



MALTAENTERPRISE

## INCENTIVE GUIDELINES

<https://www.maltaenterprise.com/support>

# Grant scheme to facilitate the review of Environmental, Social and Corporate Governance Practices (ESG Grant)

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# 1 Overview

- 1.1 The Environment, Social and Corporate Governance framework (ESG) provides measurable goals and processes for tracking, managing and reporting on a company's impact on the environment and on different stakeholders, as well as its approach to governance. The ESG Measure was developed to assist businesses in reporting and assessing their ESG impact.
- 1.2 The scope of this incentive is to encourage small and medium-sized enterprises (hereafter collectively referred to as SMEs) to carry out their first ESG review. This will help them identify and measure ESG parameters within their business. Through this scheme, SMEs should engage the service of approved ESG advisors, in carrying out an assessment of the company's ESG performance.
- 1.3 Eligible enterprises that submit an ESG report which is accepted by the Ministry for the Environment, Energy and Enterprise (MEEE)<sup>1</sup>, will be listed on the ESG portal located at <https://sustainabledevelopment.gov.mt>.

# 2 Eligibility

- 2.1 To be eligible for support an applicant must be a small or medium-sized enterprise having at least five full-time employees.
- 2.2 Applicants should operate from own premises, leased or rented buildings. Applicants operating from leased or rented buildings must:
  - a) Have been leasing or renting the building for at least one (1) year prior to applying for this measure.
  - b) Be covered by a lease or rent agreement of at least three (3) years following the application date.
- 2.3 Applicants engaged in activities specifically excluded under the *de minimis* Regulation (refer to Section 8) may not benefit from this support.

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<sup>1</sup> The reports will be reviewed by MEEE or a delegated authority

### 3 The Environmental, Social, and Corporate Governance Practices scheme

- 3.1 Through this scheme Malta Enterprise shall support SMEs that commission an external Service Provider, selected from the approved list of advisors recognised by MEEE, to compile an initial ESG report that is submitted for publication on the ESG portal. The Corporation shall provide additional support to SMEs that keep their ESG portal report updated for the two years following the initial submission.
- 3.2 The aid must be approved prior to commissioning the task to the selected Service Provider.
- 3.3 On requesting support, the applicant should have agreed to the terms of service with the Service Provider. Such terms should be specific to the preparation of an initial ESG report which shall result in populating the ESG template provided by MEEE. The terms of service should specify the cost of the service and the number of months that will be required to complete the report from commissioning.
- 3.4 The eligible costs shall be limited to the provision of advisory services leading to the first ESG report being submitted to MEEE. All costs shall be considered excluding VAT and other recoverable charges.
- 3.5 The complete ESG reports are to be submitted to MEEE, within six (6) months of the Corporation's approval, however MEEE, in agreement with the Corporation, may extend this period depending on the size of the operation being reviewed and its complexity or if the delays are encountered that are a result of externalities not dependent on the beneficiary or Service Provider.
- 3.6 ESG review should not be a one-time exercise and should be conducted periodically to identify changes, establish targets and measure progress. The Corporation shall provide additional support to those beneficiaries that maintain their ESG submission on the portal updated for the two years following the initial submission. While business owners may opt to still use service providers to compile these updates, they should consider building internal competencies to address such reporting.

## 4 What is the maximum support?

- 4.1 Eligible enterprises may be awarded a grant of up to five thousand Euro (€5,000) for preparing an ESG report and keeping it updated for two (2) consecutive years following their first submission. The grant shall be structured as follows:
- a) A maximum of three thousand Euro (€3,000) shall be disbursed as a reimbursement of up to seventy-five percent (75%) of eligible costs incurred to prepare the first ESG report that is submitted to MEEE and approved for publication on the ESG Portal.
  - b) Beneficiaries that submit an update of the ESG report to MEEE in the two years immediately after the submission of the first report shall receive the following additional grants:
    - I. For the first update the beneficiaries shall receive a grant capped at the lower of one thousand Euro (€1,000) or fifty percent (50%) of eligible costs incurred for the first ESG report submitted.
    - II. For the second update the beneficiaries shall receive a grant capped at the lower of one thousand Euro (€1,000) or thirty percent (30%) of eligible costs incurred for the first ESG report submitted.
- 4.2 Enterprises forming part of the same Single Undertaking may be supported separately as long as the limits set by the de minimis regulation are respected.

## 5 Applying for the ESG Measure

- 5.1 Applicants must identify an external and impartial service provider from the list of eligible Service providers, attached as Annex A to these incentive guidelines.
- 5.2 Before proceeding with the application, ensure that the Service provider is available to deliver the service within six (6) months from approval date.
- 5.3 Download, complete and submit the application form from the client portal which may be accessed at <http://clientportal.maltaenterprise.com>.
- 5.4 The Corporation shall receive applications until Tuesday 31<sup>st</sup> October 2023
- 5.5 The Corporation will review and evaluate all applications submitted. During this process, the Corporation may seek further clarifications from the applicant. Approval is at the sole discretion of the Corporation which shall consider the contribution of the applicant to the country's economic development.
- 5.6 If the request for support is approved, a Letter of Approval (LOA) shall be issued detailing the terms of the support approved. The Letter of Approval shall specify deadlines for submission of claims which unless otherwise justified shall be within twelve (12) months from the signing of the LOA for the submission of the first claim covering the submission of the initial report. Claims in relation to annual updates shall be submitted within twenty-four and thirty-six months respectively from the date of signing of the LOA.

