

























## **Learning Outcomes**

#### **Decision Makers should:**

- Comprehend the current environmental policies and the importance of mitigating the environmental pressures.
- Acknowledge which policies might be effective for their firm.
- Learn how to implement these policies and activities into their firm.







# The European Green Deal and the Role of SMEs

### Principal outcomes of the European Union (EU) Green Deal:

- To reach zero net emissions of greenhouse gases by the year 2050.
- To produce an economy where its success is independent from resource use and maintain equal accessibility and inclusion for all individuals.
- To achieve the protection, conservation and enhancement of the EU's natural capital.







# 1. The EU Green Deal

## 1.1 A roadmap towards a climate-neutral Europe

### Objectives of the roadmap:

- To reach a carbon-neutral EU by decreasing greenhouse gases emissions (GHG).
- To reach a reduction of at least 55% by 2050.
- To implement policies via investments and financing tools for a sustainable future.





1.1 Elements of the Roadmap







## 1.2 The Farm to Fork Strategy

## Five main objectives:

- 1. To **reduce** the use and **risk** of chemical **pesticides** by 50%.
- 2. To reduce nutrient losses by at least 50%.
- 3. To reduce the use of fertilizers by at least 20%.
- 4. To reduce sales of antibiotics for farm animals by 50%.
- 5. To incorporate 25% of agricultural land is to transition to organic production.







# 1.2 The Farm to Fork Strategy

# **Activity**:

Find two companies in your country that implement the

Farm To Fork Strategy.







# 1.3 What is the Circular Economy?

Watch this video for more information:

From 0:00 - 0:48

https://www.youtube.com/watch?v=IK00v tzkCl&t=39s





### The main objectives of the Circular Economy Action Plan (CEAP):

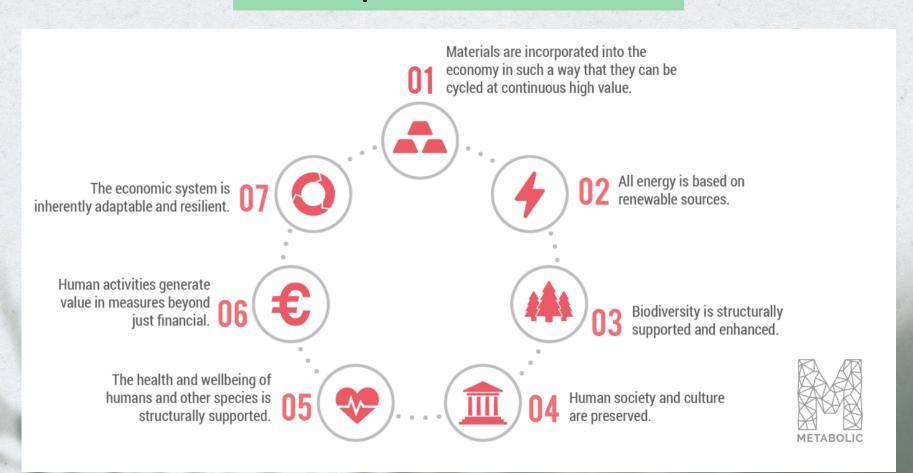
- Make sustainable products the norm in the EU;
- Empower consumers and public buyers in the EU;
- Focus on the sectors that use the most resources i.e. packaging, plastics and textiles;
- Ensure less waste;
- Make circularity work for people, regions and cities;
- Lead global efforts on a circular economy.







## Seven pillars of the CEAP







in different sectors based on CEAP:

### **ELECTRONICS** and ICT



**Electrical and electronic equipment** is one of the fastest growing waste streams in the EU.

Two in three Europeans would use their digital devices for longer provided performance is not significantly affected.



Products placed on EU market will be designed to **last longer**, **to be easier to repair**, **recycle and reuse**.

as-a-service: companies will keep the ownership and responsibility for the product throughout its lifecycle. **Eco-design** will apply to a broader range of products.





in different sectors based on CEAP:



**Driving new business models** will boost sorting, reuse and recycling of textiles, ensure circularity in the sector and allow consumers to choose sustainable textiles.



