



Enterprise Ireland: Promoting Enterprise & Creating Opportunity in a Transitioning Economy

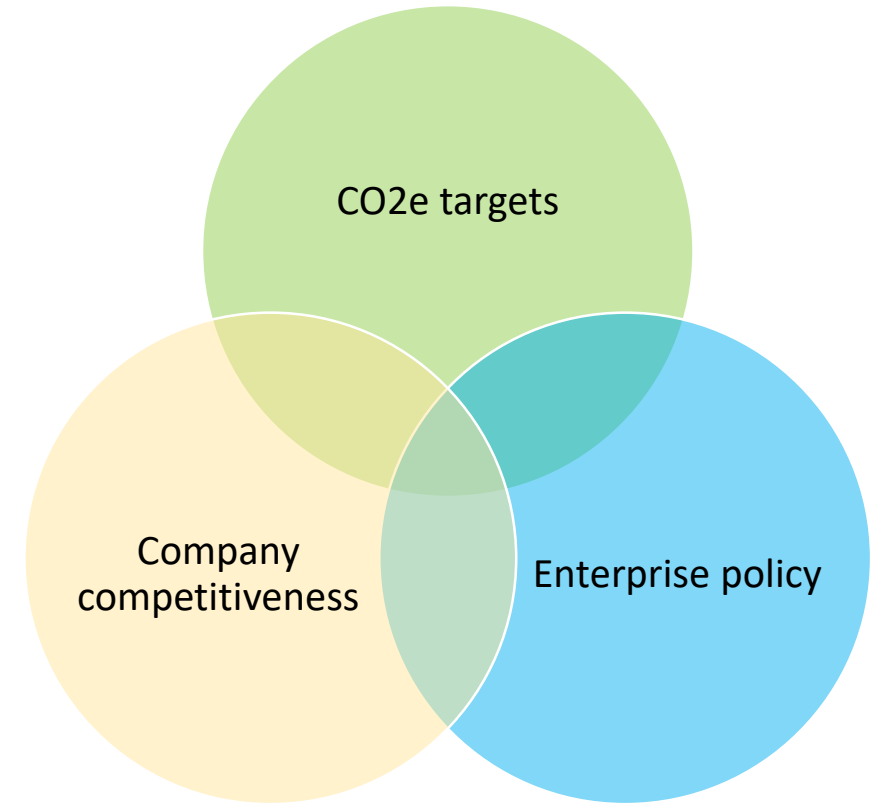
Climate Action Economic Opportunities
October 2021



Climate Change is the Biggest Disrupter

As the world aims for net zero emissions by 2050, the transition to low carbon has become a defining force for business.

For Irish companies, this means opportunities to **compete and grow** as global investment in a greener future accelerates. But it also creates the need to comply with enhanced regulations, as well as the **demands of customers** and investors for **credible sustainability impact** and reporting.



Enterprise Ireland: What We Do

Global Ambition

If you've got the ambition, we'll help you take it global.

- Help companies start, innovate & scale internationally
- Work with ~5,000 Irish owned businesses across all sectors of manufacturing & internationally traded services, through a network of market & sector advisors based in 10 national offices and 40 international offices
- Offer leadership, competitiveness, innovation, networking and financial supports to match ambition at every stage of company development
- Deliver Seed & Venture Capital Schemes to increase the availability of risk capital & support the funding requirements of early-stage innovative Irish companies
- Work with the network of 31 Local Enterprise Offices through our Centre of Excellence to support small & micro-businesses

- Enterprise Ireland client companies employ 221,000 people in Ireland (Oct. 2020) – 2/3 of jobs outside Dublin
- Exports in 2020 were €25.5bn (v €13.9bn in 2010) = performance of companies a key driver of regional prosperity
- Mixture of client companies: Large Irish PLCs, established SMEs, innovative start-ups with global focus, potential exporters
- 75% of EI client companies have turnover of <€10m
- In 2020 Local Enterprise Offices supported 7500 companies - trained over 77,000 entrepreneurs and business representatives & 16,231 individuals completed business mentoring assignments.

Policy, Regulatory & Business focus on Net Zero Emissions by 2050

The European Green Deal

#EUGreenDeal

EU importers of goods covered by the CBAM registers with national authorities where they can also buy **CBAM certificates**. Certificates are priced based on **weekly ETS allowances**.

