

Fit 4 Sustainability

SPECIFICATIONS - 2022

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1. PROGRAMME

1.1 Context

In a world with limited natural resources whose prices regularly fluctuate and in which pollution and waste management are becoming increasingly important challenges, it is crucial to optimise the use of the resources available in our country.

As such, the Luxembourg Ministry of the Economy's roadmap for a competitive and sustainable economy in 2025 (Ons Wirtschaft vu muer)¹, which is structured around six pillars, includes plans to 'lead the transition to the circular economy through digital technology' (component 2) and to 'ensure a sustainable and energy-efficient digital transition' (component 5).

The amended Climate Law of 15 December 2020 and the National Energy and Climate Plan (NECP) for the 2021–2030 period² both aim to strengthen the link between Luxembourg's energy policy and climate action on the one hand, and its economic development on the other, thus making Luxembourg a 'pioneer in successful national energy transition, with 'zero carbon', 'circularity' and 'renewable energies' as its main pillars.

The Tripartite Agreement of 31 March 2022 between the Government, the Luxembourg Employers' Association (UEL) and the LCGB and CGFP trade unions stipulates the Government's commitment to 'set up new short and medium-term measures to help companies implement energy transition measures and decarbonise their activities'.

The aforementioned objectives can be achieved in particular by optimising the resources used (water, energy, etc.) for production (for example by using alternative energies and ICTs) and by moving towards a circular economy with limited or even non-existent waste (e.g. by designing products and services which generate no waste or pollution, or by extending the useful life of the products and materials that go into them).

To implement the governmental policy described above, the Ministry of the Economy – with the support of Luxinnovation – offers a programme to support and co-finance studies which aim to analyse companies' environmental impact and to implement measures to reduce this impact.

This programme should help companies to make the connection between their activity and the government's initiatives, which aim to 'make Luxembourg's industry more competitive, resilient and sustainable'.

¹ approved by the Government on 16 June 2021, <https://mec.gouvernement.lu/fr/publications/strategie/strategie-ons-wirtschaft.html>

² approved by the Government on 20 May 2020, <https://environnement.public.lu/content/dam/environnement/actualites/2020/05/Integrierter-nationaler-Energie-und-Klimaplan-Luxemburgs-2021-2030-endgultige-Fassung.pdf>

1.2 Target: eligible companies

The programme is aimed at SMEs and large companies³, provided they meet the following cumulative criteria:

- They have their registered office in Luxembourg
- They exercise an economic activity as their main line of business

1.3 Legal basis – funding

The Fit 4 Sustainability programme is based on the following provisions:

- For the diagnosis stage: the Law of 15 December 2017 on an aid scheme for environmental protection (Article 14)⁴
- For the implementation stage: the aforementioned Law of 15 December 2017 and, where applicable, the Law of 17 May 2017 on the renewal of aid schemes for research, development and innovation⁵

1.4 Concept

The Fit 4 Sustainability programme gives companies the chance to have an environmental study carried out, i.e. an environmental impact assessment of their activity, co-funded by the Ministry of the Economy. This study is supplemented by various recommendations on how to reduce this environmental impact (diagnosis stage).

Companies can then implement these recommendations as they see fit, by benefiting (where applicable) from the various aid schemes previously identified by Luxinnovation (implementation phase).

The environmental study may cover the following aspects:

- **Decarbonation** (excluding mandatory energy audits required for large companies⁶)

As part of the ‘decarbonation’ aspect of the environmental study, companies could have various types of studies carried out, such as an energy audit or a carbon footprint assessment.

The audits should take into account the relevant national, European and international standards and methodologies, such as:

- EN ISO 50001 (energy management systems)
- EN 16247-1 (energy audits)
- EN ISO 14000 (environmental management systems)
- PAS 2060, ISO 14064 (and the future ISO 14068) for the carbon footprint assessment

³ Within the meaning of European regulations - cf. Commission Regulation (EU) No 651/2014 of 17 June 2014.

For the record: SME = FTE < 250 and an annual turnover < 50 million euros or an annual balance sheet total < 43 million euros, taking into account linked or partner companies (single economic entity criterion)

⁴ <https://legilux.public.lu/eli/etat/leg/loi/2017/12/15/a1108/jo>

⁵ <https://legilux.public.lu/eli/etat/leg/loi/2017/05/17/a544/jo>

⁶ Since 2016, large companies have had to conduct mandatory energy audits every four years,

<https://legilux.public.lu/eli/etat/leg/loi/2016/07/05/n2/jo>. Conversely, the costs of non-mandatory energy audits carried out by large companies are part of the eligible expenses.