#### FOOD and PACKAGING



are recycled into new textiles.

In 2017 packaging waste reached in Europe a record of **173 kg per inhabitant**.





New legislative initiative on reuse to **substitute single-use packaging**, tableware and cutlery by reusable products in food services, as well as targets for reducing packaging waste will be proposed.





in different sectors based on CEAP:

#### **PLASTICS**



Consumption of plastics is expected to double in the coming 20 years.

By 2050, plastics could account for 20% of oil consumption, 15% of greenhouse gas emissions, and there could be more plastics



**Single-use products** will be **phased out** wherever possible and replaced by durable products for multiple use.

**Acting on microplastics** - restricting intentionally added microplastics, increasing the capture of microplastics at all relevant stages of the product lifecycle.

#### WASTE





Measures will be introduced for **waste prevention and reduction**, increasing
recycled content, minimising waste exports outside
EU.







## Activity: Discuss the following questions:

- Which components of your Business contain elements of linear economy and which of circular?
- What type and estimated quantity of waste does my business produce? How can my SME reuse the generated waste?
- In which areas can technology be implemented in order to save resources?
- How can my SME advertise and reach potential customers generating less pollution?
- Can my SME introduce renewable energy sources to its production? (Example: solar panels)





## Benefits of the CEAP

- Reduces the use of non-renewable resources.
- Regenerates natural systems.
- Combats climate change.
- Improves access to nutritious food.
- Aims for zero waste.
- Opens new business opportunities.
- Supports local communities.









# 2. The Environmental Impact Assessment Strategy

- It includes specialized assessment procedures and several stages, that are applied depending on the type of the project.
- The EIA directive explained that the term 'project' includes any construction operation that intervenes nature's surroundings and landscape e.g., extraction of mineral resources.





## 2.1 The Environmental Impact Assessment Strategy

There are two types of 'projects' that require mandatory EIA:

- 1. The project that exert a significant impact on the environment, either because of:
  - Their **nature** (e.g., crude oil refineries);
  - Their size (e.g., airports with a basic runway length of 2100 meters and more).
- 2. The programs that do not reach the thresholds established in the first type by their nature or they do not carry an equal level of environmental detriment to be evaluated by a mandatory EIA.







# 2.1 The Environmental Impact Assessment Strategy

## **Brainstorming Activity:**

What more examples of projects can you think that are

impactful in their *nature* and *size*?







# 3. The Strategic Environmental Assessment Strategy

- Objective: To provide qualitative protection of the environment and to promote environmental consideration.
- The projects that are submitted for a mandatory SEA are the programs prepared for agriculture, forestry, energy, water consumption, waste etc.
- Decisions require the involvement of the public to strengthen the quality and objectivity of these settlements.







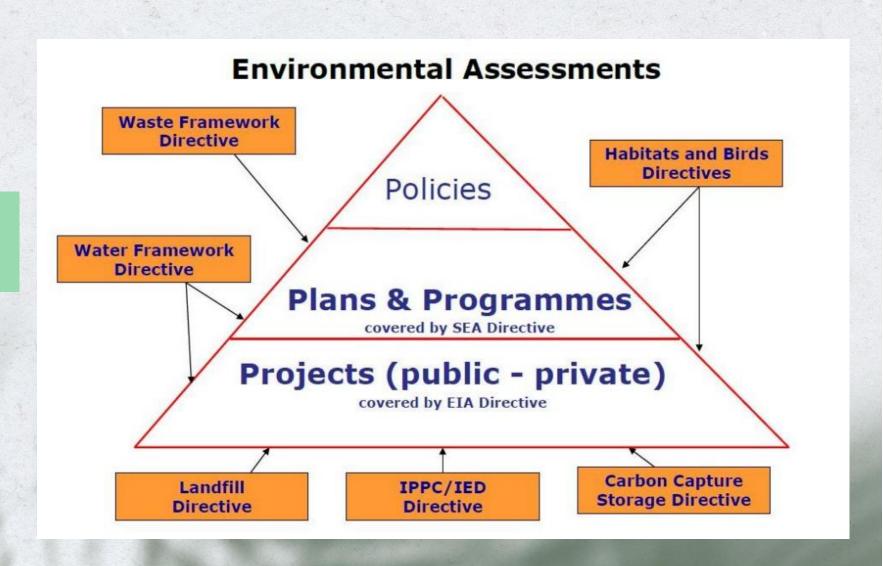
## 3.1 The Strategic Environmental Assessment Strategy

