underlying developments. Aggregate European-level estimates remain statistically reliable.

Figure 4. “Strategic approach to sustainability” – Trend 2020–2026
% of Heroes + Soon-to-be SMEs - By country



Source: SDA Bocconi Sustainability Lab survey for SME EnterPRIZE — January–February 2026 Total N. 1,100; January–February 2025 Total N. 1,260; May 2023 Total N. 1,240; May 2022 Total N. 1,000, European Commission SMEs, start-ups, scale-ups and entrepreneurship Flash Eurobarometer 486 (2020)





CHAPTER 2

BARRIERS TO THE SUSTAINABLE TRANSITION

*How Institutional, Financial, and Operational
Obstacles Affect SMEs' Ability to Implement
Sustainable Strategies*



powered
by



 **SME
EnterPRIZE**



Chapter 2 Barriers to sustainability adoption among European SMEs **are shifting in nature**, with institutional constraints emerging as the primary obstacle. Regulatory complexity and bureaucracy, lack of public incentives, and legislative uncertainty have reached record levels, **with 53-56% of SMEs identifying them as significant barriers** (+7 to +8 percentage points since 2023).

At the same time, financial, economic and internal capacity constraints have eased slightly, falling to **50%, 46% and 39% respectively**. This reversal suggests that **the main barrier** to the scaling of sustainability practices is no longer the scarcity of financial or organisational resources, but rather **the institutional environment in which SMEs operate**.

These findings indicate that further sustainability adoption will increasingly depend on **systemic reforms** that simplify regulatory frameworks, strengthen institutional support mechanisms, and improve policy coherence. Recent EU regulatory simplification initiatives, notably the **Omnibus I package adopted in December 2025**, represent a step in this direction. However, the survey was conducted before SMEs could fully perceive the effects of these reforms.

Institutional barriers identified by SMEs extend beyond reporting obligations to **broader operational compliance challenges**. Addressing these systemic frictions will therefore require a wider regulatory simplification agenda that tackles the full spectrum of administrative and procedural complexity affecting SMEs' sustainability transition.

2.1 THE KEY LIMITING FACTOR SHIFTS TO THE POLICY ENVIRONMENT

Institutional Barriers Reach Record Levels, while Economic and Internal Constraints Ease

Across the 2023, 2025, and 2026 survey waves, barriers to adoption of sustainability strategies among European SMEs show a sustained increase in institutional and public support-related challenges - notably regulatory complexity and bureaucracy, lack of public incentives, and legislative uncertainty - while economic and internal capacity constraints stabilise after peaking in 2025 (**Figure 5**).

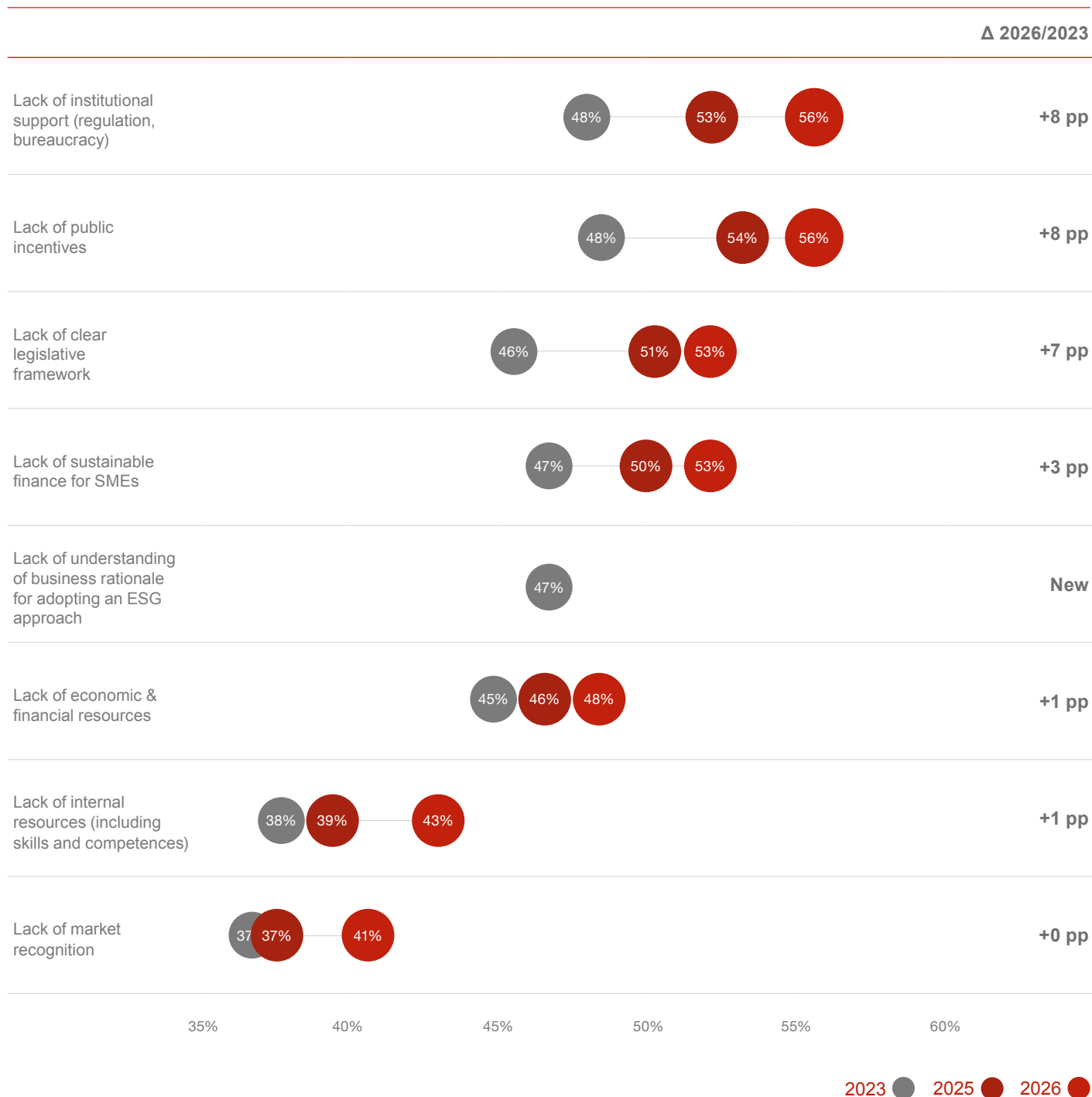
Institutional barriers remain the most critical area of concern in 2026, with all three core dimensions reaching their highest recorded levels. Lack of institutional support (regulation and bureaucracy) and lack of public incentives are each cited by 56% of SMEs as major obstacles, both up by 8 percentage points from 2023. At the same time, the lack of a clear legislative framework rises to 53%, a 7-point increase over the same period.

These sustained increases indicate that SMEs perceive the institutional environment surrounding sustainability as harder to interpret and more demanding to navigate in practice.

A newly introduced barrier in the 2026 wave - **lack of understanding of the business rationale for sustainability adoption** - immediately ranks among the most significant obstacles, cited by 47% of SMEs. Its prominence highlights that many SMEs struggle not only with compliance requirements or resource constraints, but also with recognising the strategic value proposition of sustainability. This finding points to a **clear need for stronger communication and targeted capacity-building initiatives**.



Figure 5. “What are the barriers to the sustainable transition for SMEs?” – Trend 2023-2026
% of SMEs reporting barriers as relevant (“Important” + “Very important”)



Source: SDA Bocconi Sustainability Lab survey for SME EnterPRIZE - January–February 2026 Total N. 1,100; January–February 2025 Total N. 1,260; May 2023 Total N. 1,240; May 2022 Total N. 1,000

Economic, financial, and internal capacity barriers have eased slightly since their 2025 peak. The share of SMEs citing a lack of financial resources declines to 46% in 2026, down 2 percentage points from 2025 and only 1 point above 2023 levels. Similarly, the lack of internal resources, skills, and competencies falls by 4 points from 2025, remaining just 1 point above its 2023 level.

Market recognition remains the least significant barrier at 37%, unchanged from 2023, and 4 points lower than in 2025. This confirms that the business case for sustainability has remained stable.

Overall, the 2026 data reveal a **growing imbalance**. While the financial and capacity-related constraints appear relatively manageable, the broader institutional framework for sustainability adoption is becoming increasingly challenging for SMEs to act upon. This underlines **the need for simpler regulation, clearer guidance, and stronger public incentives**.

The Simplification Paradox: Barriers Rise Despite Reforms

The continued increase in institutional barriers in 2026 may appear counterintuitive given the adoption of the **Omnibus I package** in 2025, which introduced simplifications to reporting obligations under the CSRD and CSDDD frameworks. Two factors help explain this apparent contradiction.

First, **timing**. The survey was conducted in January–February 2026, immediately after the reforms were formally adopted, when SMEs were unlikely to have fully absorbed their practical implications.

Second, **scope**. The Omnibus reforms focus primarily on reporting obligations and disclosure thresholds, whereas SMEs identify a broader set of operational challenges, including permitting procedures, authorisation processes, and day-to-day administrative compliance. These aspects represent a substantial share of the regulatory burden experienced by SMEs and are not directly addressed by reporting simplification measures.

VSME: A Simpler Reporting Standard for Non-Listed SMEs

Developed by EFRAG under the European Commission's SME Relief Package (September 2023), the **Voluntary Sustainability Reporting Standard for Non-listed SMEs (VSME)** was delivered to the Commission in December 2024 and endorsed through a **Commission Recommendation on 30 July 2025**. A binding **Delegated Act** to formally establish the VSME as the reference framework for voluntary sustainability reporting by SMEs is expected in the second half of 2026.

What the VSME Standard Does. The VSME is a simplified, modular sustainability reporting framework for non-listed companies with fewer than 250 employees. It does not require a double materiality assessment, reflecting a deliberate effort to account for the resource constraints faced by smaller enterprises. Reporting follows an **"if applicable" principle**, meaning that disclosures are required only for sustainability issues relevant to the company's operations.

Modular Architecture. The VSME is structured around two reporting modules. The **Basic Module** covers essential disclosures on governance, environmental footprint, and social practices, and is designed to meet the needs of most micro and small enterprises. The **Comprehensive Module** adds nine further disclosures, including greenhouse gas (GHG) reduction targets, climate transition plans, and supply-chain incident reporting. It is intended for SMEs seeking improved access to sustainable finance or responding to more advanced data requests from larger-company partners.

Protection from Excessive Supply-Chain Data Requests. The VSME is linked to the **"value-chain cap"** introduced by the Omnibus I Directive. Under this provision, companies with fewer than 1,000 employees have the **statutory right to refuse** sustainability information requests from large-company partners when these exceed the scope of the VSME framework. This mechanism addresses the "trickle-down" effect, whereby SMEs integrated into larger supply chains are often subject to disproportionate reporting demands.

Why It Matters for SMEs. The VSME offers a practical and proportionate response to the regulatory complexity that European SMEs consistently identify as a major obstacle to sustainability adoption. By introducing a standardised and widely recognised reporting tool, it enables SMEs to respond more efficiently to growing sustainability data requests from banks, investors, and large-company clients. It can also improve access to sustainable finance while reducing the fragmented and uncoordinated questionnaire burden that currently affects many smaller firms. For SMEs that still lack clarity on the business case for sustainability, the VSME's structured self-assessment process may serve as a useful management tool, extending its value beyond reporting compliance.

Regulation as an Enabling Tool: Reframing the Relationship between SMEs and the Regulatory Framework

The VSME example points to a broader principle. While the data documented in this chapter confirm that regulatory complexity and bureaucracy are perceived as the single largest barrier to sustainability adoption, the nature of this barrier is not monolithic. For many SMEs, particularly those embedded in integrated value chains, the core problem is not the existence of regulation per se, but its **lack of clarity, proportionality, and accessibility**.

When regulation is well-designed and sized to the operational reality of smaller enterprises, it can function as an enabling instrument, providing SMEs with a codified, recognised language to respond to sustainability data requests from large-company clients, banks, and investors, and equipping them to negotiate on more balanced terms within asymmetric value-chain relationships.

This distinction between regulation as a burden and regulation as an enabler is not merely semantic. It has direct policy implications. The goal should not be deregulation, but the design of regulatory frameworks that are genuinely usable by SMEs – clear enough to reduce uncertainty, accessible enough to lower compliance costs, and proportionate enough to generate competitive returns rather than administrative friction.