Greenhouse gas emission assessments will have to be drawn up in accordance with the rules on GHG emissions accounting, particularly regarding the principle of territoriality. A distinction should be made between the EU's GHG emissions trading scheme (ETS) and the national assessment pursuant to Regulation (EU) 2018/842⁷. The global warming potential values taken from the fifth assessment report of the IPCC are to be considered.

- **Water:** assessment of drinking water consumption and of the pollution of the waste water generated (analysis of the volume and quality of the water used by the company)
- **Circularity:** assessment of product life cycles (from the design of a product to its end of life), including the characterisation and quantification of the primary and secondary raw materials and the residual materials (waste) linked to production, conducted on the basis of all relevant methodologies (e.g.: standard ISO 14040 – 44, Product Environmental Footprint (PEF) or Organisation Environmental Footprint (OEF) method⁸ – processes and services should also be taken into account.

The environmental study will be carried out by consultants who have been previously approved by Luxinnovation.

A preliminary meeting with Luxinnovation will help to define the company's requirements and determine whether it is necessary to call upon one or more consultants, depending on the aspects envisaged.

These consultants will intervene during both stages of the programme:

➔ **1st stage: diagnosis:** the consultant(s) chosen by the company from among the approved consultants will carry out the necessary analysis/analyses and come up with an action plan, as follows:

a) Inventory/review

This involves a technical description of the current situation and an overview of the variable costs. The various assessments (decarbonation, water, circularity) are based on the methodologies cited above and should therefore reveal the appropriate quantitative indicators defined in each of them.

b) Recommendations

- The study should be supplemented with a list of recommended actions to reduce the company's environmental impact, not only in **terms of investment but also relating to processes and organisation.**
- ➔ As regards the decarbonation aspect, consideration should be given to all alternative solutions, particularly those involving energy efficiency measures, electrification, renewable energies, hydrogen, biomass, etc.
- ➔ As regards the circularity aspect, solutions should be put forward which correspond to one or more of the following objectives:
 - ✓ *Making more efficient use of natural resources, including sustainable-sourced bio-based materials and other raw materials in production, including reducing the use of primary raw materials or increasing the use of secondary raw materials;*
 - ✓ *Prolonging the use and reuse of products, including by increasing the durability, repairability, upgradeability or reusability of products as well as through*

⁷ <https://eur-lex.europa.eu/eli/reg/2018/842/oj>

⁸ https://ec.europa.eu/environment/eussd/smgp/pdf/product-environmental-footprint-PEF-methode_fr.pdf

reuse, design for longevity, reorientation, reconditioning, upgrading, repair and sharing and through appropriate services and business models;

- ✓ *increasing the recyclability of products, including that of the individual materials contained in products, inter alia through disassembly and substitution or reduced use of products and materials that are not recyclable, in particular in design and manufacturing activities and through appropriate services and business models;*
- ✓ *substantially reducing the content of substances of very high concern and substituting them in materials and products throughout their life cycle, including by replacing them with safe alternatives and ensuring traceability;*
- ✓ *avoiding the generation of waste.*

- These various actions should be classed according to how easy they are to implement, i.e.
 - Immediate measures which do not require any investments;
 - Short-term measures whose investments enable a very fast return on investment;
 - Medium-term measures whose investments may qualify for state aid.
- Furthermore, each recommended measure will need to specify the following elements:
 - The company's NACE code and, where applicable, the code of its business activity, if different;
 - The quantification of the reduction in environmental impact;
 - An estimation of the payback time;
 - The national objective targeted in terms of:
 - Reducing GHG emissions (tCO₂/a) - reducing CO₂, the amount of energy produced, etc.;
 - Producing renewable energy (MWh/a) according to type (e.g. biomass, PV, wind, etc.) (10 digits with decimals);
 - Energy efficiency:
 - Reducing the consumption of electricity (MWh/a) from fossil fuels/renewable energies
 - Reducing the consumption of fuel (MWh/a) by means of energy vectors: heating oil EL, natural gas H, liquefied gas, coal, lignite (brown coal), wood chips, firewood, pellets, biogas, etc.
 - Whether or not the company is covered by the Emissions Trading System;
- For recommended investments which are likely to qualify for public aid, the following points will also need to be specified:
 - The legal basis of the aid scheme envisaged (identified in advance with the help of Luxinnovation)
 - Detailed technical description of the envisaged solution(s)
 - List of the permits required (operating permit, building permit, etc.)
 - Assessment of the solution's internal rate of return over the expected lifespan
 - Current costs of the envisaged solution (e.g. fuel, annual energy consumption, annual operating costs, etc.)
 - Projection of the current costs over the expected lifespan
 - Discount rate, depreciation period, residual values of the investments