EU importer **declares the emissions** embedded in its imports and **surrenders** the corresponding number of certificates each year.

If importers can prove that a **carbon price has already been paid** during the production of the imported goods, the corresponding amount **can be deducted**.

#EUGreenDeal

European Commission

FINAL REPORT

PROPOSALS FOR A RELEVANT AND DYNAMIC EU SUSTAINABILITY REPORTING STANDARD-SETTING

February 2021

European Reporting Lab @EFRAG

Climate Capital Climate change + Add to myFT

EU plan for world's first carbon border tax provokes trading partners

Russia sharply critical of policy of limiting climate change by imposing cost on imports linked to emissions

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

INTERIM CLIMATE ACTIONS

2021

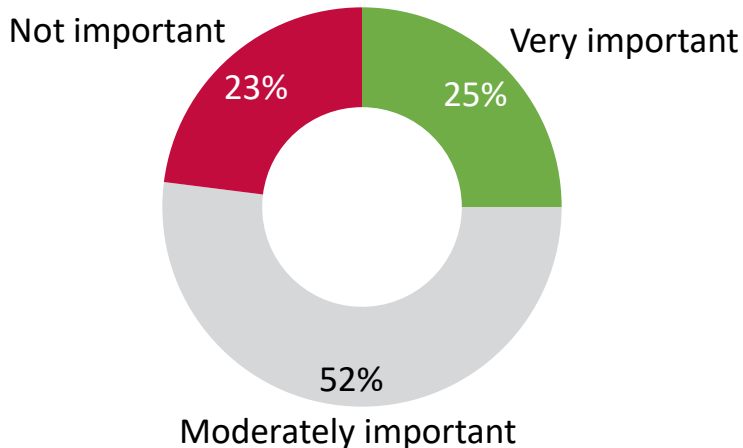
Rialtas na hÉireann Government of Ireland

- UN Climate Summit in Glasgow will define what the 180 countries signatories of Paris Agreement will need to do to get us back to 1.5 degrees
- **EU Green Deal** - policy and instruments to drive EU to 1.5 degrees target + climate action fully aligned with innovation & digitalisation priorities in EU funding streams
 - New **EU Corporate Sustainability Reporting Directive (CSRD)** proposal - from 01/01/2023, all Large EU companies must report on emissions, energy efficiency, water use, pollution & impact on biodiversity
 - **EU Carbon Border Adjustment Mechanism (CBAM)** proposal - aims to prevent shifting of demand away from products produced within EU to products produced in low/no carbon tax jurisdictions. **CBAM would impact EI clients currently importing materials such as steel, batteries, motors etc. from outside EU**
- Full 2021 Government Climate Action Plan to be launched in Autumn setting out how national targets will be achieved

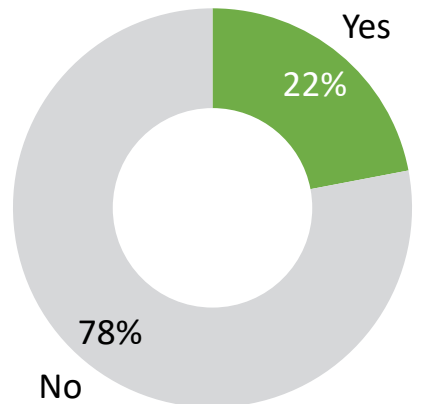
Awareness Gap for Irish enterprise is a competitiveness threat

EI client survey, April 2021 (~2500 companies):

Q: How important is having a climate action response?



Q: Have you developed a climate action response?