2.2 BARRIERS ARE MOST STRONGLY PERCEIVED DURING THE SUSTAINABILITY TRANSITION

Constraints Are Felt as Intensely – and in Some Cases More So – by Firms in Transition than by Those That Remain Uncommitted

Perceptions of barriers to sustainability differ markedly across SME segments. Firms that are planning or beginning to implement sustainability strategies (Soon-to-be) report the highest levels of perceived barriers, particularly in relation to institutional constraints (Figure 6).

- **Soon-to-be SMEs** experience institutional constraints more acutely than other segments. For example, **60%** identify **lack of institutional support** (regulation and bureaucracy) as a significant obstacle, compared with **46%** of Heroes and **58%** of Undecided firms. A similar pattern emerges for the lack of a clear legislative framework (60% for Soon-to-be firms vs. 45% for Heroes) and for insufficient public incentives (59% vs. 47%). Taken together, these findings suggest that **the transition phase** – when companies move from intention to implementation – **is the stage at which regulatory complexity and institutional gaps become most visible**.
- By contrast, **Heroes** perceive lower levels of constraints across all dimensions, with values ranging from **26% for internal resource constraints** to **47% for public incentives**. This does not imply that sustainability leaders face no challenges. Rather, firms that have successfully implemented sustainability strategies may have developed internal capabilities and operational solutions that reduce perceived obstacles. Alternatively, a selection effect may be at play, with companies that initially perceived fewer constraints more likely to complete the transition.

Undecided firms and Laggards also report high levels of perceived constraints, but with different implications:

- **Undecided SMEs** show consistently elevated levels across institutional dimensions, with around **58%** citing lack of institutional support and **56%** insufficient public incentives, reflecting **hesitation in moving from awareness to action**.
- **Laggards**, meanwhile, also report high perceived constraints particularly across both institutional and financial dimensions (**61%** cite institutional support gaps, **59%** public incentives, and **57%** access to sustainable finance) – but without corresponding engagement with sustainability practices. This suggests that **while barriers are a factor in delaying action, they do not fully explain the lack of adoption**, as other elements – such as limited awareness or strategic prioritisation – may also play a role.
- The **Don't Know** segment stands apart, reflecting a lack of awareness rather than a clear assessment of constraints. In particular, **66%** of these SMEs

cite a **lack of understanding of the business rationale for sustainability adoption**. This suggests that, for this group, the challenge is not primarily the presence of barriers, but limited clarity on the relevance and value of sustainability – pointing to the need for targeted communication and capacity-building efforts beyond financial or regulatory interventions.

Figure 6. “What are the barriers to sustainable transition for SMEs in 2026?”
% of SMEs reporting barriers as relevant (“Important” + “Very important”) – By approach



Source: SDA Bocconi Sustainability Lab survey for SME EnterPRIZE – January–February 2026 Total N. 1,100

Overall, these results carry an important implication: **the most significant barriers are not confined to firms that have rejected sustainability adoption (Laggards), but are also experienced by those actively attempting to implement sustainability strategies (Soon-to-be)**. This suggests that **barriers are not only a cause of inaction, but become most visible as firms move into active adoption**. Reducing institutional friction at this critical stage could therefore unlock further progress in the sustainability transition.

2.3 SMEs CLEARLY SIGNAL WHAT THEY NEED TO MOVE FORWARD

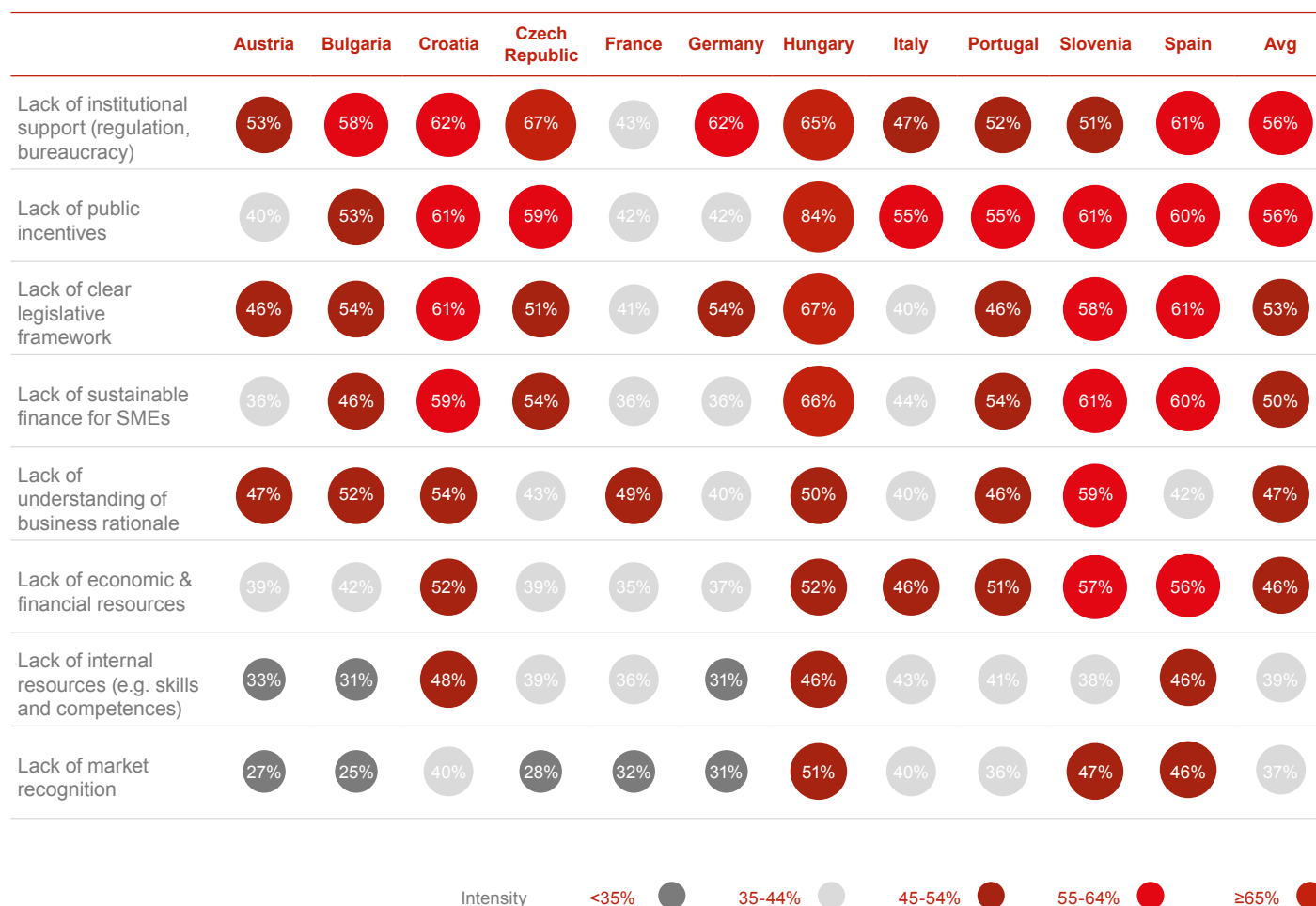
Tax Incentives, Public Funding, and Clearer Regulation Emerge as Top Priorities

The cross-country analysis of sustainability adoption barriers (Figure 7) shows a **clear and consistent hierarchy of obstacles across European countries**, while also highlighting **SMEs' demand for targeted support measures** to advance their sustainability transition. Across countries, lack of institutional support (regulation and bureaucracy) and lack of public incentives emerge as the most pressing concerns, each reported by an average of **56%** of SMEs. These are closely followed by the lack of a clear legislative framework, cited by **53%** of respondents.

Despite the overall consistency, **considerable country-level heterogeneity remains**. **Hungary** stands out, reporting the highest intensity of barriers across five of the eight dimensions considered. In particular, 84% of Hungarian SMEs identify lack of public incentives as a major obstacle, while 67% report shortcomings in the legislative framework. In addition, 66% cite difficulties in accessing sustainable finance, and 65% highlight insufficient institutional support.



**Figure 7. “What are the barriers to sustainable transition for SMEs in 2026?”
% of SMEs reporting barriers as relevant (“Important” + “Very important”) – By country**



Source: SDA Bocconi Sustainability Lab survey for SME EnterPRIZE – January–February 2026 Total N. 1,100

More broadly, **Central and Eastern European countries tend to report higher barrier perceptions than their Western counterparts**. Slovenia, Croatia, and the Czech Republic rank among the countries with the highest reported levels of institutional and financial constraints. **Slovenia** records 61% for both lack of public incentives and limited access to sustainable finance. **Croatia** shows similarly elevated figures (62% for institutional support, 61% for both public incentives and the legislative framework), while **the Czech Republic** reports 67% for institutional support and 59% for public incentives. This geographic clustering suggests that **institutional maturity and regulatory clarity** – which differ systematically between Western and Central and Eastern European economies – **play an important role in shaping SME perceptions of the feasibility of sustainability adoption**.

Western European countries, by contrast, tend to report lower levels of perceived constraints. **France** stands out as the country with the most favourable profile overall, with only 43% of SMEs citing institutional support gaps (13 percentage points below the European average) and 42% reporting insufficient public incentives (14 percentage points below average). **Austria** and **Germany** also report below-average levels across most dimensions, particularly with respect to financial constraints and internal resource limitations.

Italy presents a more nuanced picture. Italian SMEs report below-average levels of concern regarding institutional support (47%, 9 percentage points below average), access to sustainable finance (44%, 6 percentage points below average), and understanding of the sustainability business rationale (40%, 7 percentage points below average). At the same time, however, they report near-average levels of difficulty in accessing public incentives (55%, only 1 percentage point below the European average). This pattern suggests that, while Italian SMEs broadly recognise the business value of sustainability and appear relatively comfortable navigating regulatory frameworks, they **continue to face challenges in securing public sector support**.



Two barriers stand out for their comparatively lower intensity across all countries.

Internal resource constraints (including skills and competencies) are cited by an average of 39% of SMEs, while market recognition ranks even lower at 37%. The relatively limited salience of internal capacity constraints may reflect either genuine improvements in skills availability or a shift in how SMEs frame the sustainability challenge: from “a lack of internal capabilities” to “a lack of institutional clarity and financial support to deploy existing capabilities effectively.”

The low ranking of **market recognition** confirms that the external business case for sustainability – including competitive advantage, stakeholder demand, and reputational benefits – is now broadly acknowledged across Europe.



powered
by





CHAPTER 3

**THE SUSTAINABILITY
BUSINESS CASE FOR SMEs**

*Benefits and Competitive Advantages of
Adopting a Robust Sustainability Approach*



powered
by



 **SME
EnterPRIZE**



Chapter 3 shows that the business case for sustainability adoption among European SMEs has strengthened across multiple dimensions over the 2022–2026 period.

Among SMEs that have implemented or are actively pursuing sustainability strategies, the share reporting **sustainability-related benefits** as important or very important has **increased across all measured dimensions**. Environmental and operational advantages remain at the top of the benefit hierarchy, with improved environmental impact reported by 81% of SMEs (+3 percentage points since 2022), followed by **operational efficiency and productivity** at 71% (+7 pp) and **improved risk management** at 70% (+14 pp).

The most notable development is the sharp rise in perceived **competitive advantage**, up by 18 percentage points to 68% – the most significant increase across all categories. This surge suggests that sustainability has evolved from a primarily reputational initiative to a **significant source of strategic differentiation**.

Financial benefits have also strengthened considerably. The share of SMEs reporting **improved insurance conditions** reaches 62% (+15 pp), while **improved credit conditions** reach 57% (+14 pp). These trends reflect the growing recognition by financial institutions that strong sustainability performance is associated with lower risk exposure.

A newly introduced benefit – **improved compliance with and anticipation of EU regulations** – stands at 62%, confirming that sustainability adoption can enhance organisational resilience by reducing regulatory, operational, and reputational risks.

3.1 THE SUSTAINABILITY BUSINESS CASE GAINS MOMENTUM

Core Benefits Remain Strong, while Competitive and Financial Advantages Accelerate

The analysis of sustainability adoption benefits over the 2022–2026 period confirms a robust business case that continues to strengthen across several strategic dimensions (**Figure 8**).

