



EIC Greenhouse Gas Programme : Frequently Asked Questions (FAQ)

1. Why a collective approach at European level regarding climate change?

Climate change is real. Since the preindustrial revolution (1990-2019), the average temperature of Earth already rose by 1,1°C. In 2017, China is the biggest greenhouse gas emitter in the world, followed by the USA and Europe.

But Europe is taking its responsibilities by signing the Paris Agreement and implementing the European Green Deal. This should pave the way for the EU to be climate neutral by 2050. As an intermediary target, EU commits to reduce its emissions by 55% by 2030.

By signing the Paris Agreement, each country has to deliver their Nationally Determined Contribution (NDC). Unfortunately, those commitments, are not ambitious enough to reach the 1,5°C and 2°C scenario from the Paris Agreement. This is why it is paramount that private companies join the global effort to become carbon neutral.

2. Why a programme initiated by the EIC?

The objective of the EIC Greenhouse Gas Programme (EIC GHG) is to make SMEs part of the solution towards carbon neutrality by 2050. This allows them to generate the highest possible impact in terms of GHG emissions reduction and business competitiveness. In a nutshell, the EIC beneficiaries could turn GHG reduction into business opportunities!

A dedicated GHG tool is available free of charge for any EIC beneficiaries. The tool is tailored to the SMEs and will allow them to calculate their emissions according to their sectorial and geographic specificities. Furthermore, the services that accompany the tool and the program are also tailored to the reality of each SME. For example, sectorial webinars will be organized in order for the SME's to better understand the challenges they might face with regards to their GHG emission strategy. Additionally, webinars on several reduction opportunities (such as, green electricity, biogas, low carbon transportation, etc.) will be organized. In brief, CO₂-experts will guide the SME's through their GHG emission reduction journey. Finally, through online support sessions, CO₂-experts will be available to SMEs to answer any of their questions and doubts.

3. What is carbon neutrality?

Carbon neutrality is defined as the result of a process of calculating ones' GHG emissions, elaborating an ambitious action plan to reduce them, and removing the remaining emissions through GHG credits that are certified by a recognized



standard. This process is governed by the PAS 2060 specification, from the British Standards Institution (BSI).

Climate change strategy is critical for both government and industry. When implementing effective climate change mitigation measures, the ability to distinguish between true and false claims of carbon neutrality is essential. The PAS 2060 and related labels can help put an end to skepticism and maintain the commitment to manage and reduce GHG emissions. Besides, it applies to organizations of all sizes and sectors, including SMEs.

4. What are the benefits of the EIC GHG Programme for SMEs?

Starting the journey towards a low-carbon economy means taking responsibility for ones' climate impact. As a reward, one can benefit from several advantages:

- **Sales increase.** According to studies, 55% of the consumers pay more for goods and services from organizations committed to positive changes¹. This opens the possibility to venture into new markets and attract different customers segments.
- **Energy and resources efficiency.** According to the Internal Energy Agency (IEA), improved energy efficiency will deliver more than 40% of the reduction in energy-related CO₂ emissions in the next 20 years. This goes along with cost savings of €2.43 trillion per year (in 2030).
- **Innovation.** A low carbon economy transition opens a whole world of new opportunities, including new business models, processes, product lifespans, etc.
- **Risk Management.** 62% of Environmental, Social & Government (ESG) regulations are already mandatory in Europe². Moreover, companies with high ESG scores are less vulnerable to systematic market risk. It guards against price increases and fluctuations, supply disruptions or resource scarcity. Finally, the EU taxonomy tool of the EU Sustainable Finance Package allows companies to access green financing to improve their environmental performance.
- **Investor confidence.** According the Global Reporting Initiative (GRI), 32% of investors report significant increases in the importance of ESG criteria in their

¹NielsenIQ. (2021). Doing well by doing good. Retrieved from <https://nielseniq.com/global/en/insights/report/2014/doing-well-by-doing-good/>.

² Carrots and Sticks. (2020). Sustainability Reporting Policy: Global trends in disclosure as the ESG agenda goes mainstream.



investment decisions³. Furthermore, low carbon companies are outperforming and recovering faster after the first COVID shock.

