# ESG in Practice: How to Integrate Sustainable Strategies into Your Business

## Where to Find ESG Principles in Daily Business Operations

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With the amendment to the Accounting Act effective from June 1, 2024, EU Directive 2022/2464 introduces new obligations for companies regarding the disclosure of sustainability information, known as ESG—Environmental, Social, and Governance. A key requirement is for businesses **to include individual sustainability disclosures as part of their annual reports in the form of a “Sustainability Report.”**

Starting in 2024, certain companies, including commercial banks, insurance companies (excluding health insurance), and EU-regulated securities issuers; those with over 500 employees, assets exceeding 25 million euros, or a turnover above 50 million euros, are required to prepare these reports.

### Expanding Scope of ESG Obligations

Over the next few years, ESG and sustainability reporting will extend to almost every business. Each entity covered by these obligations must consider its own sustainability performance as well as that of its suppliers, as larger companies will likely pressure smaller partners to provide their own sustainability reports and demonstrate credible ESG scores. Meeting ESG criteria will become a significant factor in business selection processes, making it unfeasible to work with companies that overlook or ignore ESG compliance.

At the stage when major part of business community is not aware of their soon-to-be ESG requirements, early preparation is beneficial and promising. Early adoption can provide a competitive advantage, attracting new customers and partners who prioritize sustainability and are seeking for cooperation which can enhance their ESG scoring.

### Key Elements of a Sustainability Report and How to Implement ESG

A Sustainability Report should be a distinct section of the annual report, detailing the environmental, social, and governance (ESG) factors impacting your business, including impacts across the value chain and supply relationships.

### Environmental Impacts (E):

Consider the broader effects of your business on the environment. This covers how your business activities affect the environment, not only from direct production but across all operations and indirectly. Even non-manufacturing companies can have a notable environmental footprint.

Consider the energy efficiency of your building—does it use rainwater, green roofs, solar power, heat recovery, or heat pumps? Is waste sorted properly in your office? What types of cleaning products are used by your cleaning service? How efficiently are your spaces utilized, and is air conditioning optimized? And what about your fleet—what’s your overall carbon footprint? For companies that might assume they have minimal environmental impact, there are numerous areas to explore and opportunities to improve your ESG score. Even small changes can improve your ESG score with minimal costs and immediate impact.

### Social Factors (S):

This encompasses care for employees and their working conditions and wellbeing as well as the impact on neighboring communities. Start by reviewing employee benefits schemes, partnerships with nonprofit organizations, and volunteer activities. Start documenting all relevant activities separately and brainstorm additional initiatives that align with your business values and could support sustainable growth. Look for ideas that make sense for your business and can enhance your ESG profile, foster a positive workplace culture, and greatly support you core business achievements.

### Governance (G):

Naturally the most understandable topic for larger corporation, where a corporate environment requires various internal policies, ethical codes, transparency, four-eye principles, and other control or audit mechanisms. Additionally, it involves crisis management, risk management, Know Your Customer (KYC) procedures, anti-money laundering (AML) protocols, whistleblowing mechanisms, and compliance audits. While governance may sound complex, even small firms can establish simple policies that reflect their values and ethical commitment. Governance measures in such cases include internal guidelines on risky topics and operations, ethical codes, and transparency aspects. For small and medium-sized businesses, we offer specialized training with Czech sustainability association - [Asociace udržitelného podnikání](https://www.asociaceup.cz/) on December 3, 2024, to guide them on adopting governance practices that meet long-term sustainability goals. Learn more here.

**Reporting According to European Standards**

All ESG aspects must adhere to European legislative standards. **The ESRS (European Sustainability Reporting Standards)** cover environmental, social, and governance areas across 12 thematic topics. When the Sustainability Report is independently audited, the auditor ensures alignment with these standards, which include precise metrics for transparency and comparability.

**RUŽIČKA AND PARTNERS Law Firm offers comprehensive professional support in the field of ESG through a multidisciplinary team led by Nada Roštek.**

**Naďa Roštek**  
Partner / Attorney

Naďa Roštek is the leading partner of RUŽIČKA AND PARTNERS' competition law, compliance and ESG practise. In addition to her work in Slovakia, she is also active in this area in the Czech Republic within the CCS Legal & Tax partner office. The latter is a member of the Association of Sustainable Business, where Naďa actively engages. Together with a multidisciplinary ESG team, she is involved in the development of corporate ESG strategies and ESG implementation projects in both jurisdictions. These activities serve as a key tool to increase value and build credibility for companies in the eyes of consumers and business partners. Thanks to her presence in both the Czech Republic and Slovakia, she is able to create unique solutions that take advantage of both markets. This enables more effective implementation of ESG strategies for clients in both countries.