

Guide

How to Finance Your ESG Strategy?

A comprehensive guide covering all available aid and subsidies to help companies finance their ecological transition.

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Introduction

Since the publication of *Social Responsibilities of the Businessman* by Howard Bowen in 1953, often regarded as a foundational text for the concept of Corporate Social Responsibility (CSR), the notion of CSR has become a key reference for businesses of all sizes and sectors seeking to reduce their environmental impact while maintaining competitiveness. The climate crisis and the resulting shift in public mindset are leading to the emergence of new expectations from stakeholders, increasingly pushing companies to adopt "sustainable" practices.

As a reminder, CSR is based on three pillars: the environmental pillar (ensuring the company respects the environment and avoids creating harmful externalities), the social pillar (where business activities contribute to the overall well-being and health of society), and the governance pillar (ensuring that the company's operations and structure address social impacts as well as economic and environmental challenges). In essence, CSR aims to establish a virtuous circle, allowing organizations to reduce their environmental impact, be profitable, inspire others, and foster a thriving workplace for their employees.

Despite these advantages, financing the necessary steps to adopt this approach remains a major challenge for many companies, particularly for SMEs.

According to a survey by Bpifrance, 62% of SMEs in France cite the lack of financial resources as the main obstacle to implementing such initiatives.

Yet, businesses that have invested in carbon footprint reduction projects often experience significant savings in energy costs, as well as an average increase in operational efficiency of 10-20%.

In response to these financial challenges, various national and European aid and subsidy programs have been established to help reduce initial costs, thereby supporting companies in their ecological transition. These programs represent real opportunities for companies looking to launch or accelerate their CSR approach while maximizing return on investment, as they help mitigate risk.

This white paper focuses on the various forms of aid available to support companies in their CSR efforts. We will specifically explore the programs available in the European Union, the United States, the United Kingdom, and the Nordic countries. It is important to note that companies at any stage of their CSR journey, whether just starting or already engaged in specific projects, can benefit from a range of support, including initial diagnosis, tax reduction, subsidies, loans, and more.

In addition to highlighting these schemes, we will also provide detailed information on the eligibility criteria for each.

Note

This guide lists all the available funding options businesses can access to support their ESG strategies. However, Greenly does not guarantee eligibility for all grants.

International Aid and Subsidies



CSR has become a crucial topic for companies worldwide. It is now essential to integrate environmental and social dimensions into business operations to remain competitive and attractive to both consumers and investors.

To support this shift, various financial aid and subsidy programs are available to encourage and support companies in adopting sustainable practices.

This section explores existing financial support options in Europe, the United States, the United Kingdom, and the Nordic countries.

Aid and Subsidies at the European Level

The European regulatory framework enforces strict ESG standards, particularly through the well-known CSRD (Corporate Sustainability Reporting Directive) and European Taxonomy. Starting this year, the CSRD will be expanded to include mid-sized and listed companies, requiring them to report in detail on their environmental, social, and governance impacts. This reporting includes quantitative and qualitative indicators regarding their contribution to sustainability goals, providing investors reliable, comparable data.

The European Taxonomy complements this framework by establishing specific criteria for identifying sustainable economic activities. This classification system mainly concerns large listed companies and financial institutions, which are now required to disclose the proportion of their activities that align with sustainability criteria, in terms of turnover, investments, and operating expenses. This system encourages companies to assess and adapt their practices to access favorable financing.

Several financial support programs are available for companies working to meet ESG requirements. The LIFE programme is a key instrument of the European Union to support environmental projects. It offers subsidies that can amount to several million euros and is open to companies of all sizes, NGOs, and public bodies involved in waste management, emission reduction, or energy efficiency projects. For example, a waste management company seeking to reduce its methane emissions could apply for LIFE funding to cover a significant portion of the costs associated with the development of a technology to capture the gas.

CSRD

requires detailed reporting of environmental, social, and governance impacts

Taxonomy

establishes clear criteria to identify sustainable economic activities

LIFE

supports projects and offers grants of up to several million euros

Horizon Europe, the EU's flagship research and innovation program, operates through annual project calls. It mainly funds mid-sized companies and large technology players for research projects in green technology and biodiversity protection. A renewable energy company developing advanced technology to improve the efficiency of solar panels, for example, could receive multi-million euro funding to support its R&D efforts.

