

Sustainability

Sustainability is one of the most important concepts when it comes to protecting the environment. Most environmental problems – from overfishing to air pollution – come from using natural resources unsustainably. Sustainable practices support ecological, human, and economic health and vitality.

What Does "Sustainability" Mean in Business?

Business sustainability is when a company conducts its business without harming people or planet, safeguarding its future business in the process.

Sustainable businesses consider a wide array of environmental, economic, and social factors when making business decisions. These organizations monitor the impact of their operations to ensure that short-term profits don't turn into long-term liabilities.

Reducing greenhouse gas emissions, protecting nature and delivering social governance are all ways that businesses can make the shift towards sustainability.



What are the benefits of a sustainable business model?

Sustainable businesses are future-fit. Companies that embrace sustainability are showing leadership in tackling climate change and getting ahead of the curve of future problems. They are working to meet consumer demands, while boosting productivity and potentially cutting costs.

Here are four ways a sustainable business model can equal economic growth.

- 1. Leading the charge** - Smart companies are recognising the opportunities presented to early adopters of business sustainability. Companies making the shift to a sustainable business model now have a chance to mark themselves out as leaders in the field, rather than risk being left behind.
- 2. Meeting consumer demand** - Customers today expect transparency, responsibility and action from the brands and companies they buy from.
- 3. Creating operational efficiency** - Becoming more sustainable usually demands that businesses significantly change their manufacturing processes, supply chains and other aspects of their business model. The actions undertaken, such as switching to cleaner and smarter energy, saving water and reducing journeys travelled, can also lead to greater efficiency.

- 4. Creating growth through purpose** -There is clear evidence to suggest that being purposeful can help companies attain growth, while also serving as a future-minded sustainable business strategy.

Funding Opportunities for Sustainable Initiatives

With the growing awareness of environmental issues and the pressing need to reduce carbon footprints, many businesses are actively seeking ways to implement green initiatives into their operations. However, while the intention may be there, the financial resources needed to kickstart these projects can often be a significant barrier.

Malta Enterprise and the **Measures and Support Division (EU Funds)** offer different **funding opportunities** for projects that support the implementation of **environmental** policies. Sustainable Business Grants offer a valuable opportunity for businesses to fund their green initiatives and drive sustainability within their operations.

In this newsletter, we will provide information on three key sustainability grants designed to support businesses in their journey towards a greener future and meeting its ESG goals.

1. Smart & Sustainable Investment Grant (Malta Enterprise)

The Smart and Sustainable Investment Grant provides business funding to support the undertaking of investments that lead to more **sustainable processes** leading to the enhancement of competitiveness of the enterprises through the optimisation of the use of resources in their activities.

Eligibility criteria and deadline

The Smart and Sustainable Investment Grant may support **investments and modifications in plant, machinery equipment and technologies** that lead to a quantifiable **reduction in CO2 emissions of at least 10%**.

The maximum grant that can be awarded to support an eligible investment shall cover **fifty percent (50%) of the eligible expenditure up to a maximum grant of €100,000 per project**. Furthermore a **Tax Credit of up to €40,000 per project may be awarded as an additional 10% (to 60%) if the project meets specific criteria**.

The Scheme is open to eligible small, medium-sized and large undertakings engaged in an economic activity, which are **planning an investment project of at least €10,000** having the aim to achieve sustainability, improved environmental performance or digitisation leading to growth potential.

The Scheme may support costs, which have been incurred after project approval, to achieve one or more of the following investment outcomes:

- **Waste Minimisation**
- **Sustainable Materials**
- **Energy Efficiency**
- **Water Efficiency**
- **Sustainable Digitisation**

Applications may be submitted until **30 November 2026**.

2. Retrofit Scheme (Business Enhance)

Retrofit Scheme support investments in relation to the retrofitting of buildings in the private sector, in order **to improve their energy performance**. This Grant Scheme will support eligible enterprises to undertake actions that reduce the primary energy demand of the building, by **reducing the energy used for heating, cooling, ventilation, hot water, and lighting**.

Eligibility criteria and deadline

To be eligible, these actions should lead to a **reduction in Primary Energy Demand (PED) of at least 30%** compared to the situation prior to the investment. Actions on new buildings and/or on extensions to existing buildings are ineligible.

The **maximum grant amount that may be received by an eligible undertaking is €5,000,000, with the amount of aid being paid through a Standard Scale of Unit Cost per square metre, depending on the size, locality and reduction in percentage PED**. Standard Scale of Unit Cost per Square Metre for investments in Malta range between €130 to €400, whilst for investments in Gozo they range between €170 to €440, depending on the above-mentioned factors. The initial PED and the estimated improvement shall be established by means of an Energy Performance Certificate.

The **Scheme will remain operational until 30 June 2026**, subject to availability of funds, and shall be administered by the Measures and Support Division within the Parliamentary Secretariat for European Funds through a series of competitive calls.

3. Green Mobility Scheme (Malta Enterprise)

The objective of the Green Mobility Scheme offered by Malta Enterprise is to encourage the transition to more sustainable transportation by accelerating the uptake of **electric vehicles used in business for the transportation of goods and people**.

Eligibility criteria and deadline

The scheme provides support in the form of **financial grants and tax credits**. Applicants may seek support for **investing in recharging infrastructure** required for vehicles which are an integral part of the business activity and for **leasing clean or zero-emission vehicles**.

The measure shall remain in force **until 30th December 2026**.

Eligible businesses have to be **registered with the Malta Business Registry** at the time of application and **employ at least 5 full-time employees**.

i) Support for charging infrastructure

Malta Enterprise may support the **procurement, installation, and commissioning of private recharging infrastructure with smart recharging functionalities** required by an undertaking to recharge commercial vehicles owned by the same undertaking.

The aid awarded can be:

- a) a grant covering up to hundred percent (100%) of the interest paid during the first three (3) years on a loan supported by the Malta Development Bank or a recognised financial institution to fund eligible costs ; and/or
- b) a tax credit calculated as a percentage of the eligible costs incurred.

The **aid intensity** on eligible costs incurred ranges from **20% to 55%**, depending on the size of the undertaking and area of the investment.

ii) Support for the leasing of motor vehicles

Malta Enterprise may also support through **tax credits the leasing of commercial vehicles for a period of at least twelve (12) months** of:

- a) **clean vehicles powered at least partially by electricity or by hydrogen;** or
- b) **zero-emission vehicles**

The scheme shall cover up to thirty-six (36) months of the lease period commencing from the start of the lease. The aid intensity vary from 30% to 60%, depending on the size of the undertaking and the vehicle to be leased.

This article reflects the guidelines published by Malta Enterprise and Measures and Support Division as at 30th August 2024.

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*The objective of this summary is to outline the principal elements of the rules being summarized herein. Accordingly, it is not intended to be provided by way of comprehensive and definitive advice. Interested parties should seek professional advice by contacting DFK Malta Tax & Consultancy Limited before acting upon any information included in this document.