In 2026, SMEs actively engaged in implementation of sustainability strategies (Heroes and Soon-to-be firms) continue to report benefits as important or very important across all measured domains:

- **Environmental and operational performance** remain the most widely recognised benefits of sustainability adoption, with improved environmental impact reported by 81% of SMEs as an important or very important outcome, followed by operational efficiency and productivity at 71%, and improved risk management at 70%, the latter showing one of the largest increases over the four-year period (+14 pp since 2022).
- A **newly introduced category – improved compliance with and anticipation of EU regulations** – stands at 62%, placing it among the top-ranked benefits and confirming that regulatory preparedness is now a core component of the sustainability value proposition.
- **The stakeholder and market relations cluster** forms the second tier of benefits. Customer satisfaction is reported by 74% of SMEs, followed by improved reputation and stakeholder dialogue at 72%, and stronger relations with local communities at 70%.
- Among all categories, **competitive advantage** shows the strongest growth, reaching 68%, up 18 percentage points since 2022 – the largest increase observed across all measured benefits. This shift indicates that sustainability initiatives are increasingly perceived as a driver of market differentiation rather than merely a compliance or reputational exercise.
- **Financial benefits** also show significant momentum, with 62% of SMEs reporting improved insurance conditions and 57% improved access to credit. These trends reflect the gradual integration of sustainability considerations into financial risk assessment by banks and insurers.
- **Internal satisfaction** indicators also remain consistently high, with employee and management satisfaction both at 71% (the latter up 6 pp since 2022), while owners' satisfaction remains stable at 69%.

Overall, the evidence points to a **maturing sustainability business case**, with environmental and operational benefits firmly established and competitive and financial advantages increasingly driving momentum.

Figure 8. Benefits from adopting a sustainability approach - Trend 2022-2026
% of SMEs (Heroes + Soon-to-be) reporting benefits (“Positive” + “Very positive”)

		Δ 2026/ 2023	2026	2025	2023	2022
Stakeholder & market relations	Reputation and dialogue with stakeholders	+6 pp	72%	68%	64%	66%
	Customer satisfaction	+3 pp	74%	74%	75%	71%
	Better relations with community	+3 pp	70%	68%	70%	67%
Competitive position	Market share increase	+5 pp	65%	65%	64%	60%
	Access to new markets	+7pp	61%	65%	68%	54%
	Competitive advantage	+18 pp	68%	67%	66%	50%
Operational excellence	Better environmental impact	+3 pp	81%	83%	82%	78%
	Better efficiency and productivity	+7 pp	71%	72%	74%	64%
	Better risk management	+14 pp	70%	66%	67%	56%
	Better compliance/anticipation EU regulations	New	62%	0%	0%	0%
Financial benefits	Better insurance conditions	+15 pp	62%	61%	51%	47%
	Better credit conditions	+14 pp	57%	63%	55%	43%
Internal satisfaction	Employees satisfaction	-6 pp	71%	75%	77%	77%
	Management satisfaction	+6 pp	71%	73%	73%	65%
	Owners' satisfaction	+0 pp	69%	73%	74%	69%

Intensity <50% ● 50-59% ● 60-69% ● 70-79% ● ≥80% ●

Source: SDA Bocconi Sustainability Lab survey for SME EnterPRIZE – January–February 2026 Total N.454; January–February 2025 Total N. 551; May 2023 Total N. 548

3.2 CONSISTENT CORE BENEFITS, UNEVEN FINANCIAL RETURNS

Environmental and Operational Advantages Are Widespread, while Financial and Market-related Benefits Display Greater Geographic Variation

The country-level analysis of sustainability benefits in 2026 (**Figure 9**) shows that environmental and operational advantages are widely recognised across Europe, while financial and market-related benefits vary more significantly.



Figure 9. Benefits from adopting a sustainability approach in 2026
% of SMEs reporting benefits (“Positive” + “Very positive”) – By country



Intensity <50% ● 50-59% ● 60-69% ● 70-79% ● ≥80% ●

Source: SDA Bocconi Sustainability Lab survey for SME EnterPRIZE – January–February 2026 Total N.454

- **Across countries, improved environmental impact emerges as the most widely recognised benefit**, reaching particularly high levels in Portugal (92%), Austria (91%), and the Czech Republic (89%). This confirms that the fundamental environmental value proposition is broadly acknowledged. Operational excellence shows similarly strong recognition, with efficiency and productivity reaching 88% in France and Portugal, and risk management peaking at 82% in France and 81% in the Czech Republic.

- **Stakeholder-related benefits are also widely acknowledged.** Customer satisfaction peaks at 86% in the Czech Republic, while reputation and stakeholder dialogue reach 86% in Portugal. Community relations follow a similar pattern, particularly in Portugal at 88%. This consistency suggests that sustainability adoption strengthens stakeholder relationships, although the intensity of perceived benefits may vary across markets depending on their level of maturity and on how strongly customers value and demand sustainable practices.
- **Competitive advantages vary more significantly across markets.** Slovenia (84%), the Czech Republic (81%), Hungary (80%), and France (78%) report particularly strong perceptions of competitive gains, well above the 68% average. Similarly, increases in market share are most frequently reported in the Czech Republic (83%), Austria (75%), and Bulgaria (74%), while access to new markets peaks in France (76%) and the Czech Republic (75%).
- **Financial benefits show the most pronounced geographic variation.** Improved access to credit is most strongly recognised in Bulgaria (79%), the Czech Republic (78%), and France (63%), while improved insurance conditions are most prominent in Slovenia (74%), Portugal (71%), and the Czech Republic and France (both 69%). These differences may reflect varying levels of sustainability integration within national financial systems, as well as differences in communication between financial institutions and SMEs. SMEs operating across multiple European markets report lower recognition of financial benefits. This gap may reflect several factors: financial institutions may not yet have fully integrated sustainability into risk pricing; sustainability-linked products may be available but not clearly communicated to SMEs; or SMEs may lack awareness of the benefits they already receive. Overall, this pattern suggests there is scope to improve SME awareness and uptake of existing sustainability-linked financial products.
- **Internal satisfaction metrics remain high across most countries.** Employee satisfaction peaks at 94% in Slovenia and 88% in Portugal. Management satisfaction reaches 86% in both France and Portugal, while owners' satisfaction peaks at 90% in Portugal.

While most countries follow broadly similar patterns, **Italy stands out for consistently lower reported levels of perceived benefits** across multiple dimensions, warranting closer examination.

- This pattern **should not necessarily be interpreted as evidence of weaker sustainability performance.** Italian SMEs often display a more cautious evaluation approach in surveys, with a greater tendency to select neutral rather than positive responses even when outcomes are objectively favourable. This **inclination towards moderate self-assessment** is consistent with broader patterns observed in Italian business surveys and may reflect a preference for understated evaluation rather than weaker realisation of sustainability benefits.
- Nevertheless, the persistence of this pattern suggests that **targeted communication initiatives** – including the dissemination of case studies and peer benchmarking – could help Italian SMEs better recognise and articulate the benefits derived from sustainability investments.

An aerial photograph of a mountain resort. The resort consists of several large, multi-story buildings with white facades and dark wooden accents. Each building has a grey roof with numerous solar panels installed. The resort is situated in a lush green valley, surrounded by dense evergreen forests. In the background, a valley with a small town and rolling hills is visible under a clear sky.

CHAPTER 4

CLIMATE RISK AWARENESS AND RESILIENCE

*How SMEs Perceive Climate Risks and the
Strategies They Adopt for Adaptation, Mitigation,
and Risk Transfer*



powered
by



 **SME
EnterPRIZE**



Chapter 4 Climate risk awareness among European SMEs is increasing, alongside a growing – though still insufficient – adoption of risk protection strategies. Awareness is extending beyond sustainability leaders to previously disengaged segments, indicating a broader recognition of climate-related risks across the SME landscape.

At the same time, the adoption of protection strategies remains uneven. Traditional risk-transfer instruments show clear growth, indicating that rising awareness is beginning to translate into protective action. However, significant protection gaps persist, with a **majority of SMEs still lacking coverage against extreme climate events and business interruption**. Innovative mechanisms, including public-private partnerships and peer-to-peer risk-sharing platforms, are beginning to emerge, although their diffusion remains limited.

4.1 CLIMATE RISK AWARENESS RISES AND SPREADS BEYOND SUSTAINABILITY LEADERS

Perception Increases Across All Segments, with the Strongest Gains Among Less Engaged Firms

The analysis of climate risk awareness among European SMEs over the 2025-2026 period points to a broad-based rise in perceived exposure to climate change (**Figure 10**). The share of SMEs considering themselves exposed or very exposed increases from 50% to 55%, a 5-percentage-point gain that signals a wider acknowledgment of climate-related threats.

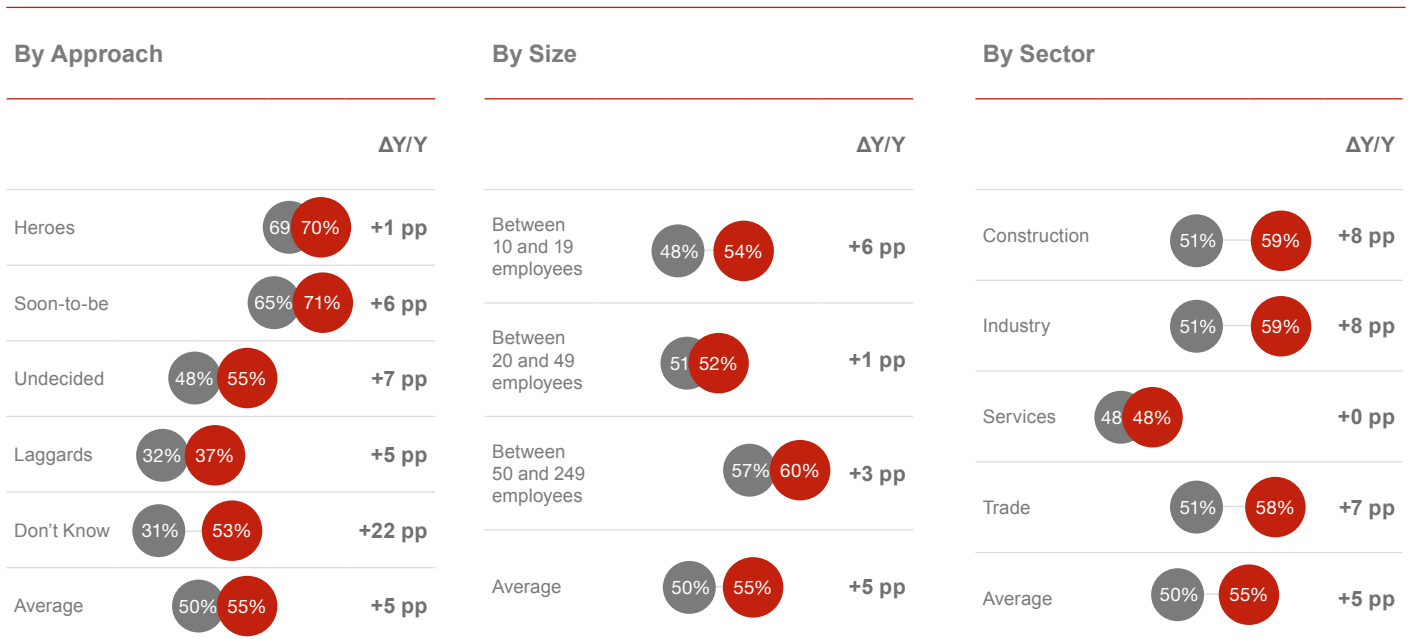
This upward trend is not driven solely by sustainability leaders, but increasingly involves less engaged segments of the SME landscape.

- **By strategic approach**, the 2026 data confirm that sustainability commitment remains closely linked to climate risk awareness, while also showing clear convergence across segments. Heroes stand at 70% (+1 percentage point from 2025), maintaining a high level of awareness. Soon-to-be companies reach 71% (+6 pp year-on-year), indicating active learning and the integration of risk assessment within sustainability strategies. Among less advanced groups, Undecided SMEs rise to **55%** (+7 pp) and Laggards to **37%** (+5 pp), suggesting that awareness is progressively extending even to firms with limited or no sustainability commitment. The most significant shift is observed in the Don't Know segment, which increases sharply from 31% to 53% (+22 pp), the largest year-on-year change. This marked rise indicates that even organisations without a defined sustainability position are beginning to view climate risk as a material business issue, likely influenced by heightened media coverage of extreme weather events, evolving regulatory signals, or peer dynamics.
- **By company size**, awareness rises across all size classes, with the most significant increases observed among the smallest and largest firms. Larger SMEs (50–249 employees) reach 60% (+3 percentage points from 2025), mid-sized companies (20–49 employees) stand at 52% (+1 pp), while smaller enterprises (10–19 employees) report 54% (+6 pp). The particularly strong increase among the smallest firms narrows the traditional awareness gap between larger and smaller SMEs.
- **By sector**, awareness increases in Construction, Industry, and Trade, while Services shows no year-on-year change. Construction and Industry both reach 59% (+8 pp each), Trade stands at 58% (+7 pp), while Services remains stable at 48%. The sectors showing the strongest increase, Construction, Industry, and Trade, are also those most exposed to physical climate risks, including supply chain disruptions, extreme weather impacts on operations and logistics, and volatility in raw material prices. This suggests that direct exposure and sector-specific vulnerabilities are key drivers of awareness.