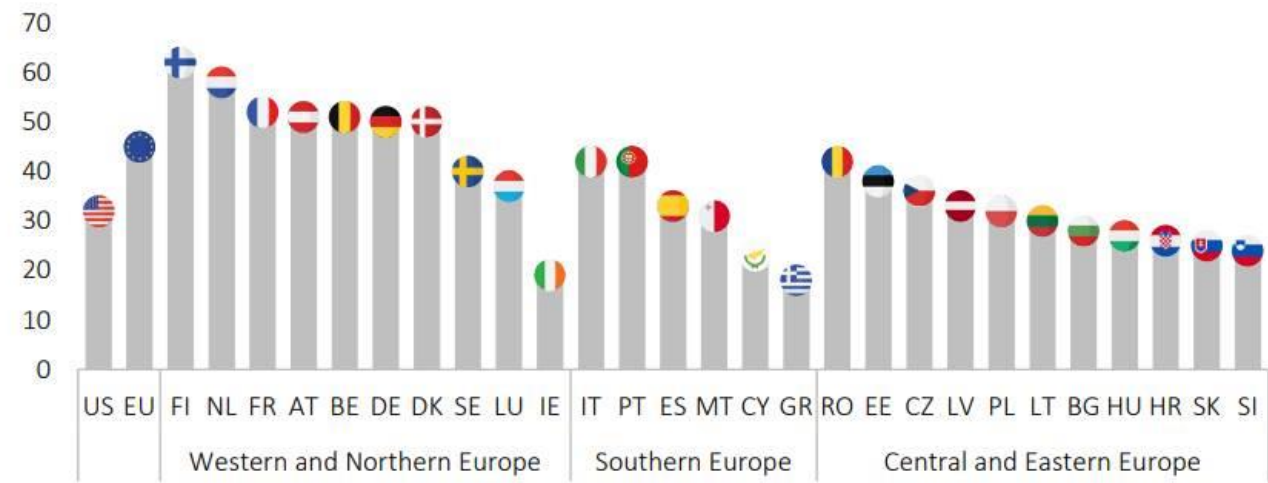


THE IRISH TIMES

Irish companies among worst for investing in climate-change measures

Firms in the Republic invested just 6% of their budgets in energy efficiency last year
 EIB study shows just 19% of Irish firms have set climate targets compared to an EU average of 41%

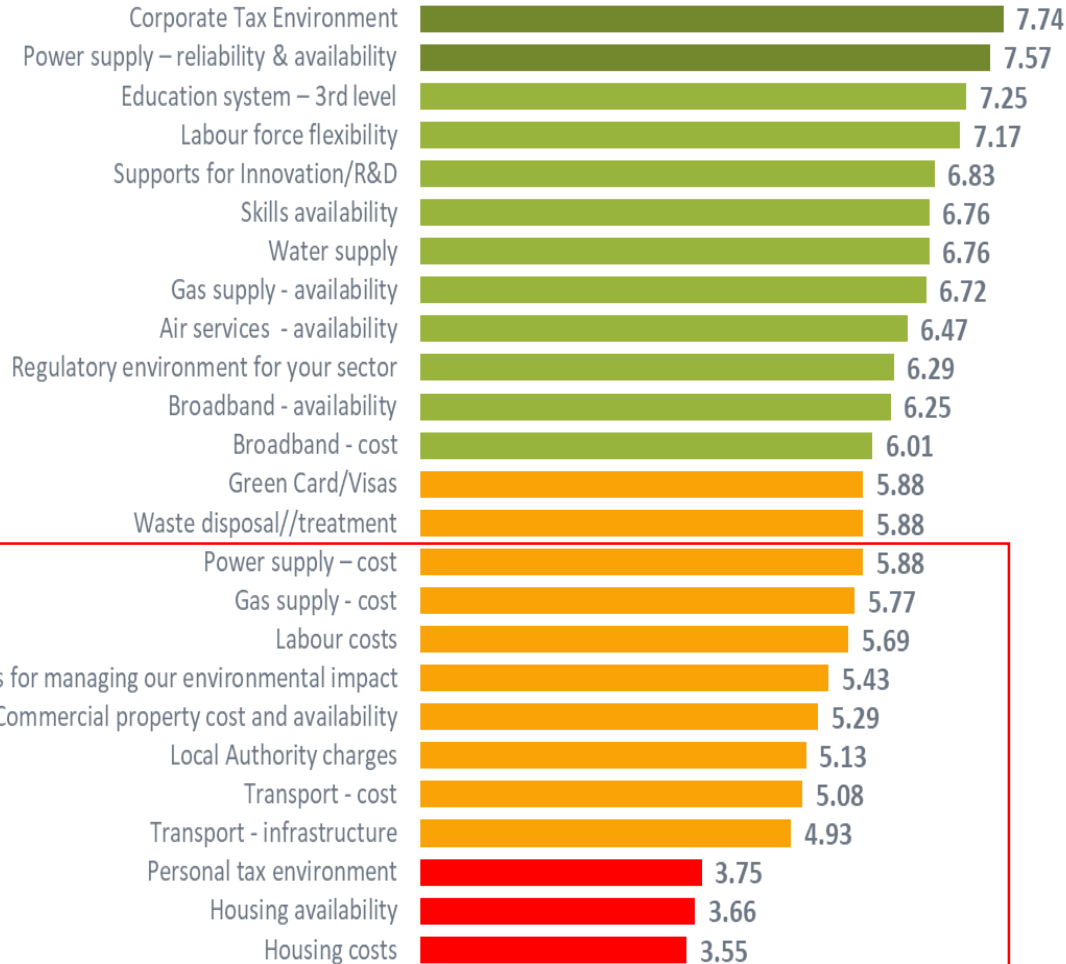
Figure 6. Share of firms investing in climate-related measures to tackle climate change risks (% of firms)