- Regulations that aim to preserve this capital and ensure the viability for future generations, such as the:
  - Water Framework Directive: focused on fresh water.
  - Marine Strategy Framework Directive: specializes for the seas.
  - Air Quality Directive: ensures that the air remains clean from harmful substances.
  - Habitats and Birds Directive: addresses the importance of wildlife and the environment it requires for survival.





Summary of the EIA and SEA Strategies













# The Small Business Act (SBA)

### **Objectives:**

- To improve the approach and perception of entrepreneurship in the EU.
- To simplify of complex regulations and the removal of barriers for SMEs.
- To implement the 'Think Small First' strategy that includes 10 principles to strengthen the quality of your SME.
- To increase access to **procurement processes** and **encourage women** to develop their own businesses.
- To offer guidance as to how each Member state can incorporate these principles.









### 10 principles of the Small Business Act

- 1. Entrepreneurial learning and women entrepreneurship
- 2. Bankruptcy and second chance
- 3. Regulatory Framework for SME policy making
- 4. Operational Environment
- 5. SME Support Services and Public Procurement
- 6. Access to Finance for SMEs
- 7. Standards and technical regulations
- 8. Enterprise skills and Innovation
- 9. SMEs in a Green Economy
- 10. Internationalisation of SMEs





## The SME Performance Review

#### What is the SME Performance Review?

- A tool used by the EC to monitor the country's progress when implement SME strategies e.g., SBA.
- Provides information on the performance of SMEs in the Member States and other partner countries.

#### Includes two sections:

- the Annual Report on European SMEs;
- The SME country fact sheets.





## The SME Performance Review

### Example of a Fact sheet



#### **2021 SME COUNTRY FACT SHEET**

#### **EUROPEAN UNION**

#### **Brief introduction**

- The global Covid-19 pandemic, combined with the measures taken in response to it, significantly affected small and medium-sized enterprises (SMEs) in the European Union. Two of the most affected sectors were accommodation and food services, in which SME value added dropped by 37.8% and SME employment by 11.1%, and transportation and storage, which experienced decreases of 16.1% and 0.7%, respectively.
- For 2021, SME value added is forecast to rise by 5.8%, while a smaller increase of 0.6% is expected for SME employment. Overall, both SME value added and SME employment are predicted to remain below their 2019 levels, by 2.3% and 1.2%, respectively.
- SMEs play an important role in the 'non-financial business economy' of the EU-27. Average SME productivity, calculated as value added per person employed, was approximately EUR 40 000 and the average number of employees was 3.7.

#### SME DEVELOPMENT 2019-2020







	ENTERPRISES		PERSONS EMPLOYED		VALUE ADDED	
	NUMBER	SHARE	NUMBER	SHARE	€ BILLION	SHARE
SMEs (0 -249 persons employed)	22 526 457	99.8%	83 397 941	65.2%	3 338	53.0%
LARGE ENTERPRISES	40 843	0.2%	44 591 655	34.8%	2 957	47.0%

The data for 2020 are estimates produced by DIW Econ, based on 2008-2018 figures from national and Eurostat database