Overall, the increase from 50% to 55% between 2025 and 2026 reflects a growing recognition that climate change poses direct and material risks to business continuity, profitability, and long-term resilience.

At the same time, nearly half of European SMEs still do not perceive themselves as significantly exposed to climate-related risks. This gap highlights the continued need for targeted awareness initiatives, sector-specific risk assessment tools, and greater regulatory clarity on climate adaptation requirements. The convergence observed across segments, size classes, and sectors is encouraging, suggesting that climate risk awareness is no longer confined to sustainability leaders, but is progressively extending across the broader SME landscape.

**Figure 10. “How aware do you believe your company is of the risks related to climate change?”
% of SMEs reporting being exposed to climate change risk (“very” + “fairly” exposed) in 2026 and 2025
By approach, size, sector**



2025 ● 2026 ●

2025 ● 2026 ●

2025 ● 2026 ●

Source: SDA Bocconi Sustainability Lab Survey for SME EnterPRIZE – January–February 2026 Total N. 1,100; January–February 2025 Total N. 1,260

4.2 CLIMATE RISK AWARENESS VARIES WIDELY ACROSS COUNTRIES

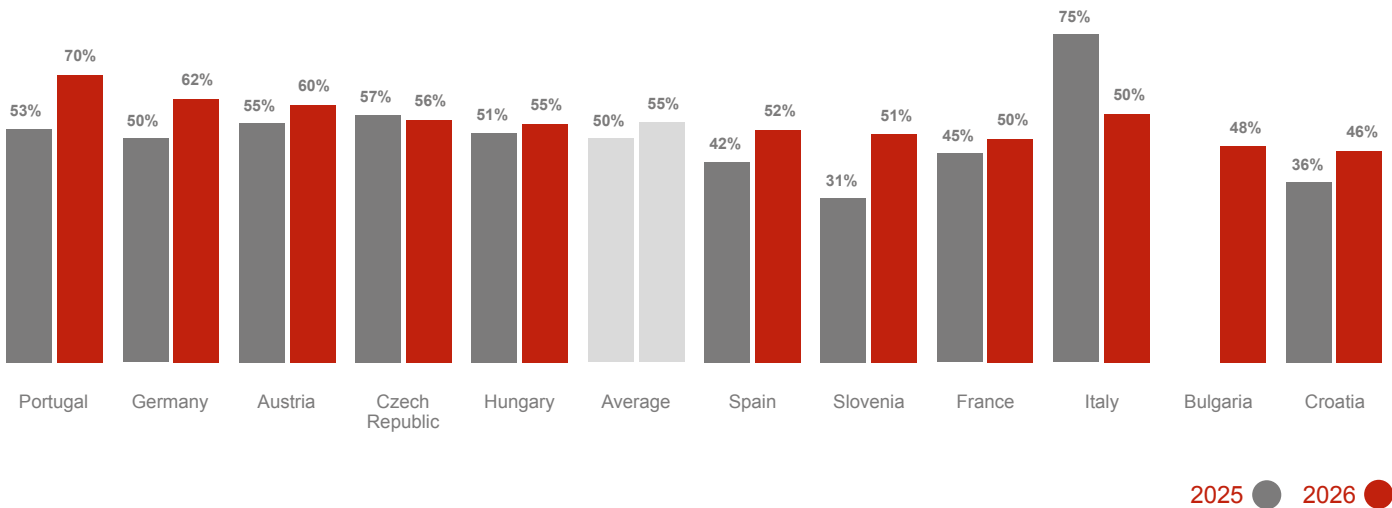
National Trends Reflect Recent Climate Events, with Convergence Driven by Gains in Lower-Awareness Markets

The country-level analysis of climate risk awareness across the 2025–2026 period highlights pronounced geographic heterogeneity and year-on-year variation, underscoring the event-driven nature of risk perception (**Figure 11**).

While the European average increases, individual country trajectories diverge, reflecting a combination of evolving risk perception, the salience of recent extreme weather events, media coverage, and statistical sampling variability.

Portugal reaches 70% in 2026, the highest level across all countries and a substantial increase from 53% in 2025 (+17 percentage points). **Italy**, by contrast, records a significant decline from 75% in 2025 to 50% in 2026 (-25 pp), returning closer to the European average after leading in the previous wave. This adjustment is consistent with the broader pattern of volatility observed across several countries, where awareness tends to spike following high-profile extreme weather events, such as the 2023–2024 flooding episodes in Italy, but moderates as these events recede from immediate attention.

Figure 11. “How aware do you believe your company is of the risks related to climate change?” % of SMEs reporting being exposed to climate change risk (“Very” + “Fairly” exposed) in 2026 vs. 2025



Source: SDA Bocconi Sustainability Lab Survey for SME EnterPRIZE – January–February 2026 Total N.1,100; January–February 2025 Total N. 1,260

Germany rises from 50% to 62% (+12 pp), moving above the European average, while Austria increases from 55% to 60% (+5 pp). The Czech Republic remains broadly stable, shifting marginally from 57% to 56% (-1 pp), within the expected margin of sampling variability. **Spain** rises from 42% to 52% (+10 pp), likely reflecting recent climate impacts, while **France** increases from 45% to 50% (+5 pp), converging toward the European average.

Other Central and Eastern European countries show strong upward movement. Slovenia increases from 31% to 51% (+20 pp), Croatia from 36% to 46% (+10 pp), and Hungary from 51% to 55% (+4 pp). These gains point to improving awareness in markets that previously exhibited lower levels. Bulgaria stands at 48%, in its first year of involvement in the survey.

The gap between highest and lowest levels of awareness in 2026 – from 70% in Portugal to 46% in Croatia, a 24-percentage-point spread – has narrowed compared to 2025, when the range reached 44 percentage points. This convergence is driven primarily by improvements in previously low-awareness countries rather than declines among leading countries.

Interpreting these shifts requires balancing two considerations. First, climate risk awareness is intrinsically volatile as it is shaped by recent and highly visible extreme weather events and media attention, both of which vary considerably across countries and over time. Second, country-level estimates are subject to sampling variability, which can amplify or dampen observed changes. Taken together, these factors suggest that while directional trends – such as convergence from lower levels – are meaningful, the precise magnitude of year-on-year changes should be interpreted with caution.



4.3 RISK PROTECTION GROWS, BUT COVERAGE GAPS REMAIN

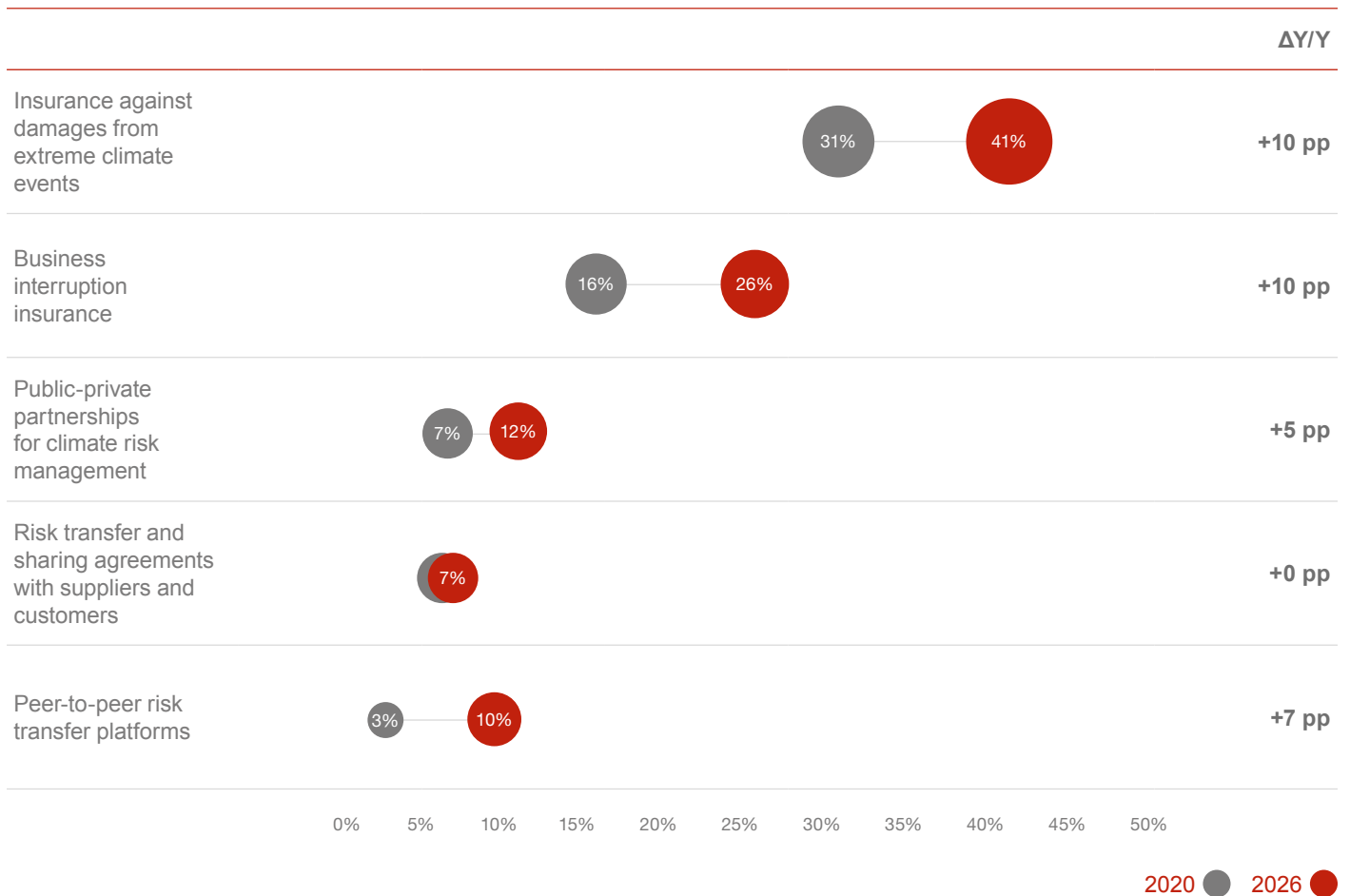
Traditional Insurance Expands Rapidly, while Innovative Mechanisms Gain Traction from a Low Base

The landscape of climate risk transfer mechanisms among European SMEs spans well-established insurance products and emerging innovative solutions (Figure 12). The 2026 data show substantial year-on-year growth in traditional coverage instruments, alongside more limited – though still encouraging – gains in newer mechanisms, which remain at an early stage of adoption.

- Traditional insurance against damages from extreme climate events remains the cornerstone of climate risk transfer.** Adoption rises from 31% in 2025 to 41% in 2026 (+10 pp), representing the highest absolute level and the joint-largest year-on-year increase across all instruments. This growth indicates that rising climate risk awareness is increasingly translating into concrete protective action, as SMEs seek coverage against floods, storms, droughts, wildfires, and other climate-related hazards. These policies typically provide standardised coverage with clearly defined terms, making them the most accessible and familiar option for SMEs. However, the 41% adoption rate also implies that 59% of European SMEs remain uninsured against extreme climate events, highlighting a protection gap that leaves firms exposed to potentially severe losses.
- Business interruption insurance shows similarly strong growth,** rising from 16% in 2025 to 26% in 2026 (+10 pp), representing the joint-largest increase alongside insurance against extreme climate events. This form of coverage extends beyond physical damage to include income losses resulting from operational disruptions, a critical issue for SMEs where prolonged downtime can threaten business continuity. For example, a retail business affected by severe flooding may receive compensation not only for physical damage but also for lost revenue during the recovery period. The 10-point increase reflects growing recognition that climate risks extend beyond asset damage to broader business continuity threats, although the 26% adoption rate indicates that nearly three-quarters of SMEs remain exposed to income losses from climate-related disruptions.
- Public-private partnerships for climate risk management show modest but meaningful growth,** rising from 7% in 2025 to 12% in 2026 (+5 percentage points). These arrangements represent a more innovative model, combining public support with private-sector expertise to expand coverage while preserving market efficiency. The increase suggests that awareness of such hybrid models is gradually diffusing, although their limited penetration confirms that they remain niche instruments, primarily accessed by more sophisticated or well-connected firms.