Note: The base is all firms (data not shown for those who said don't know/refused to answer).

Sustainability also key to FDI – energy & transport costs relatively weak

IDA Client Survey: Satisfaction with Operational Factors in Ireland



Key FDI requirements:

- Competitive energy costs, especially for electricity
- Security of energy supply, particularly in natural gas
- All of Government focus on rapid development of offshore wind potential incl. support mechanisms, planning, ports infrastructure etc.
- Accelerate development and roll-out of renewable gas infrastructure to support electricity decarbonisation and provide additional long-term energy security

Ireland's Value Proposition for Food FDI

- + Commitment to EU membership, young & highly educated talent pool, stable & transparent tax regime, long-standing track record as a hub for FDI
- + Strong reputation as a green and clean food producing nation reinforced by Bord Bia's Origin Green
- + International reputation as a leader in Agri-Food Research, Development and Innovation with well developed ecosystem

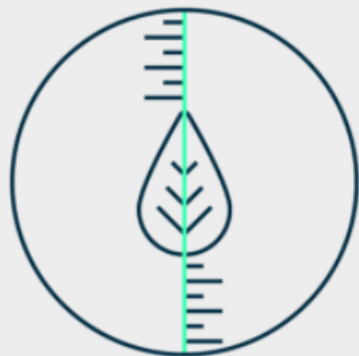
Awareness Gap – we need to communicate business benefits of acting early

Business Benefits



Win new business

Strong environmental credentials will better position your company to win public and private tenders. Make sure your company can show evidence of a plan to minimise carbon footprint and environmental impact.



Measure sustainability

Customers and investors are increasingly focused on credible sustainability reporting. Learn how to measure and enhance your company's environmental performance to give you the best chance of success in today's market.



Customer needs

Thinking about sustainability creates innovation opportunities. Address changing customer preferences and explore opportunities for higher value-added products, services and business models to drive your growth.



Drive cost savings

Resources like energy, water and materials continue to become more expensive – and carbon taxes are now impacting the bottom line for international companies. Stay competitive by learning proactive techniques to offset rising costs.

Insights

Net Zero UK

Why, When & How?

09.07.21

Net Zero UK – Why, When and How – Webinar

Insights

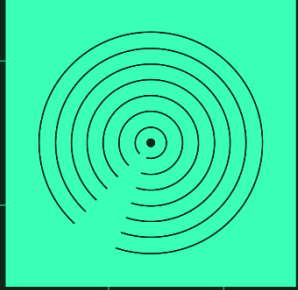
20.05.21

Wyeth Nutrition and Water – Achieving the Highest Standard in the World

15.04.21

Changing Construction – How GreenStart has Powered Passive Sills

Enterprise Ireland Funding for Companies



Climate Action Voucher

An €1,800 grant to engage consultants to identify opportunities for your business and develop plans in areas like resource efficiency, renewable energy, sustainable strategy and the circular economy.

GreenStart

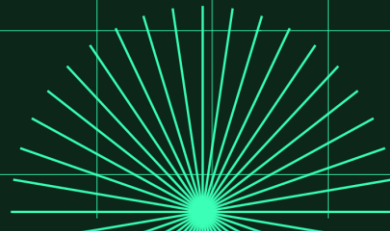
Up to €5,000 support to introduce environmental best practice systems and structures and lay a foundation for future environmental improvement projects.

GreenPlus

Grant funding for 50% of training costs to align to international standards and frameworks and to develop a comprehensive climate change and sustainability plan.