The European Fund for Strategic Investments (EFSI), also known as the "Juncker Plan", focuses on sustainable infrastructure and green innovation in key sectors such as energy, transport, and digital infrastructure. This fund is particularly targeted to large companies and public-private partnerships, accepting applications on an ongoing basis. A construction consortium wishing to establish a network of energy-efficient buildings across Europe could have part of its investments financed by the EFSI.

Some aid is more sector-specific. The energy sector, for instance, benefits from substantial incentives to accelerate the transition to renewable energy, while agriculture receives support for adopting sustainable agricultural practices. Additionally, green innovation tax credits are available for companies investing in clean energy, which helps to alleviate the costs of these transitions.

Horizon Europe

funds research projects in green technology and biodiversity protection.

The European Fund

targets sustainable infrastructure and green innovation in key sectors such as energy, transport, and digital infrastructure.

Aid and Subsidies in the United States

The ESG framework in the United States is more fragmented. It is based on federal and state-level regulations that vary significantly. Federal agencies, including the Securities and Exchange Commission (SEC) and the Environmental Protection Agency (EPA), set standards for transparency and environmental impact reduction for large listed companies and businesses operating in polluting sectors, such as energy and industry.

At the federal level, several programs provide grants to support ESG initiatives. The Department of Energy (DOE), for instance, offers grants ranging from \$50,000 to several million dollars for renewable energy and energy efficiency projects. This funding is aimed at large companies in the energy sector as well as industrial consortia seeking to improve their environmental performance.

The EPA, through the Diesel Emissions Reduction Act (DERA), offers annual grants of up to \$2 million to modernize diesel vehicle fleets. This program is specifically aimed at transport and logistics companies looking to reduce their carbon footprint by financing solutions, such as the purchase of cleaner vehicles or the modernization of existing fleets.

The Small Business Innovation Research (SBIR) program supports innovative small businesses, with grants ranging from \$50,000 to \$250,000 for Phase I projects, and up to \$1 million for advanced Phase II projects. SBIR is aimed at SMEs developing sustainable technological solutions, such as energy management systems or advanced recycling processes.

In terms of taxation, the Investment Tax Credit (ITC) provides a 26% credit on the installation costs of renewable energy systems, while the Production Tax Credit (PTC) offers credits of 1.5 to 2.5 cents per kilowatt-hour for wind energy production, primarily benefiting large energy companies.

Additionally, sector-specific aid targets the most polluting industries, such as manufacturing and transport, helping these companies to reduce emissions and adapt to environmental standards.



Aid and Subsidies in the United Kingdom

The UK is committed to achieving carbon neutrality by 2050, supported by the Climate Change Act of 2008 and the Net Zero Strategy. This framework requires large companies (with over 250 employees or a turnover exceeding £50 million) to undergo Energy Savings Opportunity Scheme (ESOS) audits every four years to identify potential energy efficiency gains.

UK Research and Innovation (UKRI), the national innovation agency, provides funding for companies developing green technologies, with grants of up to several million pounds. This program is particularly advantageous to medium and large companies in the manufacturing or energy sector seeking to invest in carbon capture technologies or sustainable energy systems.

The Green Business Fund is aimed at small and medium-sized enterprises (SMEs), offering grants of up to £5,000 for energy efficiency projects. This program is aimed at SMEs in sectors such as construction and trade, helping to finance energy-efficient equipment such as LED lighting or efficient boilers.

Tax incentives, such as the Enhanced Capital Allowance (ECA) and the R&D Tax Relief, allow companies to deduct a significant part of their investments in sustainability and R&D spending, encouraging sustainability innovation.

Aid and Subsidies in the Nordic Countries

The Nordic countries, leaders in sustainability, offer a strict regulatory framework and significant financial support. In Norway, Innovation Norway offers funding for companies developing green projects. For example, a construction company that wants to introduce sustainable materials could receive a large subsidy, ranging from 50,000 to several million Norwegian kroner (depending on the project's scale).