- **Reputation.** To only comply with regulations at the time of implementation is cost-intensive and harmful for public image because due diligence, transparency and reporting on these CR activities leads to trust. Staying ahead of the curve leads to improved reputation, which e.g. makes companies more attractive as a potential employer.

5. How does the EIC GHG tool fit into the programme?

The tailored GHG tool allows the EIC beneficiaries to quantify their GHG emissions. First, it is needed to understand what's behind the calculation in order to undertake the right actions. The CO₂-experts will guide EIC beneficiaries with several services such as webinars and a dedicated contact form. In addition, an online tutorial video on the EIC GHG tool is expected in September 2021. A full FAQ on the EIC GHG tool can be found here (link to be added)

After the first calculation is performed, it is also of great importance to guide the EIC beneficiaries through the emissions reduction opportunities. Several tailored services will also be organized for this part of the EIC GHG tool. Among others, webinars on green electricity, Science Based Targets setting, Electric and hybrid vehicles, Carbon Pricing, etc. will be held as from September 2021.

For more questions regarding the EIC GHG tool, please refer to the FAQ of the EIC GHG tool [here](#).

6. What method/perimeter is used for the calculation?

The calculation done in the tool is based on the internationally recognized methodology called the "GHG protocol".

This methodology considers that the emissions should be calculated over 1 **entire fiscal year** of the SME. The emissions category covered are broad and should allow any SME to calculate its GHG emissions according to the following accounting **principles**: relevance, completeness, consistency, accuracy and transparency.

What should the calculation cover?

- **The organizational scope** can be set following two approaches. The first one accounts the emissions according to the equity share the company has in other organizations (for example 70% of the emissions are considered as the company owns 70% of the share of another organization) The second

³ Schroders Global Investor Study. (2017)



one accounts the emissions according to the control approach. It is generally recommended to choose the control approach as it is easier to take key actions on those emissions sources in order to reduce them. The control approach itself offers two options: the operational approach (100% of emissions under operational control) or the financial approach (including 100% of the emissions over which the SME has financial control).

- **The operational scope** is divided in 3 different scopes:
 - o Scope 1 emissions: direct emissions related to the combustion of fossil fuels, cooling gases or process emissions from owned or controlled sources.
 - o Scope 2 emissions: indirect emissions from the generation of purchased energy (electricity, heat or steam).
 - o Scope 3 emissions: all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. For example, it considers an exhaustive list of emissions sources over the entire value chain of a company: purchased goods and services, home-work commuting, business travels, upstream distribution and transportation, waste, capital goods, etc.

7. What is the calculation principle of a carbon footprint?

The calculation proposed in the tool is based on two different factors:

- The **activity data** refers to data that are owned by the company for a specific emission source. This information has to be collected by the company. For example, for the calculation of the GHG emissions related to the electricity consumption, the electricity consumed in kWh would need to be collected. Another example could be the quantity of gasoline consumed by a company car. Several levels of activity data's quality exist. For example, the electricity consumption can be expressed in euros, but it less precise than expressed in kWh. The tool allows different levels of activity data for different levels of precision.
- The **emission factor** translates the GHG emissions generated by a certain activity. It comes from different databases (Base Carbone, DEFRA, IEA) and are expressed in kgCO₂e/activity data unit. For example, the kgCO₂e/kWh of electricity consumed or in kgCO₂e/liters of gasoline consumed.



8. What are the objectives associated with the different services offered?

The services offered to the SMEs are separated into three categories:

- **Awareness.** This first step will allow to have a clear explanation of why climate action will benefit an SME. It is useful to debunk the preconceived ideas about climate change and corporate action. Acquiring knowledge on CO2 emissions sources, current and future climate regulations, etc. are key to trigger relevant actions.
- **Calculate.** This next step will allow the SME to calculate its own GHG emissions thanks to a tool especially tailored to SME's specificities and the support of CO2 experts. The carbon strategy will be elaborated based on the results of these first calculations, that is called the baseline.
- **Reduce.** Based on the first baseline calculation, the SME will be informed on reduction opportunities and will learn how to communicate on climate-related topics. It will also be guided to set an ambitious reduction target, find ways to reach it, and communicate about it.

9. What is the timeline associated with these services?

For a full overview of current and future events, please check the [EIC GHG website here](#).