Green for Micro (LEO)

Free pilot programme open to all micro-enterprises via Local Enterprise Offices. 2 days mentoring/consulting over 6 - 12 weeks. Eligible activities incl. Resource efficiency, renewable energy, sustainable strategy and the circular economy.



Environmental credentials are core to company competitiveness

- Verifiable sustainability **credentials are becoming essential** for exporters as global supply chains decarbonise
- Looking after the planet is a business imperative, which is influencing what **products & services EI clients deliver**, how they **measure performance**, what **skills** they need and how they **market themselves** to global buyers.
- Many Irish-owned companies are at the start of their journey and **struggling to fully grasp the risks and opportunities** arising from climate change. They need significant support to prepare for this reality (both planning/training & capex)
- There will be a significant **competitiveness impact** on our exporting companies if they don't adapt quickly to new reality
- Given the scale of capital & operational expenditure to decarbonise Irish enterprise (manufacturing processes but also transport & buildings), the challenge will be to maintain viable, competitive businesses while incentivising private investment
- Industry consultation shows that **most companies desire payback period of 3-5 years for investment** and that technologies with relatively low capital costs have been adopted by many companies with significant energy demand
- Likely to see **significant need for greater capital investment in decarbonisation** across the enterprise base in future - accelerated by e.g. carbon tax, carbon budgets, more stringent regulation & shifting consumer and buyer preferences



Market Pressure: Buyers Seeking Environmental Plans Now

Companies which can market themselves based on sound environmental credentials will win with global buyers focused on their own net zero and ESG targets – which increasingly involve measurement of their suppliers’ impact.

It is starting to see plenty of examples of hard criteria being scored in tenders so it is important that Irish SMEs prepare for that.

6 ENVIROMENTAL POLICY			
6.1	Does your company have an Environmental Policy? If yes, attach	Drop Down	
6.2	Does your Environmental Policy include any written sustainability goals (e.g. waste reduction goals, greenhouse gas (GHG) reduction targets, goals for % of energy from renewable sources)?	Enter Text	
6.3	What percentage of your product(s) is (are) made from post consumer recycled material?	Enter Percent	
6.4	What % of the product can be recycled at the end of its life?	Enter Percent	
6.5	What % of the product will end up in Disney's waste stream?	Enter Percent	

Q11a	Environmental Sustainability	Max Points: 3
Question	Please demonstrate, with supporting evidence, how your organisation will maximise the reduction in its carbon footprint when converting the Base Vehicles. Bidders should also demonstrate whether they offer added value and/or continuous improvement in respect of this requirement.	

Q11b	Environmental Sustainability	Max Points: 3
Question	Please demonstrate, with supporting evidence, how you will minimise the pollution impact associated with the delivery of converted vehicles to the Authorities. Bidders should also demonstrate whether they offer added value and/or continuous improvement in respect of this requirement.	

Snapshot: Competitiveness Driving Change

*"In Europe, EPDs provide information to enable Building Life Cycle Analysis (LCA). Ensuring that the **LCA for buildings** is below limit values is now -*

- mandatory for all houses and offices over 100 m2 in the **Netherlands***
- mandatory for all large publicly funded new buildings in **Germany***
- and **France** is currently piloting a new Regulation incorporating Building LCA*

- Construction SME

*"**Waitrose** are challenging all strategic suppliers to produce a **credible plan** demonstrating a clear and measurable approach to achieving carbon neutrality.*

- Food supplier

*"... clients such as **HS2 and Highways England** are aiming for Net Zero by 2050. That demands **creativity on how we use materials, and the complexity of what construction will look like in the next decade***

*...Its also understanding that the future will find **our buyers looking to buy on greener credentials rather than just price...**"*

- Large Construction Company

*"**Multinationals such as Danone, Unilever & Nestle** are implementing long term sustainability strategies which take their **full scope emissions into consideration...** it is now obvious that suppliers like us will need to be carbon neutral in order to maintain or obtain this business."*