For investments envisaged in the medium or long term: costs of a counterfactual investment (investment based on standard technology which would have been developed if no state aid existed)

This diagnosis stage corresponds to an assignment **lasting six months maximum**.

The subsidy paid by the Ministry of the Economy (MECO) is calculated as follows⁹:

Small company	Medium company	Large company
70%	60%	50%

Application files will be processed by the General Directorate for Industry, New Technology and Research (funding and state aid).

The minimum amount is:

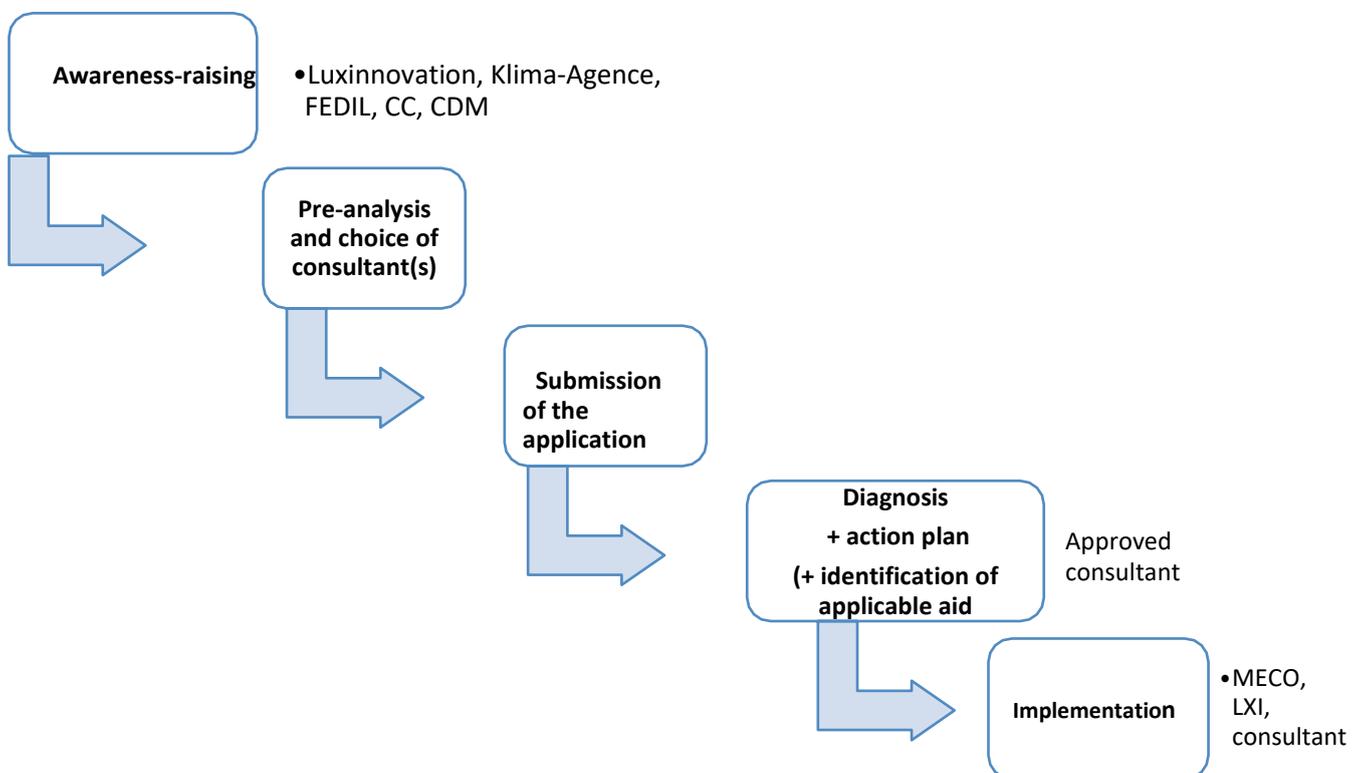
- €1,000 for an SME
- €10,000 for a large company¹⁰

➔ **2nd stage: implementation** : the company chooses whether (or not) to implement all or some of the recommendations.