- Risk transfer and sharing agreements with suppliers and customers remain unchanged at 7%** in both 2025 and 2026. This stability suggests that contractual risk-sharing within value chains has yet to extend beyond a small group of early adopters. Such arrangements – where business partners agree to share the financial impact of climate-related disruptions through contractual terms – appear constrained by legal complexity, power imbalances in value chain negotiations, and limited awareness of their practical applicability.
- Peer-to-peer risk transfer platforms record the strongest relative growth**, rising from 3% in 2025 to 10% in 2026 (+7 pp), more than tripling adoption within a single year. Despite the low absolute level, this increase reflects growing interest in digital solutions that enable direct risk-sharing among firms with similar exposure profiles – for example, small businesses in the same geographic area pooling resources to cover climate-related damages. The 7-point gain suggests that these innovative models are beginning to resonate with early adopters, although scaling beyond 10% will require further market development and a clear demonstration of value.

Figure 12. “Which climate risk transfer initiative has your company implemented in the last five years, if any?” % of SMEs reporting significant adoption (“Very” + “Fairly”) in 2026 vs. 2025

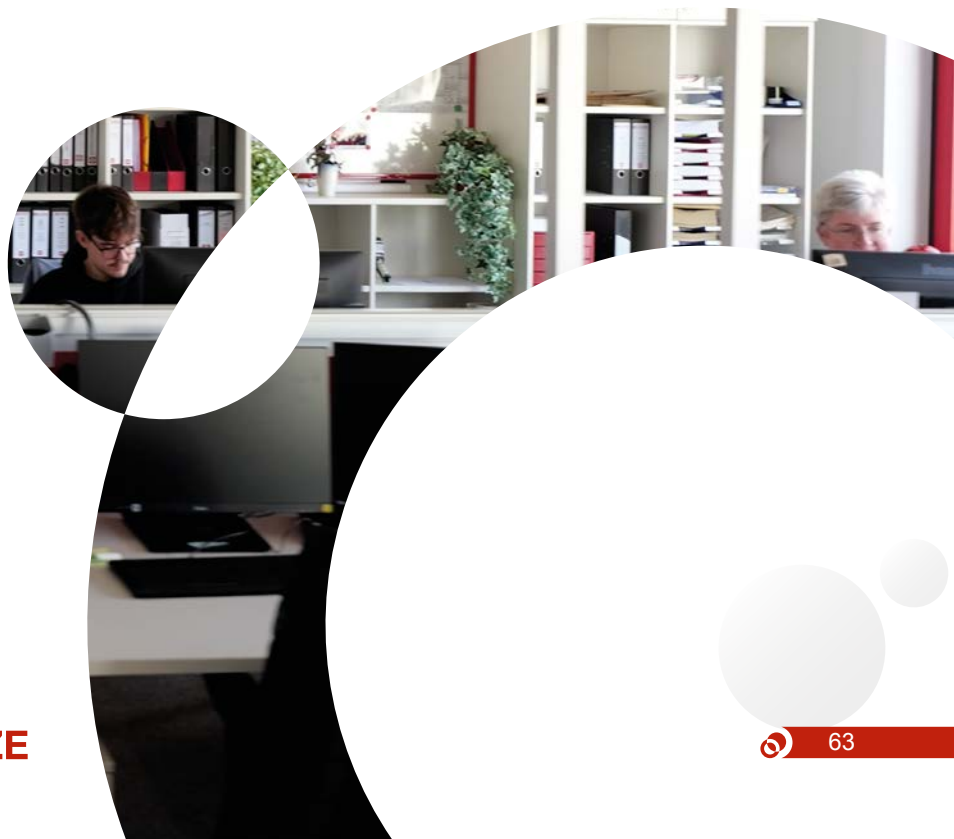


Source: SDA Bocconi Sustainability Lab Survey for SME EnterPRIZE - January-February 2026 Total N. 1,100; January-February 2025 Total N. 1,260

Overall, the evidence point to a two-speed adoption dynamic. Established instruments, such as insurance against extreme events and business interruption coverage are expanding rapidly, driven by heightened risk awareness. By contrast, innovative mechanisms, including public-private partnerships, peer-to-peer platforms, and contractual risk-sharing are growing from a low base and remain niche.

A substantial protection gap persists. Despite recent growth, 59% of SMEs still lack coverage against extreme climate events, 74% lack business interruption insurance, and more than 88% do not participate in any innovative risk transfer mechanism. This gap leaves European SMEs exposed to significant financial shocks, with implications extending beyond individual firms to broader economic resilience, employment, and supply chain stability.

The transition from awareness to action rarely follows a linear path for SMEs. It is often triggered by a specific event or concrete pressure, such as flooding that disrupts a supplier's warehouse and blocks an entire production cycle, a construction firm forced to halt a site due to extreme heat and absorb unplanned labour costs, or an agri-food operator renegotiating logistics contracts after flood-damaged infrastructure makes standard delivery routes unviable. The growth in traditional insurance adoption documented in this edition reflects this dynamic: a cohort of SMEs that have moved from awareness to action, often following direct exposure to climate shocks or pressure from banks and value-chain partners. Scaling this transition to the remaining 59% requires making these pathways visible and replicable through peer networks, sector associations, and financial institutions that can translate lived experience into accessible entry points for climate risk protection.



The human dimension of this exposure deserves particular attention. For micro and small enterprises, which account for the vast majority of European SMEs, a single extreme weather event can mean far more than asset damage. It can trigger workforce disruptions, force temporary or permanent closures, and generate cascading effects on employees, local suppliers, and the communities in which these firms are embedded. A flooded workshop, a logistics operator unable to operate after a storm, or a small retailer losing weeks of revenue during a recovery period are not abstract risks but lived realities for millions of European businesses and the people who depend on them. Strengthening SMEs' climate resilience is therefore not only an economic imperative but also a social one, directly linked to the preservation of employment, local productive capacity, and territorial cohesion across Europe.

At the same time, the data emerging from this research points to a less-discussed upside. SMEs that invest in climate risk awareness and protection are not merely shielding themselves from loss; **they are building operational resilience that increasingly translates into competitive advantage.** The 41% of SMEs that have adopted traditional climate insurance, together with the growing cohort exploring innovative risk-transfer mechanisms, are developing capabilities such as continuity planning, supply-chain robustness, and financial predictability, which differentiate them from less-prepared competitors in the eyes of clients, banks, and business partners. As climate impacts intensify and regulatory requirements around physical risk disclosure expand, resilience is becoming a dimension of competitiveness. European SMEs that act now are not merely managing risk; they are positioning themselves for a more stable, credible, and competitive future. This connection between resilience and competitiveness is one that policymakers, financial institutions, and business networks should make explicit in their engagement with SMEs, particularly those that have yet to take protective action.

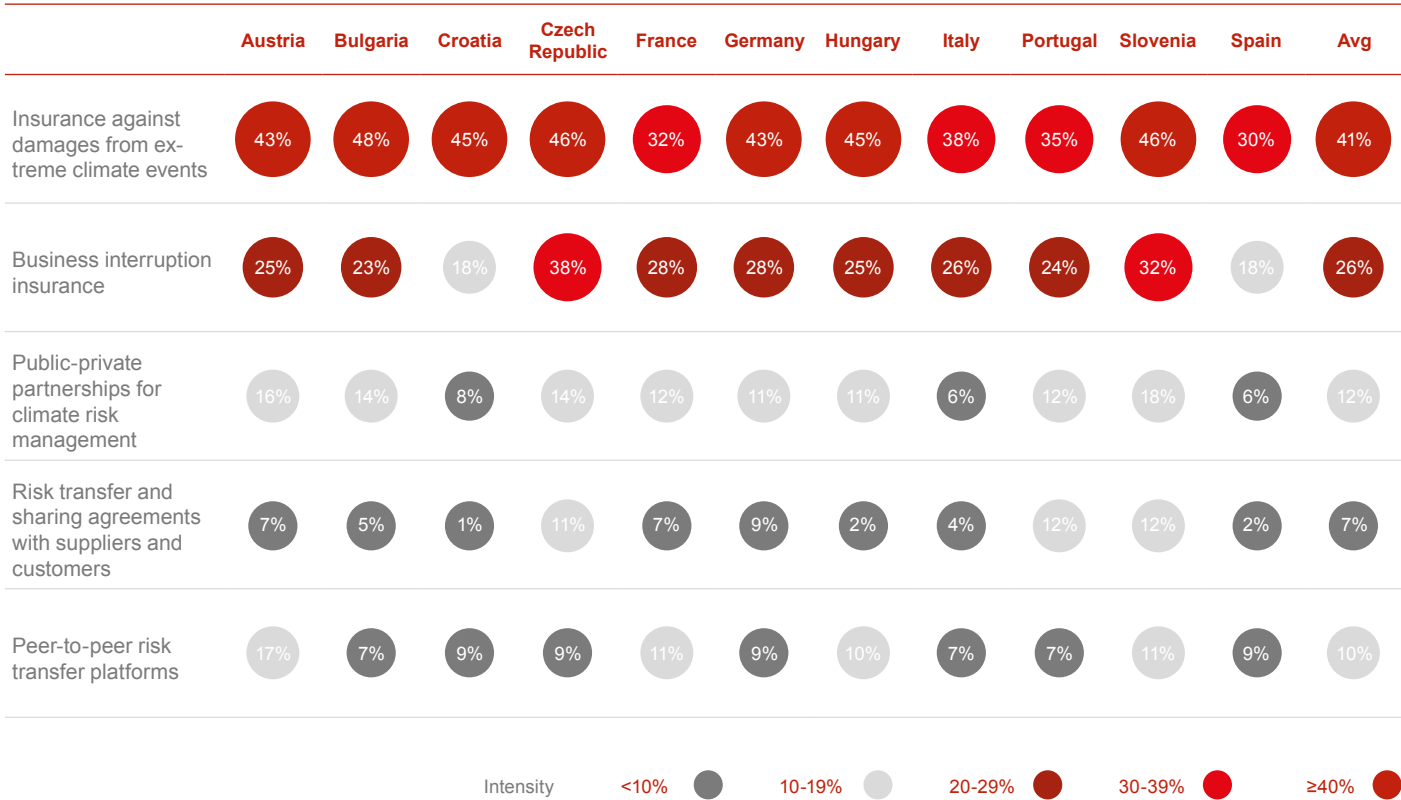


4.4 NATIONAL FRAMEWORKS AND FINANCIAL SYSTEMS SHAPE INSURANCE UPTAKE ACROSS EUROPE

Market Dynamics and Policy Design Sustain Traditional Coverage while Innovative Solutions Remain Unevenly Distributed