#### SME-RELATED STRENGTHS AND CHALLENGES

#### **KEY STRENGTHS**

- Indicators related to 'ease of starting a business' have substantially improved for most EU Member States. However, various types of regulatory and administrative burden still pose a
- Access to finance at EU level has progressed in several indicators over the last decade, especially in terms of public sources of finance and traditional bank lending. However, SMEs believe that the economic outlook marked by Covid-19 has negatively affected their access to finance. Still, only 10% of SMEs report access to finance as one of their main concerns, according to the 2020 SAFE survey.
- Overall substantial progress has been made in key entrepreneurship indicators since 2018/2019, as well as over the last decade. Total early-stage entrepreneurial activity has reached the highest rate recorded. More Europeans than ever intend to start a business in the next 3 years, according to 2019 data, consolidating the significant growth observed in 2018.

#### **KEY CHALLENGES**

- EU SMEs have stalled as regards their progress in the green transition. As reported in a 2020 Eurobarometer survey, 3 out of 10 SMEs stated that they are/were 'developing sustainable products and services' - roughly the same proportion of SMEs that indicated they were offering green products or services in 2015. Around a third of EU Member States do not have support measures in place to help SMEs comply with environmental and energy regulations and green public procurement is still not yet widely adopted.
- Skills, training, innovation and digitalisation remain key challenges for EU SMEs. At least one challenge related to skills, innovation and digitalisation was identified for 3 out of 4 EU Member States. The lack of adequate access to technical skills or highly skilled workers is a commonly identified challenge. The share of people employed who have ICT specialist skills has declined since 2015 and the share of SMEs providing ICT skills training to their employees has not sufficiently improved.

#### OTHER KEY SME-RELATED BRIEF INSIGHTS



COVID-19 CRISIS

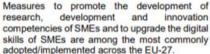
DIGITALISATION

OF SMES

All EU Member States took measures aimed at softening the impact of the Covid-19 pandemic and the imposed restrictions on business. Most measures have been aimed at maintaining employment and helping SMEs address liquidity needs and get access to finance.



Support for entrepreneurship makes up a large share of all policy measures adopted/ implemented by EU Member States since 2011. There was a noticeable uptick in policy efforts during 2020 to help businesses with temporary solvency problems avoid bankruptcy.





REGULATORY BURDEN

The 'once only principle' is still not applied in most EU Member States due to the insufficient connection between various public administration databases. In terms of implementing the 'think small first' principle, all EU Member States now consult and consider the views of SME stakeholders on new legislative proposals. Regulatory impact assessments and the 'SME test' are now widely used and applied.

Measures to improve SME access to finance represent 1 out of 5 of all SME-related measures adopted since 2011. Public loan guarantee schemes for SMEs, as well as publicly-financed SME/start-up grants, are available in all EU Member States. Alternative equity and debt financing are also present in most EU Member States.



The SME Performance Review monitors SME-related developments across the EU. For more information, please see: https://ec.europa.eu/growth/smes/sme-strategy/performance-review\_en

ACCESS TO FINANCE





## The SME Performance Review

## **Activity:**

- Check your country's factsheet and compare the results with the other EU countries. What are your conclusions?
- What other SME-related strengths and challenges can you think of?



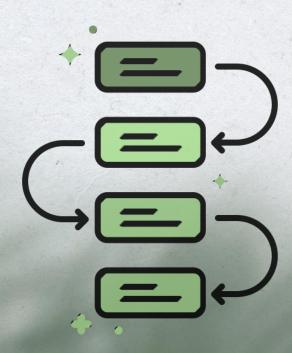


## The Green Action Plan

■ The GAP was developed to **help SMEs** exploit the **opportunities** provided by the transition of the **green economy**.

## It involves **five** principal strategies:

- Green SMEs for more competitiveness and sustainability;
- Green entrepreneurship for the companies of the future;
- Opportunities for SMEs in a greener value chain;
- Access to the markets for green SMEs;
- Governance.