(Insofar as possible, Luxinnovation and the Ministry of the Economy will have already identified the aid schemes which may be applied to each of the actions envisaged during the diagnosis stage).

2. PROCEDURE

2.1 Company pathway



⁹ Law of 15 December 2017, Article 14-2 – NB: these are the maximum amounts.

¹⁰ The consultant's payment methods depend on the general payment terms. The consultant may not prosecute the Ministry of the Economy or Luxinnovation if the company fails to pay.

2.2 Administrative process

There is a designated web page for the Fit 4 Sustainability programme on Luxinnovation’s website, featuring a link to the Luxinnovation platform to start the process.

Luxinnovation will carry out a pre-analysis of the company’s requirements and put it in touch with suitable consultants (if the company has not already made its own choice).

On the platform, the company will need to provide the elements required for its identification as well as the consultant’s(s’) quote(s). Once Luxinnovation has made sure that the quotes comply with the programme specifications, it will issue a document (via the platform) certifying that it has completed the preliminary checks.

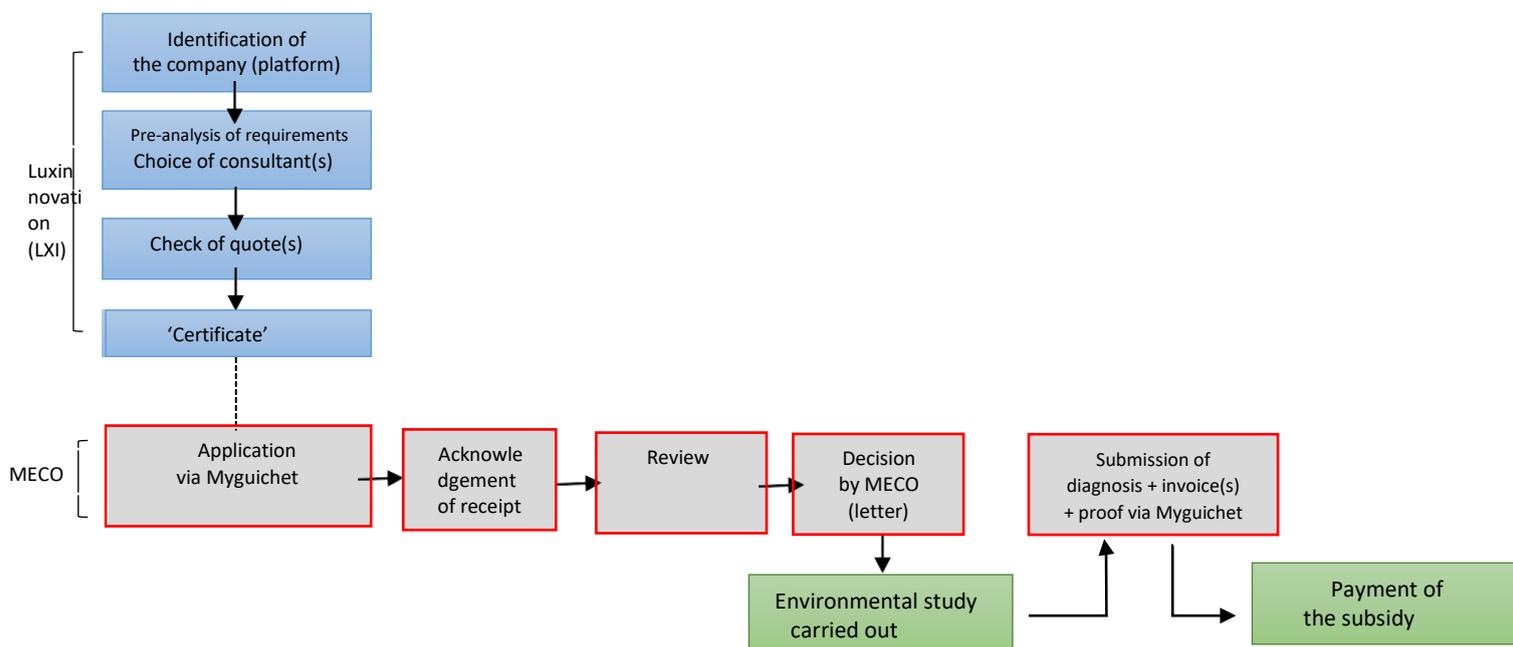
This document (‘certificate’) will be uploaded on Myguichet together with the subsidy application and the other supporting documents, for the attention of the Ministry of the Economy.