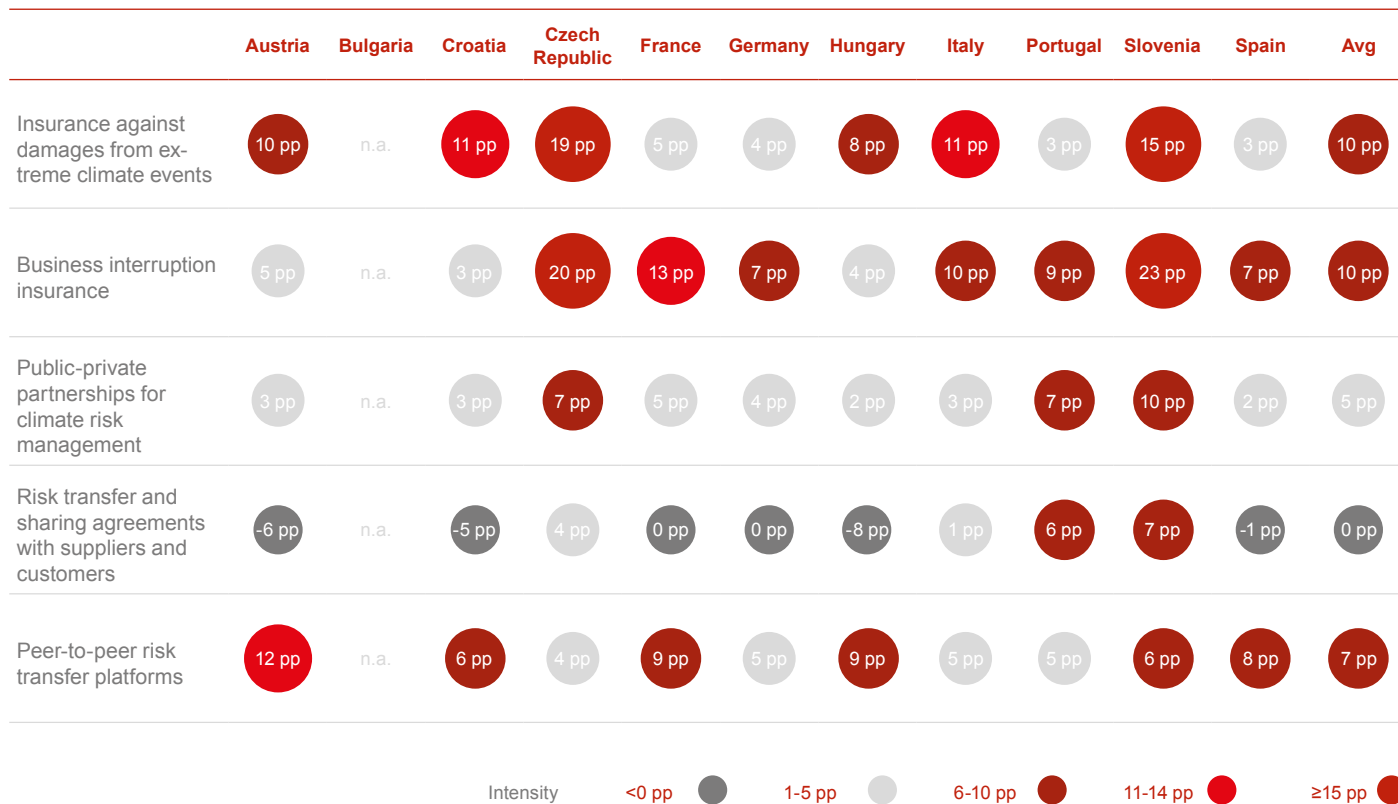
The geographical analysis (Figure 13 and Figure 14) confirms the dominance of traditional insurance mechanisms in climate risk transfer across European SMEs.

Figure 13. “Which climate risk transfer initiative has your company implemented in the last five years, if any?” % of SMEs reporting adoption (“Very” + “Fairly” significant) in 2026



Source: SDA Bocconi Sustainability Lab Survey for SME EnterPRIZE - January-February 2026 Total N.1,100

Figure 14. “Which climate risk transfer initiative has your company implemented in the last five years, if any?” % of SMEs reporting adoption (“Very” + “Fairly” significant) – 2026 Vs. 2025 – By country



Source: SDA Bocconi Sustainability Lab Survey for SME EnterPRIZE - January–February 2026 Total N.1,100; January–February 2025 Total N. 1,260

The data outline a nuanced picture:

- **Italy, Spain, and France** display adoption patterns shaped by different levels of regulatory maturity. Italy (38% for extreme events and 26% for business interruption) is in a transition phase following the introduction of a mandatory insurance scheme under Law 213/2023 (Budget Law 2024), effective for small and micro enterprises from January 2026. By contrast, France (32%) and Spain (30%) report comparatively lower adoption rates. This apparent “**French-Spanish paradox**” reflects long-standing mandatory systems, where coverage is often perceived as automatically embedded in standard property policies rather than as a proactive risk management action implemented in the past five years, as defined in the survey.

- Germany and Central and Eastern Europe** markets lead in adoption. Bulgaria records the highest uptake for extreme events insurance (48%) while the Czech Republic leads in business interruption coverage (38%). Slovenia shows the most pronounced increase in business interruption insurance (+23 pp), with Germany also reporting a similar upward trend (43%). This momentum appears driven by both recent severe climate events – such as the 2023 floods and Storm Boris in 2024 – and increasing pressure from the financial sector. In these markets, access to credit and the protection of collateral by banks (often guided by ECB directives on physical risks) effectively create a “de facto obligation” making climate insurance a prerequisite for financing.

Chart 1. National Regulatory Frameworks Shaping Climate Risk Insurance Adoption in Europe.

Only France, Italy, and Spain currently have mandatory insurance schemes against natural catastrophes. However, the ECB’s supervisory framework and CRR III (the EU Capital Requirements Regulation, in force since January 2025) require banks to incorporate physical climate risks into credit assessments and collateral valuations. This creates a structural incentive to encourage insurance uptake among borrowers, regardless of whether a mandatory national NatCat scheme is in place.



Countries with National Mandatory Insurance Scheme ●

Countries without Mandatory Scheme ●

URBANTIME

CHAPTER 5

WHAT SMEs NEED TO ACCELERATE THE SUSTAINABLE TRANSITION

*Strong Demand for Financial and Regulatory
Support, with Peak Needs Among Transitioning
Firms*



powered
by



 **SME
EnterPRIZE**



Chapter 5 SMEs' demand for support to advance their sustainable transition remains consistently strong, with a clear prioritisation of financial and regulatory measures. Across the SME landscape, tax incentives, public funding, and regulatory simplification emerge as the most critical enablers, confirming that cost pressures and institutional complexity continue to shape the transition.

At the same time, lower-priority measures – such as education, advisory services, and alignment with financial institutions – show a gradual decline in perceived relevance, pointing to a more pragmatic focus on core business enablers.

Demand is not evenly distributed across firms. SMEs in transition (“Soon-to-be”) consistently express the highest levels of need across all support categories, highlighting the resource intensity of the implementation phase and the importance of targeted support at this stage.

5.1 SUPPORT DEMAND REMAINS HIGH, DESPITE EASING PRESSURE

Financial and Regulatory Measures Dominate, while Lower-Tier Initiatives Lose Urgency

The analysis of SMEs' support needs over the 2023–2026 period confirms that demand remains consistently high (**Figure 15**). After peaking in 2025 across all categories, 2026 data show a partial easing, consistent with the recent decline in perceived economic and internal constraints.

A clear tiered structure in support preferences continues to emerge.

- **The top tier consists of financial support mechanisms**, with tax incentives and public funding (both national and EU) consistently rated as very or fairly relevant by between 67% and 73% of SMEs in 2026. Tax incentives for sustainable products and services continue to be the most requested form of support, stabilising at 73% and returning to 2023 levels. Similarly, national subsidised funds for the green transition remain a key priority at 68% (+2 percentage points compared to 2023). This sustained emphasis on financial instruments confirms that SMEs continue to view cost constraints as a primary barrier.
- **The second tier comprises regulatory and market development measures**, including a clear and simplified regulatory framework (66%) and demand-side promotion (65%). Both show moderate growth from 2023 (+3 pp and +2 pp respectively). The slightly reduced urgency attached to policy measures compared with 2025 may reflect expectations linked to recent EU regulatory relief initiatives. However, given the survey's timing (January–February 2026) these developments are unlikely to have been fully reflected in SME perceptions.
- **By contrast, lower-ranked support measures show modest declines relative to the 2023 baseline**. Education and capacity-building initiatives stand at 61% (-1 pp), while financial advisory services related to Net Zero objectives decline to 58% (-2 pp). Similarly, tax measures aimed at discouraging the use of less sustainable products fall to 60% (-2 pp), and the lowest-ranked priority overall – alignment with finance providers' sustainability objectives through partnerships and branding – drops to 53% (-3 pp).

**Figure 15. “How SMEs Ask to Be Supported” – 2026 vs. 2025 and 2023
% of SMEs reporting the initiative as relevant (“Very” + “Fairly” relevant)**

	Δ 2026/ 2023	2026	2025	2023
Tax incentives to promote sustainable products or services	+0 pp	73%	78%	73%
National subsidised funds to finance the green transition	+2 pp	68%	76%	66%
EU subsidised funds to finance the green transition	+0 pp	67%	72%	67%
Clear and simplified regulatory framework for SMEs	+3 pp	66%	69%	63%
More favourable credit conditions tied to ESG ambitions	+2 pp	65%	66%	63%
Promotion of demand for sustainable products and services	+2 pp	65%	70%	63%
Education, capacity building and transfer of competences	-1 pp	61%	66%	62%
Tax measures to discourage use of less sustainable products or services	-2 pp	60%	64%	62%
Financial support or advice services for Net Zero carbon ambitions	-2 pp	58%	62%	60%
Signing-up to finance providers ESG objectives through partnerships and branding	-3 pp	53%	61%	56%

Intensity <60% ● 60-64% ● 65-69% ● 70-74% ● ≥75% ●

Source: SDA Bocconi Sustainability Lab survey for SME EnterPRIZE - January–February 2026 Total N.1,100; January–February 2025 Total N. 1,260; May 2023 Total N. 1,240

Overall, the gap between the higher- and lower-priority measures highlights a clear polarisation in SMEs’ preferences. While financial and regulatory measures continue to show modest gains (+2 pp to +3 pp), lower-tier initiatives decline relative to the 2023 baseline.

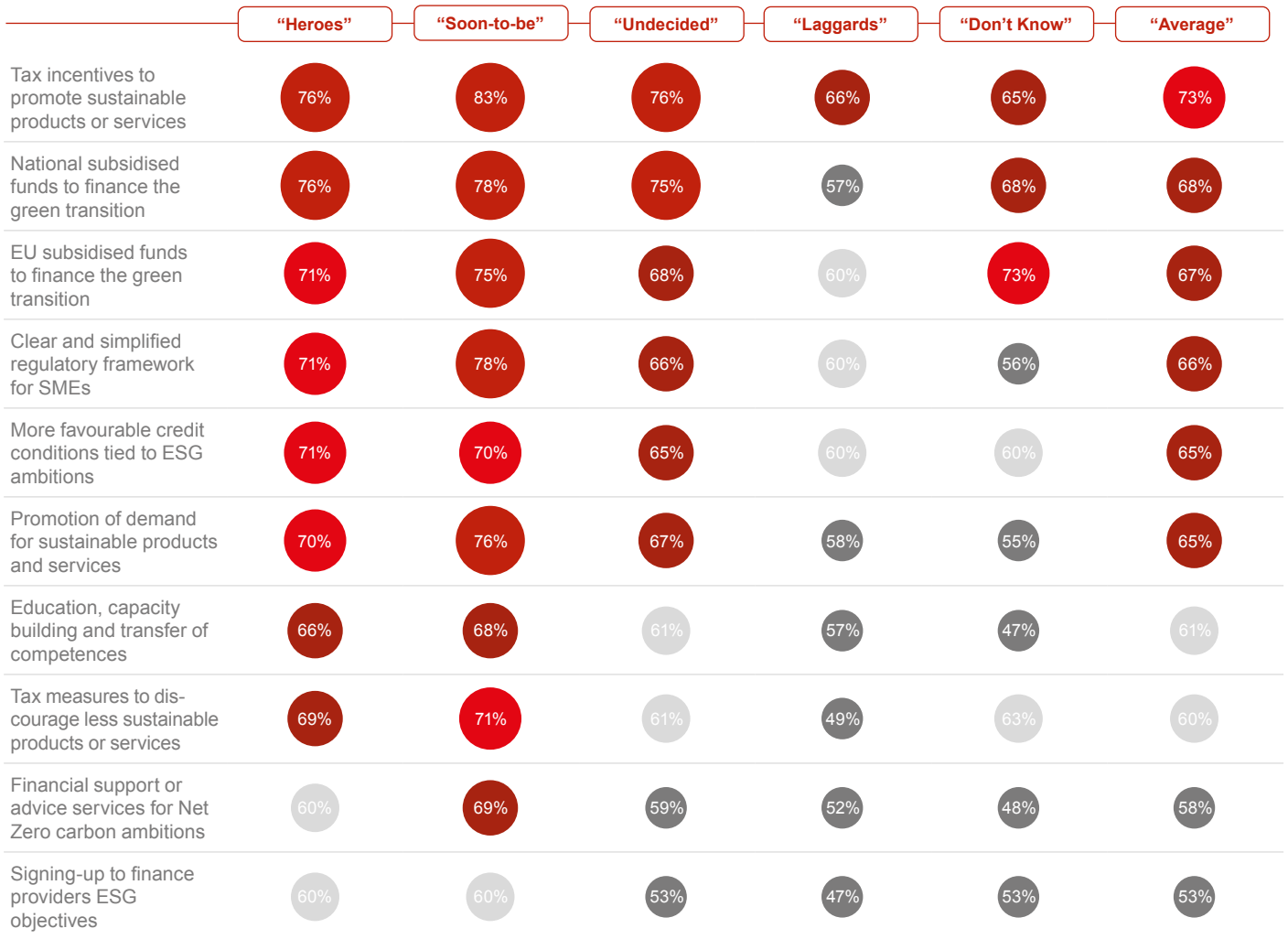
These findings point to a more pragmatic approach among SMEs, with a clear focus on core business enablers, and reduced emphasis on secondary initiatives.