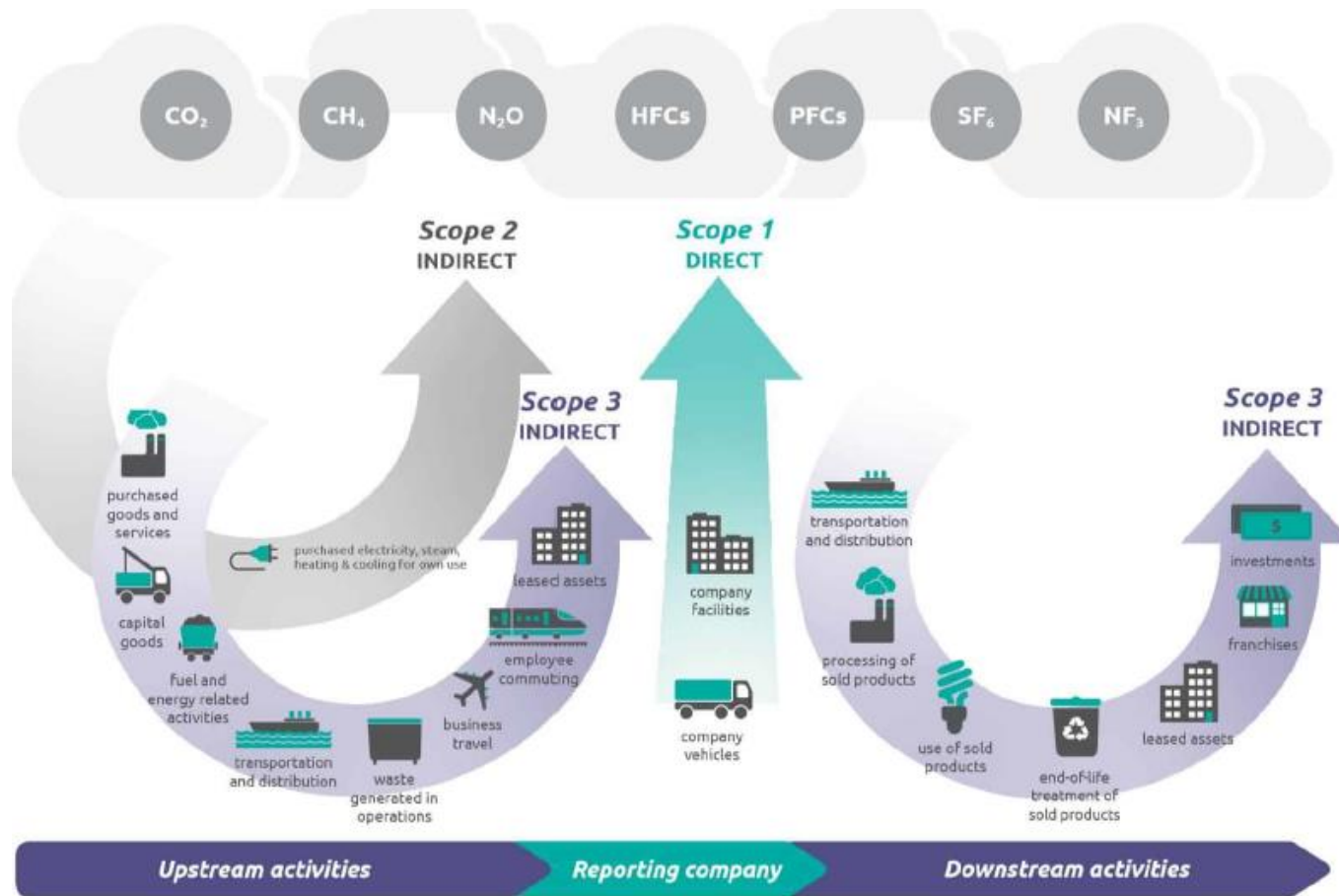
- Dairy Cooperative

"Don't think that because you are a professional services company or office-based firm that it's not for you. It is. Until you start measuring and are clear on your own carbon footprint and targets, you cannot effect meaningful change."

- Technology SME

What Does a Company Transformation Journey Look Like?

- addressing the full scope of company's emissions



Scope 1: Direct emissions e.g. fuel combustion, company vehicles
Scope 2: Indirect - purchased **electricity, heat & steam** for own use
Scope 3: Indirect other e.g. purchased goods & services, waste disposal, use of sold products, transportation & distribution, investments, employee commuting...