After issuing an acknowledgement of receipt, the Ministry of the Economy will review the application then confirm its decision by sending a letter addressed to the company. Only then may the company validate the quote(s) and begin the diagnosis stage.

Once the diagnosis stage is complete, the company will submit the payment request by uploading the following documents on Myguichet: the consultant’s(s’) invoice(s), proof of their payment, the full diagnosis (study) as described above and a synthesis report outlining certain key data.

Once the Ministry of the Economy has reviewed these documents it will initiate the payment of the subsidy. The company may also send the study to Luxinnovation on a voluntary basis.

The diagram below summarises the process:



3. CONSULTANTS

The consultants sought to implement the Fit 4 Sustainability programme are recruited by means of a call for applications which is addressed in these specifications.

A consulting firm may be approved for several of the aspects described above (decarbonation, water, circularity, etc.) if it has the requisite skills for each of them.

To allow companies to benefit from the most comprehensive and broadest possible expertise, the call for applications will also be open to any experts outside of Luxembourg who have the necessary skills.

The list of available consultants will be posted on the designated Fit 4 Sustainability page on Luxinnovation's website.

3.1 Skills and qualifications required

Candidates wishing to apply to become an approved consultant for the 'Fit 4 Sustainability' programme must provide proof of the following skills and qualifications:

General skills

- Proficiency in corporate audit methodology (ideally, candidates should meet the requirements of the EN/ISO 17021-2: 2018 standards on auditing SMEs)
- Project management
- Independence with regard to the suppliers likely to offer solutions
- If possible, basic knowledge of Luxembourg's state aid schemes ([Investment aid for the protection of the environment – Businesses – Guichet.lu – Administrative guide – Luxembourg \(public.lu\)](#))

Special technical skills

- Decarbonation: candidates should know how to identify energy needs, carry out energy mapping, analyse the main savings opportunities, set up appropriate indicators, offer suitable solutions (making particular use of renewable energies, hydrogen biomass, etc.)

Candidates may substantiate this expertise, for example, by means of an energy auditor accreditation/certification issued pursuant to the amended Grand-Ducal Regulation of 10 February 1999, or a quality label which meets the skills and resources requirements repository corresponding to the relevant EN standards

- Water: evaluate water consumption, analyse waste water management (draw up a report on the facilities and sites, study the pollutant flows, optimise processes: optimum adjustments, permissible pollutant flows, actual expenses, debits, etc.), analyse rain water management, manage the risk of accidental pollution, manage fire-extinguishing water

- Circularity: attest to the skills and experience needed to meet the objectives sought, as described above¹¹, i.e. to:

- transform the supply of goods and services into sustainable production
 - o by integrating new sustainable material streams,
 - o by encouraging the eco-design and recyclability of products
- turn waste into new resources
 - o by diagnosing waste management with a view to improving practices and making savings,
 - o by identifying innovative ways of boosting the technical and economic performance of recycling

3.2 Recruitment process

This call for applications will be open from 18 May to 30 June 2022 and published on the www.luxinnovation.lu website.

Luxinnovation also reserves the right to review any application file which seems relevant at any time.

3.2.1 Application file

Interested consultants should send their application file to Luxinnovation, exclusively via the designated online form.

Each file should include the following documents:

- For companies with their registered office in Luxembourg: copy of their authorisation of establishment
- Articles of association and proof that the company is properly registered (extract from the trade and companies register (RCS) or equivalent)¹²
- Balance sheets and profit and loss accounts for the past two financial years
- Curriculum Vitae of all the consultants who will be called upon to implement the 'Fit 4 Sustainability' programme
- References (specify whether they have expertise in a specific economic sector)

+ description of the projects/assignments which correspond to the aspect(s) for which the consultant wishes to be approved.