Business Finland offers similar support, where companies (including SMEs) can get funding covering up to 50% of their sustainable innovation projects, particularly in energy and chemicals. Sweden and Denmark also have their own agencies to support energy efficiency and emission reduction projects.

At the regional level, initiatives such as the Nordic Climate Facility and the InnovFin Fund focus on innovative ESG projects. For example, a transport company developing a green logistics solution could receive up to 70% of its funding from these programs.

Each country's economic profile influences the aid available: Norway prioritizes hydropower projects, while Sweden and Finland support innovation in recycling and renewable energies. These initiatives reinforce the Nordic countries' role as pioneers in sustainable innovation.

Conclusion

Summary Tables

1. Summary of International Aid

Country/Region	Program/Support	Sectors concerned	Amount of aid
European Union	LIFE Programme	Environmental projects (waste management, emission reduction, energy efficiency)	Grants of up to several million euros
	Horizon Europe	Research and innovation in green technologies, biodiversity, renewable energy	Funding of several million euros per project
	European Fund for Strategic Investments (EFSI)	Sustainable infrastructure (energy, transport, digital infrastructure)	Significant amounts for green innovation projects and infrastructure
	Green Innovation Tax Credits	Clean energy and sustainable innovation	Tax credits to alleviate capital costs
United States	Department of Energy (DOE)	Renewable energies, energy efficiency	Grants from \$50,000 to multi-million dollars
	EPA - Diesel Emissions Reduction Act (DERA)	Vehicle fleets modernization, emissions reduction	Grants of up to \$2 million

Country/Region	Program/Support	Sectors concerned	Amount of aid
United States	Small Business Innovation Research (SBIR)	SMEs developing sustainable technology solutions	Grants from \$50,000 to \$1 million
	Investment Tax Credit (ITC)	Renewable energy installation	26% tax credit on installation costs
United Kingdom	UK Research and Innovation (UKRI)	Green technologies, energy R&D	Multi-million pound grants
	Green Business Fund	SMEs in construction, trade (energy efficiency)	Grants up to £5,000
	Enhanced Capital Allowance (ECA)	Sustainable energy and infrastructure investments	Tax deductions on investments
Norway	Innovation Norway	Green projects (renewable energy, sustainable construction)	Grants from NOK 50,000 to NOK millions
Finland	Business Finland	Sustainable innovation (energy, chemistry, green technologies)	Funding for up to 50% of project costs
Sweden and Denmark	National agencies	Energy efficiency, emission reduction	Subsidies and funding for green projects (variable amounts)
Nordic countries (regional)	Nordic Climate Facility & Fonds InnovFin	Innovative ESG projects (green logistics, sustainable technologies)	Financing of up to 70% of projects

Glossary

GHG

A greenhouse gas is a gaseous component that can be present naturally in the atmosphere or result from human activities. It absorbs and retains the sun's energy. The main natural greenhouse gases are water vapour (H₂O), carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and ozone (O₃). The main industrial greenhouse gases, which are human-made, are fluorinated gases: HFCs (hydrofluorocarbons), PFCs (perfluorocarbons), SF₆ (sulphur hexafluoride), and NF₃ (nitrogen trifluoride).

Large Company

A large company meets at least one of the following two conditions: having at least 5,000 employees or generating more than €1.5 billion in revenue and more than €2 billion in balance sheet total.

Life Cycle Assessment

A method for evaluating the environmental impacts of a product or service throughout its entire life cycle (from design to disposal).

SME

Small or Medium Business. An SME has fewer than 250 employees. Additionally, its annual turnover does not exceed €50 million, or its balance sheet total is under €43 million. SMEs include the category of micro-enterprises (MICs) which have fewer than 10 employees and an annual turnover or balance sheet total of no more than €2 million.