- **Commitment & vision** of management
- **Gather data** & set up systems to profile resource use e.g. energy, water, materials
- **Form a team** / appoint champion
- **Create action plan** across business (e.g. operations, products, packaging, waste & materials streams, travel, supply chain...)
- **Monitor & review** impact of actions
- Bring into **company strategy** = understanding customer needs & market drivers re CO₂
- **View as profit centre** – how to build competitive advantage based on credentials (e.g. EPDs to quantify footprint of products)
- **Partner** with others e.g. industry, suppliers, technology centres
- **Communicate results** & targets with transparency internally & externally (based on verification)

Where do companies need support?

- **Awareness & thought leadership** challenge – many companies need to learn about the accelerating market, regulatory and technological shifts which will impact on their competitiveness (Brexit, Covid dominate thinking)
- **Start planning** a response – many companies need hands-on support to understand the impact on their business model
- **Act now on “low hanging fruit”** i.e. energy & water efficiency - training, measurement, alignment to international standards (e.g. ISO50001) & identify upgrades with clear Return on Investment
- **Develop detailed sustainability business plans** – including costed options for long-term investments and expected return (across the business e.g. operations, R&I, supply chain, customer needs, management development)
- **Targeted and increased financial supports** to accelerate investments which can improve sustainability performance and the competitiveness of Irish enterprise
- **Collaborate with stakeholders** (e.g. suppliers, customers, researchers) to focus on commercial opportunities arising from low-carbon transition & emerging circular economy business models
- **Scope 1, 2 & 3 emissions** – SMEs will feel supply chain pressure (scope 3) & need advice on where to start and sequencing of actions they can take both short-term and long-term to meet customer needs



What does this Transition mean for Local Government?

1. Awareness & leadership:

- As leaders of local development across social, environmental, economic, enterprise and community, Local Authorities are well positioned to support companies to prepare for this reality. Areas for consideration:
 - Communicating the urgency of this transition
 - Greater emphasis on environmental criteria in procurement policy
 - Supporting new business ideas and the start-up ecosystem to nurture the next wave of low-carbon companies
 - Providing testbeds for companies to pilot new technologies e.g. for energy efficiency in homes, energy storage, water use = support companies to validate new techniques and see what can be scaled nationally or internationally
 - Helping companies to see “enforcement” issues as challenges to be solved via innovation e.g. waste by-products & opportunities for circular economy collaboration with other companies / local authorities.

2. Skills: new job opportunities will arise in areas such as offshore wind, home retrofitting, hydrogen economy but unlikely to be well matched to those jobs & activities which are challenged by emissions reduction imperative

- Will we have the skills required to transform energy, transport, built environment & industry rapidly?
 - e.g. planners, architects, engineers, specialist construction firms, specialist utility providers, retrofitters, technicians etc.



What does this Transition mean for Local Government?

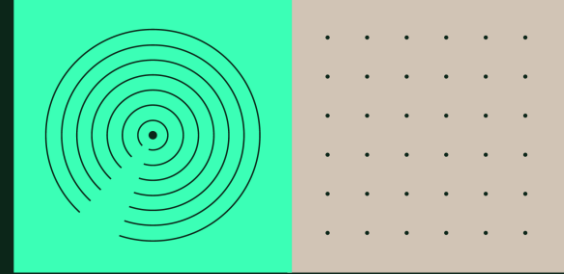
3. Infrastructure:

- Local authorities have essential role in planning & building the infrastructure necessary for green enterprises and initiatives to flourish, ensuring a more digitalised, efficient and climate neutral enterprise sector e.g.
 - help accelerate electrification of industrial processes
 - collaborate with agencies to build resilience in companies & communities in response to increased threats of extreme weather & flooding
 - ensure public transport options e.g. for out of town business parks
 - promote remote working hubs

4. Collaboration across public bodies - how can Enterprise Ireland support Local Authorities

DETE Regional funding can support not-for-profit DACs, CLGs or eligible public bodies that will deliver initiatives which impact on entrepreneurial activity / innovative capability of enterprise – including related to sustainability & climate:

- Calls for funding to support costs e.g. new build, renovation, personnel, overheads, promotion & consultancy
- Feasibility funding to investigate the viability of Regional / Sectoral Development projects & prepare final submissions
- Full details: <https://www.enterprise-ireland.com/en/funding-supports/Regional-Enterprise-Transition-Scheme/>



Thank You!