3.2.2 Decision

Luxinnovation may make its decision based on the application file alone, or arrange an interview.

Once it has reviewed the application file, Luxinnovation will confirm its approval to the relevant candidates.

Until this approval is made official, the consultant is not permitted to communicate as an approved consultant.

The approval is granted *intuitu personae*, i.e. for each consultant on an individual basis. Any company wishing to have a newly recruited consultant approved pursuant to the initial approval must submit the consultant's CV to Luxinnovation for approval. This consultant's approval will be valid until the end of the initial approval period.

¹² Self-employed persons may not submit an application.

3.3 Entry into effect and duration of the approval – renewal

Luxinnovation's approval will be valid until 31 December 2022.

The approved consultant undertakes to fulfil the obligations set forth in these specifications, which will be sent to him for his signature.

Once Luxinnovation has received the signed specifications, it will send the consultant the official communication materials for the programme (logo to be followed by the words 'Approved consultant', brochures, etc.).

The consultant may only use the official communication materials provided by Luxinnovation.

Luxinnovation will decide whether or not to renew the approval upon its expiry based on its assessment of compliance with the obligations outlined in these specifications during the relevant period.

Luxinnovation also reserves the right to revoke its approval prior to its expiry pursuant to the conditions set out below (§4). The consultant may also relinquish his approval at any time: in this case, all ongoing projects must be completed first.

3.4 Withdrawal of the approval

Failure to comply with any of the obligations set forth in these specifications, or any violation which is detrimental to the company, Luxinnovation or the Ministry of the Economy, is liable to result in a withdrawal of the approval upon the decision of Luxinnovation.

The consultant will be notified by e-mail of the non-compliance in question and invited to provide whatever explanation he deems useful within seven days. Luxinnovation will then e-mail the consultant again to let him know its decision in light of the explanations provided.

Any exclusion will result in an immediate ban on making use of the approval as an official consultant of the 'Fit 4 Sustainability' programme. Any projects in progress with a candidate company must be completed within the established schedule, unless the company wishes to terminate its relationship with the consultant immediately. In this case, the termination conditions shall be governed by general contract law.

3.5 Ethics

Consultants shall promote the 'Fit 4 Sustainability' programme by following the basic rules of good conduct, particularly by refraining from aggressive canvassing, and by providing information about the programme in a clear and transparent manner.

They must also ensure that the 'Fit 4 Sustainability' programme meets the company's requirements.

Consultants must respect the confidentiality of any information communicated to them as part of their assignment.

They undertake to report any potential conflicts of interest, whether capitalistic (equity participation in the capital of a company which could potentially be a candidate) or relating to the exercise of functions (the consultant belongs to the managing bodies of the candidate company), directly or through the intermediary of a legal entity.

Conflicts of interest do not necessarily prohibit the consultant from being commissioned within the scope of 'Fit 4 Sustainability' to work with the company with which there is a conflict of interest. However, Luxinnovation reserves the right to exclude the consultant on a case-by-case basis.

3.6 Image rights

Approved consultants also unreservedly authorise Luxinnovation to:

- Make full and irrevocable use of any fixed or moving images of them as well as any sound footage featuring them, either taken or recorded during shoots (interviews, films, photos, etc.) as well as various recordings made by Luxinnovation or any other person acting on their behalf;
- Use their first names and surnames for the operating purposes defined below.

These images and this sound footage are intended to be reproduced, represented and/or adapted, in full or in part, if applicable, in all materials created by Luxinnovation (various publications such as journals, magazines and other press, television, radio or social media materials (excluding the internet), etc.) to promote or provide information about the 'Fit 4 Sustainability' programme.

This kind permission shall be valid throughout the world and without any time limit.

Consultants also acknowledge the fact that they cannot claim compensation for damage regardless of how the images and sound footage featuring them are used.

The Ministry of the Economy and Luxinnovation reserve the right to modify or delete the programme conditions at any time and without notice.

In the latter case, the approvals granted shall be automatically terminated as of right.

I, the undersigned (*name*)

acting as representative of the company (*name*)

as

declare that I have taken full knowledge of the program described above, and undertake to respect the obligations resulting from it as a certified consultant.

Done at :

On :

Signature :