# 1. Greening SMEs for more competitiveness and sustainability

- Improved resource efficiency by reducing production costs but increasing gains.
- Improved utilization of resources.
- Improved savings due to efficient allocation of resources.
- Provision of adequate information and support to SMEs.
- Access to finance and advanced technology.







# 2. Green entrepreneurship for the companies of the future

- Incorporation of efficient solutions that aim to impede environmental damage.
- Exploitation of opportunities for being introduced into the environmental goods and services market.
- Offering a business environment, in which green ideas can be adopted into the market such as:
  - Eco-innovative clusters and promotion of business partnering;
  - Exchange of knowledge and skills.







# 3. Opportunities for SMEs in a greener value chain

How can SMEs become green in a circular economy?



Watch this video for more information:

https://www.youtube.com/watch?v=V1Tszs48xCl







# 3. Opportunities for SMEs in a greener value chain



- Introduction to the Circular economy: converting waste materials into resources.
- Activities: manufacturing, repair, maintenance, recycling and eco-design.
- Maintenance of the key principle of addressing existing environmental challenges.
- Promote the reuse of materials or waste and advocate cross-sectoral cooperation.





## 4. Access to the markets for green SMEs

- Almost 9/10 SMEs are able to sell products and services in national markets only.
- Highlights the need for additional supportive framework for the European SMEs to be fully integrated into universal value chains.

### Other GAP activities:

- Furthering SMEs to a greener internal market;
- Facilitate the utilization of green technology in Member States;
- Promote access to transnational markets.







# 5. Governance



- The GAP has received global support by EU Member State Administrations (e.g., consultations, assistance with SME representatives and other business institutions).
- Teaches SMEs to monitor and update the actions that support them.
- It provides coordination and offers exchange of knowledge and best practices at a European, national and regional level.











# National Policies for SME Management



# **Activity**:

Search for other policies for SME management in your country.





# 1. The Green Employment Initiative

Watch this video for more information:

https://www.youtube.com/watch?v=ZWVqmm7jvRo&t=1s







### Other Policies for Environmental Sustainability

### 1. The Green Employment Initiative

**Objective**: To upgrade the International Labour Organization's (ILO) knowledge and their policy response.

#### Three crucial aspects:

- 1. Advance research and comprehension of the difficulties and opportunities for the world of work arising from a green transition;
- 2. Forge policy responses in all occupational sectors to ensure decent work and social justice for all;
- 3. Develop strategic partnerships at national, regional and international levels.





# 2. The Eco-Innovation Action Plan

Main objective of the EcoAP: To support firms and consumers to reduce negative impact on the environment with a positive impact on the economy and society.

#### Other Objectives:

- Incorporate eco-innovation in environmental and industrial policies;
- Secure appropriate funding for market replication and demonstration projects;
- Distinguish the fields where standards and performance targets could have the biggest impact;
- Support SMEs from the public sector and financial intermediaries;
- Promote sustainable consumption and production;
- Secure that the labour force is equipped with the appropriate skills;
- Integrate public and private sectors to promote advanced innovations.





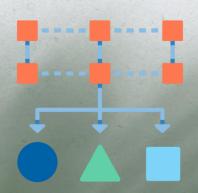
### 3. The Taxonomy Regulation

#### What is the Taxonomy Regulation Strategy?

A classification system i.e., taxonomy, that offers to various businesses a "glossary" that explains which **economic activities** are identified as "**environmentally sustainable**".

#### The principal objectives:

- To facilitate investment in environmentally sustainable economic activities;
- To help economic operators attract investment from abroad more easily.







# 3. The Taxonomy Regulation

The EU Taxonomy encompasses a standard set of definitions for sustainable activities centered around six environmental objectives:

The Six Environmental

Objectives







# 3. The Taxonomy Regulation

# **Activity**:

- Think about some environmentally sustainable activities that your firm could implement.
- To which *objective* from the Taxonomy Regulation Strategy does that activity belong?