CSR

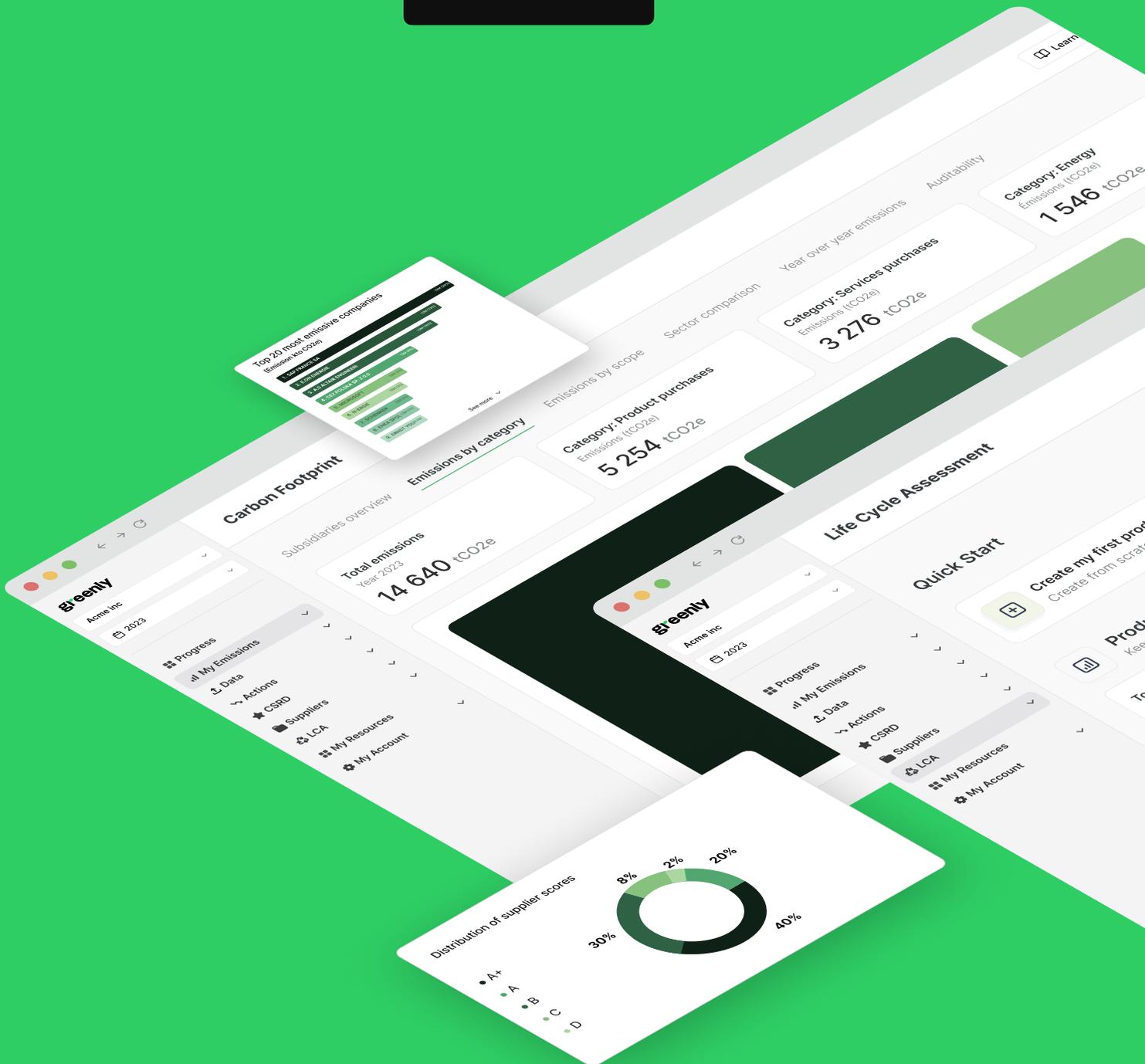
Corporate Social Responsibility (CSR) is a policy that involves incorporating social and environmental concerns into the core activities of an organization.

TPE

Très Petite Entreprise. Les TPE emploient moins de 10 salariés, n'appartiennent pas à un groupe (sauf s'il s'agit d'un groupe de type micro-entreprise au sens de la LME), et ont un chiffre d'affaires ou un total de bilan inférieur à 2 millions d'euros.

The Climate Suite, Simple and Efficient

Discover



+3000 customers have already trusted Greenly to manage their carbon footprint



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