5.2 SUPPORT DEMAND PEAKS AMONG TRANSITIONERS

Needs Vary by Strategic Approach, with Transitioning Firms Expressing the Highest Urgency Across Financial and Regulatory Measures

The segmentation analysis of support preferences in 2026 (Figure 16) reveals clear differences in demand intensity across strategic approaches to sustainability. Soon-to-be firms consistently express the highest levels of urgency across nearly all support categories.

**Figure 16. “How SMEs Ask to Be Supported” – 2026 vs. 2025 and 2023
% of SMEs reporting the initiative as relevant (“Very” + “Fairly”) – By approach**



Intensity <60% 60-64% 65-69% 70-74% ≥75%

Source: SDA Bocconi Sustainability Lab survey for SME EnterPRIZE - January-February 2026 Total N.1,100

This pattern confirms that firms in transition face the greatest need for external backing, as they navigate the resource-intensive phase between initial commitment and full integration.

- **Tax incentives for sustainable products and services** emerge as the most demanded support mechanism among Soon-to-be firms at 83%. This figure significantly exceeds the overall average of 73% and the levels reported by Heroes and Undecided firms (both 76%), as well as Laggards (66%), and the Don't Know segment (65%). This is the highest level of demand recorded across all support measures, underscoring the central role of fiscal incentives for firms actively investing in sustainability transitions. Demand remains high among Heroes at 76%, confirming that even mature adopters continue to view tax incentives as critical enablers.
- **National subsidised funds** to finance the green transition follow a similar pattern, with Soon-to-be firms leading at 78%, followed by Heroes (76%) and Undecided firms (75%). By contrast, Laggards fall to 57%, a 21 percentage-point gap that highlights the divergent priorities between firms engaged in the transition and those remaining on the sidelines. The relatively strong demand among the Don't Know segment (68%) suggests that even companies without a clear strategic stance recognise the potential value of public financing, though they may lack the organisational readiness to access it effectively.
- **EU subsidised funds** show a deviation from the standard pattern. While Soon-to-be firms again lead at 75%, the Don't Know segment reports similarly high demand at 73%, nearly matching committed transitioners and exceeding Laggards. This may reflect the perception among less-engaged firms that EU-level programmes are more accessible or less demanding in terms of prerequisite capabilities, or that EU funding serves as an entry point for firms still exploring their sustainability options.
- **Demand for a clear and simplified regulatory framework shows the sharpest divergence between engaged and less engaged segments.** Soon-to-be firms express the second-highest overall demand at 78%, followed by Heroes (71%) and Undecided (66%), while Laggards and the Don't Know segment stand at 60% and 56% respectively. The resulting 18-percentage-point gap between Soon-to-be firms and Laggards confirms that regulatory complexity is perceived as a critical barrier primarily by firms actively navigating the implementation of sustainability strategies.
- **More favourable credit conditions linked to sustainability ambitions** (65% on average) show clear segmentation. Heroes and Soon-to-be firms both register 70-71%, substantially above Laggards (60%) and the Don't Know segment (60%). This suggests that sustainability-linked finance is valued primarily by firms with established sustainability credentials, which are better positioned to access preferential terms.

- **Demand-side promotion for sustainable products and services** follows a clear tiered structure, with Soon-to-be firms at 76%, compared with 70% for Heroes, 67% for Undecided, and 58% for Laggards. The 18-percentage-point gap between Soon-to-be firms and Laggards indicates that market-pull mechanisms are particularly relevant for firms actively investing in sustainable offerings, which rely on demand-side validation to support supply-side investments.
- **Lower-priority support categories**, such as education and capacity building (61% average), tax measures to discourage unsustainable products (60% average), financial advisory services (58% average), and alignment with finance providers' sustainability objectives (53% average), show less pronounced segmentation but maintain the same hierarchy: Soon-to-be firms consistently lead (60-71% across these categories), followed by Heroes, Undecided, and finally Laggards and the Don't Know segment.

The consistency of the Soon-to-be premium is particularly evident. Across all ten support categories, Soon-to-be firms express demand 2 to 13 percentage points higher than Heroes, and 7 to 21 percentage points higher than Laggards. This confirms that the transition phase, characterised by upfront investment, organisational restructuring, and capability development, generates peak support needs. Heroes, having completed much of this journey, show strong but more moderate demand, while Laggards, who have not committed, naturally assign lower priority to enablers for a transition they have not embarked upon.

Policy implications are clear. Support programmes should be explicitly designed and targeted towards Soon-to-be firms, which represent the segment with the highest marginal propensity to respond to external enablers.

Financial instruments – including tax incentives, subsidised funds, and sustainability-linked credit – should be streamlined and accelerated for firms actively progressing along the transition pathway, rather than being evenly distributed across all segments.

Regulatory simplification should focus on reducing compliance burdens for mid-transition firms, which face overlapping legacy and emerging requirements. By contrast, lower-priority measures such as education and advisory services should be targeted towards the Undecided and Don't Know segments as entry points into the transition journey.

⑥ THE EU COMPETITIVENESS COMPASS

Aligning Sustainability and Competitiveness for SMEs

The European Commission's Competitiveness Compass (COM(2025) 30, January 29, 2025) establishes a strategic framework for policy action centred on three priorities: closing the innovation gap, linking decarbonisation with competitiveness, and strengthening economic security. For European SMEs, it affirms the principle that competitiveness and sustainability are mutually reinforcing objectives, rather than trade-offs.

Financial constraints. The Compass proposes the creation of a Savings and Investment Union and new SME-focused financial instruments, including enhanced access to venture capital and equity financing. This is intended to reduce SMEs' reliance on bank lending and support investment in sustainable transitions.

Regulatory simplification. A central pillar of the Compass is the commitment to reduce administrative burdens by 25% for all firms and by 35% for SMEs, directly addressing the institutional barriers highlighted in this White Paper. Its first operational deliverable, the Omnibus I Directive (formally adopted by the EU Council on 24 February 2026 and published in the Official Journal on 26 February 2026), has restructured CSRD reporting thresholds and strengthened the "value-chain cap", protecting businesses with fewer than 1,000 employees from excessive supply-chain data requests. Further simplification initiatives are expected over the 2026–2027 period.

Coordinated public support. The Compass introduces a coordination framework to better align EU, national, and regional support measures, addressing the fragmentation identified by SMEs as a major obstacle across countries.

Monitoring and accountability. The Compass establishes an Annual Single Market and Competitiveness Report to track progress, ensuring that simplification commitments translate into tangible relief for SMEs.

The Compass provides the policy architecture underpinning the Omnibus reforms discussed in Chapter 2 and supports the coordinated interventions outlined in Chapter 6 of this report.

THE CLEAN INDUSTRIAL DEAL

Operationalising the Sustainability-Competitiveness Agenda

The Clean Industrial Deal (COM(2025) 85, February 26, 2025) translates the strategic vision of the Competitiveness Compass into a concrete growth agenda, integrating climate objectives with industrial competitiveness. Structured around six key pillars (affordable energy, lead markets, investment, circularity, global markets/level playing field, skills) it directly addresses the barriers and support needs identified by European SMEs in this research.

Financial measures. The Deal introduces guarantees for Power Purchase Agreements (PPAs) with a specific focus on SMEs and energy-intensive industries, simplifies State aid rules through the Clean Industrial Deal State Aid Framework to accelerate approval of decarbonisation support, and enhances InvestEU's risk capacity to mobilise approximately €50 billion in additional sustainable financing. Member States are also encouraged to adopt fiscal incentives, such as accelerated depreciation for clean technologies.

Regulatory and administrative complexity. The Industrial Decarbonisation Accelerator Act aims to streamline authorisation procedures for energy access and decarbonisation projects, addressing operational compliance burdens – including permitting, inspections, and day-to-day procedures – that SMEs consistently identify as key obstacles.

Promotion of sustainable demand. Harmonised public procurement criteria incorporating non-price sustainability factors aim to stimulate markets for sustainable products and services, supporting SMEs offering low-impact solutions.

Circular economy and resources. The forthcoming Circular Economy Act, expected in 2026, is designed to enable the free movement of secondary raw materials and circular products across the Single Market, unlocking business opportunities particularly relevant for SMEs in manufacturing, construction, and trade.

Skills and competences. The Union of Skills initiative focuses on lifelong learning and vocational training for the green economy, helping to address the internal capability constraints that remain a secondary but persistent barrier for SMEs.

Taken together, the Clean Industrial Deal provides a practical framework to deliver the financial and regulatory support identified by European SMEs as critical. Its implementation over the 2025-2027 period will be a key determinant of whether the structural barriers highlighted in this report begin to recede.



CHAPTER 6

**ROADMAP FOR EUROPEAN
SMEs**

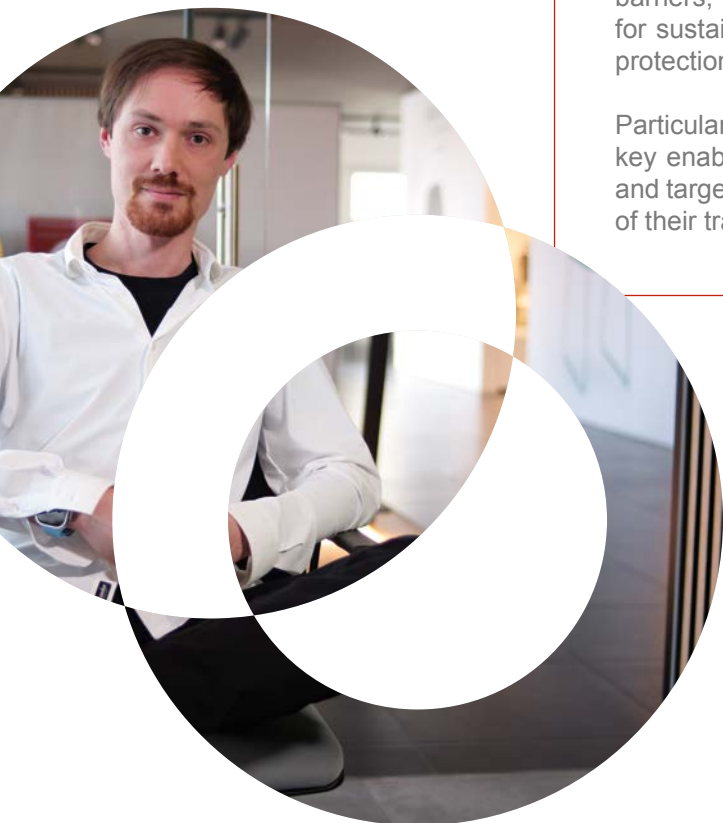
*How Policy and Finance Can Accelerate a Just
and Sustainable Transition*



powered
by



 **SME
EnterPRIZE**



Chapter 6 The findings of this White Paper inform a set of targeted recommendations for policymakers and financial institutions to accelerate the sustainable transition of European SMEs.

The analysis highlights the need to address persistent institutional barriers, unlock market stagnation, strengthen the business case for sustainability, improve access to finance, and close the climate protection gap.

Particular emphasis is placed on the role of the financial sector as a key enabler of transition, alongside the need for more coordinated and targeted policy interventions to support SMEs at different stages of their transition journey.

6.1 REMOVING BARRIERS TO SME TRANSITION

Recommendations for Policymakers and the Financial Sector

A. Recommendations for Policymakers

The following recommendations translate five years of longitudinal evidence into targeted policy actions, focusing on the transition phase where SMEs face the highest barriers and where public intervention has the greatest impact.