### 4. Environmental Action Programs

### Principal Objectives of the 8<sup>th</sup> Environmental Action Program:

- To achieve the 2030 GHG emission reduction target and neutrality by 2050;
- To promote adaptive capacity, strengthen resilience and reduce vulnerability to climate change;
- To decouple economic growth from resource use and environmental degradation;
- To pursue a zero-pollution target, including for air, water and soil;
- To protect and **preserve biodiversity**, and amplifying natural capital (i.e., air, water, soil, etc.);
- To alleviate environmental and climate pressures for production and consumption (i.e. in the areas of energy, industrial development etc.)





### 5. Horizontal Strategies

### 5.1 The Sustainable Development Strategy (SDS)

■ The EC released a reflection paper sustainable development goals (SDGs) entitled "Towards a Sustainable Europe by 2030".

#### Three scenarios to be included:

- An overarching EU SDGs strategy to guide all actions by the EU and Member States;
- Continued implementation of the SDGs in all relevant EU policies by the Commission, but not enforcing Member States' action;
- Allocating enhanced focus on external action while consolidating current sustainability ambition at EU level.





# The Sustainable Development Goals (SDGs)



Watch this video for more information:

https://www.youtube.com/watch?v=M-iJM02m Hg •••





# 5. Horizontal Strategies

### 5.2 The Biodiversity Strategy

- The European Parliament authorized this strategy for 2030 to build our societies' resilience for future threats such as;
  - The impacts of climate change;
  - Forest fires;
  - Food insecurity;
  - Disease outbreaks including by protecting wildlife and fighting Illegal wildlife trade.













#### Green growth is an urgent movement that must be implemented to:

- Improve air and water quality;
- Eliminate pollution and waste;
- Maintain biodiversity;
- Prevent resource depletion;
- Improve the health and well-being of the population;
- Strengthen energy security by reducing dependence on imported fossil fuels.







The EC provided the **Environmental Compliance Assistance Program** to help SMEs improve their environmental performances.

#### It aims to:

- Minimize the administrative burden on companies;
- Help SMEs integrate environmental concerns into their businesses;
- Support regional and national networks;
- Build up local know-how;
- Improve communication;
- Provide funding.







# **Brainstorming Activity:**

Write down three words that come to mind when

hearing the phrase 'Corporate Social Responsibility'.







### **Corporate Social Responsibility**

#### What is Corporate Social Responsibility (CSR)?

- A management technique whereby firms integrate their social and environmental concerns in their firms' operations and interactions with their stakeholders.
- Promotes the balance of economic, environmental and social imperatives i.e. *Triple-Bottom-Line Approach* (TBL).
  - The TBL approach is used as a **framework** for **estimating** and **reporting** corporate **performance** against economic, social and environmental performance.





Watch this video for more information:

https://www.youtube.com/watch?v=Zc102xiah1M







### Example of companies with CSR:

- New Belgium Brewing Company produces its electricity through solar panels and wastewater and aims to have all its beer carbon neutral by 2030.
- Levi Strauss minimized the amount of water used in production of their jeans and provides tips as to how to preserve the clothing and where to donate them.
- **LEGO** aim to be carbon neutral by 2022 and ensure all packaging are sustainable by 2025. Also, they will remove single use plastic bags and install solar panels on all factories.





To achieve **sustainability**, **reduce environmental impact** and secure **profits** an SME must adhere to the following activities:

- Environmental management;
- Eco-efficiency;
- Responsible sourcing;
- Stakeholder engagement;
- Labour standards and working conditions;

- Employee and community relations;
- Social equity, gender balance and human rights;
- Good governance;
- Anti-corruption measures.







# Activity:

Think about how you would like to include CSR activities in your company and write down three examples.











# Possible Financial Outcomes for Greening SMEs

### Advantages of becoming a green SME:

- 1. Cost savings;
- 2. Ensuring legislative compliance and anticipating future legislation;
- 3. Reduced environmental risk;
- 4. Meeting supply chain requirements;
- 5. Improved relations with regulators;
- 6. Improved public image and increased market opportunities;
- 7. Employee enthusiasm.