	Recommendation	Rationale	Action
A1	Deliver Size-Sensitive Regulatory Simplification and Integrate Climate Risk into Public Planning	Five years of evidence show that institutional complexity is now the primary obstacle to SME transition, particularly for firms already engaged in implementation, and that simplification efforts must be size-sensitive and aligned with SMEs' growing exposure to climate risk .	Policymakers should extend regulatory simplification beyond reporting to the full spectrum of operational requirements, introduce size-sensitive frameworks , and strengthen administrative capacity to ensure that simplification efforts translate into tangible relief for SMEs.
A2	Target Incentives Where Transition Stalls: Firms Nearing Sustainability Adoption	SME transition progress has stalled across segments, with limited movement from less engaged to more advanced groups.	Policymakers should implement targeted, segment-specific engagement strategies, prioritising firms nearing sustainability adoption ("Soon-to-be" SMEs), where five-year evidence shows both the highest barrier intensity and the greatest responsiveness to support . Support mechanisms should increasingly be linked to measurable risk-reduction outcomes , including climate adaptation measures and improved protection against physical risks.
A3	Promote the Sustainability Business Case Through Trusted Local SME Channels	The business case for sustainability is now well-established, but a large share of SMEs still do not recognise its concrete financial and competitive benefits.	Policymakers should promote the sustainability business case through regional business networks, trade associations, chambers of commerce, and sectoral platforms , using peer examples, benchmarking tools, and practical case studies that translate sustainability into concrete competitiveness, insurance, and financing outcomes for SMEs.

More broadly, policymakers should approach regulatory design with a dual objective: reducing complexity where regulation burdens SMEs without generating value and strengthening clarity and accessibility where it can serve as an enabling instrument, providing smaller enterprises with a recognised, standardised basis on which to engage with larger companies, financial institutions, and value chain partners on more balanced terms.

B. Recommendations for the Financial Sector

	Recommendation	Rationale	Action
B1	Translate Sustainability into Financial Access	Access to sustainability-linked finance remains uneven, despite growing recognition of its benefits.	Financial institutions should expand tailored financial instruments, improve pricing transparency , and strengthen communication to make the financial advantages of sustainability investments more visible and accessible to SMEs.
B2	Address the Climate Protection Gap	Despite recent growth in climate risk coverage, a large share of SMEs remains unprotected against extreme events and business interruption, exposing them to significant financial risk.	Financial institutions and insurers should expand the availability of innovative and accessible risk transfer solutions , including parametric products, multi-year coverage, and bundled mechanisms. These efforts should be supported by measures to improve affordability and accessibility , as well as by public-private partnerships and simplified underwriting frameworks to enable broader SME participation while maintaining financial sustainability.
B3	Expand the Role of Financial Institutions as Transition Partners	A majority of SMEs have not yet engaged in the transition and require guidance, not just financing, to understand and act on sustainability opportunities.	Financial institutions should expand their role beyond financing by providing structured advisory services and adopting segment-specific engagement strategies . This includes offering execution support to transitioning firms, entry-level solutions and business case communication for less engaged SMEs, and orientation programmes for early-stage firms. These efforts should be reinforced through financial literacy initiatives and partnerships with local networks to extend reach and impact.

6.2 SYSTEMIC CHANGE REQUIRES COORDINATED ACTION ACROSS POLICY AND FINANCE

Aligning Interventions to Accelerate the Transition of European SMEs

The recommendations presented above are mutually reinforcing and require coordinated action between policymakers and the financial sector. Three cross-cutting priorities emerge:

- **First**, addressing institutional barriers and overcoming market stagnation requires policy intervention that extends beyond regulatory simplification to include comprehensive support systems, capacity-building initiatives, and targeted incentives calibrated by company size and segment.
- **Second**, the consolidation of the sustainability business case – including strong gains in competitive advantage (+18 pp) and financial outcomes (+14-15 pp) – provides robust evidence that must be translated into effective communication, benchmarking tools, and awareness initiatives. These should target the large share of SMEs that have yet to fully recognise or act on the benefits of sustainability.
- **Third**, the persistence of the climate protection gap and uneven access to finance underscores the need for the financial sector to move beyond traditional product provision. Financial institutions should act as proactive transition partners, developing innovative risk-sharing mechanisms, standardised assessment tools, and advisory services that convert sustainability awareness into measurable resilience and tangible competitive advantage.

Coordinated implementation of these priorities can accelerate the just and sustainable transition of European SMEs, unlocking the untapped potential identified in this research while ensuring that smaller enterprises are not left behind.



APPENDIX
COUNTRY OVERVIEW



powered
by



 **SME
EnterPRIZE**

Country Overview (main aspects investigated)	Austria	Bulgaria	Croatia	Czech Republic
Adoption of sustainability strategies Heroes + Soon-to-be (2026 vs 2020; 2026 avg. 41%, 2020 avg. 34%)	44% (-1 pp)	42% (+2 pp)	31% (-1 pp)	36% (+5 pp)
Main barriers to the adoption of sustainability strategies (% of SMEs rating as very important + important)	Lack of institutional support (regulation, bureaucracy) (53%)	Lack of institutional support (regulation, bureaucracy) (58%)	Lack of institutional support (regulation, bureaucracy) (62%)	Lack of institutional support (regulation, bureaucracy) (67%)
Benefits from adopting sustainability strategies (% of SMEs reporting positive or very positive outcomes)	Environmental impact (91%)	Environmental impact / Customer satisfaction (83%)	Environmental impact / Improved compliance (83%)	Environmental impact (89%)
Climate risk awareness (2026 avg. 55%)	60%	48%	46%	56%
Main climate risk transfer initiative (% of SMEs reporting fairly or very significant adoption in the last 5 years)	Insurance against damage from extreme climate events			
	43%	48%	45%	46%

France	Germany	Hungary	Italy	Portugal	Slovenia	Spain
49% (+10 pp)	43% (+6 pp)	45% (+8 pp)	47% (+27 pp)	49% (-3 pp)	31% (+13 pp)	44% (+13 pp)
Lack of understanding of the business case (49%)	Lack of institutional support (regulation, bureaucracy) (62%)	Lack of public incentives (84%)	Lack of public incentives (55%)	Lack of public incentives (55%)	Lack of public incentives / Lack of sustainable finance (61%)	Lack of institutional support / Lack of a clear legislative framework (61%)
Efficiency and productivity (88%)	Environmental impact (86%)	Competitive advantage (80%)	Customer satisfaction (57%)	Environmental impact (92%)	Employees satisfaction (94%)	Environmental impact (82%)
50%	62%	55%	50%	70%	51%	52%
Insurance against damage from extreme climate events						
32%	43%	45%	38%	35%	45%	30%

SURVEY METHODOLOGY

The survey was conducted using a mixed CATI-CAWI methodology to ensure broad and balanced coverage.

The sampling design was based on the most recent Eurostat data on European enterprises and structured on a country-by-country basis to ensure representation by macro-sector and employee-size class.

Fieldwork was carried out between January and February 2026. Preliminary findings and key insights were subsequently shared and discussed with representatives of EU institutions.

2026 Survey Sample Details

Sectors	Austria	Bulgaria	Croatia	Czech Republic	France	Germany	Hungary	Italy	Portugal	Slovenia	Spain	Total
Construction	17	18	18	13	18	17	14	15	15	18	14	177
Industry	17	30	28	31	18	19	23	28	28	30	20	272
Services	43	34	34	34	41	41	38	37	33	34	42	411
Trade	23	18	20	22	23	23	25	20	24	18	24	240
Total	100	100	100	100	100	100	100	100	100	100	100	1100

Dimension	Austria	Bulgaria	Croatia	Czech Republic	France	Germany	Hungary	Italy	Portugal	Slovenia	Spain	Total
10 – 19 Employees	52	55	58	49	54	55	58	46	56	55	55	593
20 – 49 Employees	33	29	29	32	34	30	29	31	31	29	32	339
50 – 249 Employees	15	16	13	19	12	15	13	23	13	16	13	168
Total	100	100	100	100	100	100	100	100	100	100	100	1100

BIBLIOGRAPHY

European Central Bank & EIOPA (2023), Policy options to reduce the climate insurance protection gap.

https://www.ecb.europa.eu/pub/pdf/other/ecb.policyoptions_EIOPA~c0adae58b7.en.pdf

European Central Bank & EIOPA (2024), Towards a European system for natural catastrophe risk management

https://www.ecb.europa.eu/pub/pdf/other/ecb.climateinsuranceprotectiongap_EIOPA202412~6403e0de2b.en.pdf

European Commission (2019), The European Green Deal, COM(2019) 640 final, 11 December.

https://eur-lex.europa.eu/resource.html?uri=cellar:b828d165-1c22-11ea-8c1f-01aa75ed71a1.0002.02/DOC_1&format=PDF

European Commission (2020), SMEs, start-ups, scale-ups and entrepreneurship Flash Eurobarometer 486.

https://data.europa.eu/euodp/en/data/dataset/S2244_486_ENG

European Commission (2021), Commission Staff Working document, For a resilient, innovative, sustainable and digital energy-intensive industries ecosystem: Scenarios for a transition pathway, Brussels, 27.9.2021 SWD(2021) 277 final.

<https://ec.europa.eu/docsroom/documents/47059/attachments/1/translations/en/renditions/native>

European Commission (2021), EU Taxonomy, Corporate Sustainability Reporting, Sustainability Preferences and Fiduciary Duties: Directing finance towards the European Green Deal, COM(2021) 188, 21 April.

<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52021DC0188&from=EN>

European Commission (2021), Fit for 55: delivering the EU's 2030 Climate Target on the way to climate neutrality COM(2021) 550 final, 14 July.

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021DC0550>

European Commission (2021), The European economic and financial system: fostering openness, strength and resilience COM/2021/32 final.

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021DC0032>

European Commission (2021), Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery COM(2021) 350 final, 5 May.

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021DC0350&qid=1642320720191>

European Commission (2022), Flash Eurobarometer 498 SMEs, green markets and resource efficiency.

<https://europa.eu/eurobarometer/surveys/detail/2287>

European Commission (2025), A Competitiveness Compass for the EU, Brussels, 29.1.2025 COM(2025) 30 final.

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52025DC0030>

European Commission (2025), Commission Recommendation C(2025) 4984 final of 30 July 2025 on a voluntary sustainability reporting standard for micro, small, and medium-sized enterprises (VSME), 30 July 2025.

https://finance.ec.europa.eu/publications/commission-presents-voluntary-sustainability-reporting-standard-ease-burden-smes_en

European Commission (2025), Proposal for a Directive of the European Parliament and of The Council Amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain Corporate Sustainability Reporting and Due Diligence Requirements Brussels, 26.2.2025 COM(2025) 81 final 2025/0045 (COD).

https://commission.europa.eu/document/download/892fa84e-d027-439b-8527-72669cc42844_en?filename=COM_2025_81_EN.pdf

European Commission (2025), The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation, Brussels, 26.2.2025 COM(2025) 85 final.

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52025DC0085>

European Parliament and Council of the European Union (2014), Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0095>

European Parliament and Council of the European Union (2019), Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32019R2088>

European Parliament and Council of the European Union (2021), Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law'), 30 June.

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R1119>

European Parliament and Council of the European Union (2022),

Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting.

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32022L2464>

European Parliament and Council of the European Union (2026), Directive (EU) 2026/470 of the European Parliament and of the Council of 24 February 2026 amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting requirements and certain corporate sustainability due diligence requirements, Official Journal of the European Union, 26 February 2026.

<https://eur-lex.europa.eu/eli/dir/2026/470/oj>

SDA Bocconi Sustainability Lab (2021), Fostering sustainability in Small and Medium-Sized Enterprises Generali SME EnterPRIZE White Paper.

<https://www.sme-enterprize.com/white-paper>

SDA Bocconi Sustainability Lab (2022), Fostering sustainability in Small and Medium-Sized Enterprises Generali SME EnterPRIZE White Paper – 2nd edition.

<https://www.sme-enterprize.com/white-paper>

SDA Bocconi Sustainability Lab (2023), Fostering sustainability in Small and Medium-Sized Enterprises Generali SME EnterPRIZE White Paper – 3rd edition

<https://www.sme-enterprize.com/white-paper>

SDA Bocconi Sustainability Lab (2024), Fostering sustainability in Small and Medium-Sized Enterprises Generali SME EnterPRIZE White Paper – 4th edition.

<https://www.sme-enterprize.com/white-paper>

UNDP (2024), Building MSME Resilience in Southeast Asia.

<https://www.sme-enterprize.com/SME-enterPRIZE-asia>



PROJECT TEAM

Francesco Perrini

SDA Bocconi School of Management

Manlio De Silvio

SDA Bocconi School of Management

Stefano Pogutz

SDA Bocconi School of Management

DISCOVER MORE



SDA Bocconi
SCHOOL OF MANAGEMENT
SUSTAINABILITY LAB

powered
by



www.general.com
www.sme-enterprize.com