# 1. Cost savings

 Many SMEs fear that implementing green strategies and improving their environmental performance will affect their profits.

This is called "Fear of Conflict" between their wish to protect the environment but eliminate their costs.

However – recent evidence presented that turning green actually their costs





### 1. Cost savings

#### Case Study:

- Skippingdale Paper Products Ltd was responsible for the production of disposable nappies.
- They managed to use more of their raw material in their product and minimize the waste;
  - both raw material & waste disposal costs.
- The nappy pads used to be cut with high pressure water jets (used large quantities of water & dragged pulp fibres from the pad).





### 1. Cost savings

#### Case Study:

- The resultant water and fibre slurry was sent to landfill.
- By switching to moulding, the company no longer needed the water jets.
- Slurry, which used to amount to 5 tonnes per day, is no longer produced, saving £20,000 per year in landfill costs.





# 2. Ensuring legislative compliance and anticipating future legislation



Decreased likelihood of paying for an activity (fine) that is unaligned with the EU's
regulations and increased awareness about forthcoming regulations can prevent cash flow
difficulties.

### 3. Reduced environmental risk

- Investors base their decisions on an assessment of risk, hence if the risk is high, the less likely a bank is to lend etc.
- Reducing environmental risk places a firm in a better position to obtain loans.









### 4. Meeting supply chain requirements

 Necessary to incorporate an effective environmental management strategy, to gain or maintain partnerships as a supplier with larger organizations.

### 5. Improved relations with regulators

 Adhering to environmental regulations can lead to improved relations with regulators, plausibly reducing the number of visits per year.





### 6. Improved public image and increased market opportunities



- Ensuring a positive public image will accelerate the number of market opportunities;
- An environmental outlook will strengthen customer loyalty among your existing clients and attract new ones.

### 7. Employee enthusiasm

- An environmental management strategy can generate a lot of motivation within the firm and increase the levels of productivity by the employees.
- Increase profits due to the generation of sustainable ideas by the workforce.













### What is a Green Job?

Watch this video for more information:

https://www.youtube.com/watch?v=NrNQzCjI8A4







### What qualifies as a green job?

 Green jobs can produce goods or services that help the environment – e.g., green buildings or green transportation, but do not always originate from green processes.

- Green jobs can be differentiated by their contribution to more environmentally friendly processes;
  - E.g., green jobs can help reduce water consumption or improve certain recycling methods, but the jobs that specialise in the production, do not necessarily construct environmental products.





# Where can green jobs be found?

- Traditional sectors such as manufacturing and construction;
- Emerging fields such as renewable energy and energy efficiency.



### What is their role?

- Improve energy & raw materials efficiency;
- Limit greenhouse gas emissions;
- Minimize waste and pollution;

- Protect and restore ecosystems;
- Support adaptation to the effects of climate change.





# The Importance of Green Jobs

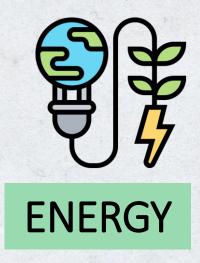
### According to the International Labour Organization (ILO):

- Lack of environmental improvement in the future will lead to a disparity in the growth in employment.
- This will be inadequate to satisfy the development in the workforce.
- However, alterations in production and use of energy to achieve the 2 °C target.
- Can lead to the development of approximately 18 million jobs.





# Booming sectors with green jobs

















# Booming sectors with green jobs





 Find one company in your country from each sector that incorporates green jobs and present it.











### **Example of companies with Green Jobs:**

- APPLE dedicated in removing harmful substances from product designs and developing safer substitutes.
- IKEA uses natural resources and cutting down on energy consumption. The packaging has always been compact to reduce the amount of cardboard used.
- Beyond Meat uses plant-based materials to produce food products that taste like meat, but have lower carbon footprint and overall environmental impact as compared to real meat products.