## 6 State Aid Rules and Obligations

### 6.1 Applicable State Aid

- 6.1.1 If the submitted application is approved, the beneficiary will benefit from de minimis State Aid in line with Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid, as amended by Commission Regulation (EU) 2020/972 of 2 July 2020 amending Regulation (EU) No 1407/2013 as regards its prolongation and amending Regulation (EU) No 651/2014 as regards its prolongation and relevant adjustments (the de minimis Regulation).
- 6.1.2 Commission Regulation (EU) No 1407/2013 allows a 'single undertaking' to receive an aggregate maximum amount of de minimis aid of €200,000 under all de minimis aid measures, over a period of three consecutive fiscal years. This aggregate maximum amount threshold applies in principle to all economic sectors with the exception of a 'single undertaking' performing road freight transport for hire and reward for which a lower de minimis threshold of €100,000 over any period of three fiscal years applies. The agriculture and fisheries sectors are subject to different thresholds and criteria. This period covers the fiscal year concerned as well as the previous two fiscal years. 'Fiscal year' means the fiscal year as used for tax purposes by the undertaking concerned. For the purpose of this declaration, the term 'single undertaking' as defined in Section 7.7 below, includes all companies in a group (which fall under the direct or indirect ownership or control of the same ultimate parent company) and relevant partner and linked enterprises as defined in Annex 1 of Commission Regulation (EU) No 651/2014.
- 6.1.3 This maximum threshold would include all State aid granted under this scheme and any other State aid measure granted under the *de minimis* rule including that received from any entity other than Malta Enterprise Corporation. Any *de minimis* aid received in excess of the established threshold will have to be recovered, with interest from the undertaking receiving the aid.
- 6.1.4 The *de minimis* declaration form must be filled in and submitted as part of the application form.

### 6.2 Applicability of the Aid

- 6.2.1 Assistance approved under this aid scheme is NOT:
- a) Aid granted to undertakings active in the fishery and aquaculture sector, as covered by Council Regulation (EC) No. 104/2000<sup>2</sup>;
  - b) Aid granted to undertakings active in the primary production of agricultural products;
  - c) Aid granted to undertakings active in the sector of processing and marketing of agricultural products, in the following cases:
    - i. Where the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned;

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<sup>2</sup> Council Regulation (EC) No 104/2000 of 17 December 1999 on the common organisation of the markets in fishery and aquaculture products (OJ L 17, 21.1.2000, p. 22).

- ii. Where the aid is conditional on being partly or entirely passed on to primary producers;
  - d) Aid to export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity;
  - e) Aid contingent upon the use of domestic over imported goods;
  - f) Aid for the acquisition of road freight transport vehicles granted to undertakings performing road freight transport for hire or reward.
- 6.2.2 Where an undertaking is active in the sectors referred to in points (a), (b) and (c) above as well as in other sectors falling within the scope of the *de minimis* Regulation, the Corporation will ensure a separation of the activities or distinction of costs. Only those sectors eligible for assistance under the *de minimis* Regulation will be assisted. Activities in the sectors excluded from the scope of the *de minimis* Regulation will not benefit from assistance under this aid scheme.

### 6.3 Cumulation

- 6.3.1 *De minimis* aid granted in accordance with this Regulation may be cumulated with *de minimis* aid granted in accordance with Commission Regulation (EU) No 360/2012 up to the ceiling laid down in that Regulation. It may be cumulated with *de minimis* aid granted in accordance with other *de minimis* regulations up to the relevant ceiling laid down in Article 3(2) of this Regulation.
- 6.3.2 *De minimis* aid shall not be cumulated with State aid in relation to the same eligible costs or with State aid for the same risk finance measure, if such cumulation would exceed the highest relevant aid intensity or aid amount fixed in the specific circumstances of each case by a block exemption regulation or a decision adopted by the Commission. *De minimis* aid which is not granted for or attributable to specific eligible costs may be cumulated with other State aid granted under a block exemption regulation or a decision adopted by the Commission.



## 7 Further Information

- 7.1 This incentive has a budget of two hundred thousand euro (€200,000).
- 7.2 Beneficiaries will be monitored by the Corporation and other agencies entrusted by the Corporation. If a beneficiary fails to implement or carry out the agreed actions as specified in the letter of approval, the Corporation may revoke and/or recover all or part of the support granted.
- 7.3 Useful Definitions:
- i. **Applicant:** An Applicant is an Undertaking that has submitted a complete application for support under this scheme to the Corporation.
  - ii. **Beneficiary:** A Beneficiary is an Undertaking that is in possession of a Letter of Approval issued by the Corporation.
  - iii. **Corporation / Malta Enterprise:** The terms Corporation and Malta Enterprise shall mean Malta Enterprise Corporation as established by the Malta Enterprise Act (CAP 463 of the Laws of Malta).
  - iv. **Letter of Approval:** A Letter of Approval is a document establishing the support granted to an undertaking and stipulating any terms and conditions deemed appropriate by the Corporation.
  - v. **Single Undertaking:** For the purpose of this scheme, the term Single Undertaking shall be defined as per Commission Regulation EU No 1407/2013 of 18 December 2013 on the application of the Treaty on the Functioning of the European Union to de minimis aid, as amended.

Single Undertaking includes, for the purposes of this Regulation, all undertakings having at least one (1) of the following relationships with each other:

- a) *one (1) enterprise has a majority of the shareholders' or members' voting rights in another undertaking;*
- b) *one (1) enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another undertaking;*
- c) *one (1) enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that undertaking or to a provision in its memorandum or articles of association;*
- d) *one (1) enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that undertaking, a majority of shareholders' or members' voting rights in that undertaking.*

*Enterprises having any of the relationships referred to in points (a) to (d) above through one or more other undertakings shall also be considered to be a single undertaking.*

*The same Regulation states that a group of linked undertakings is considered as one single undertaking for the application of the de minimis rule, but that undertakings which have no relationship with each other except for the fact that each of them has a direct link to the same public body or bodies are not treated as being linked to each other. The specific situation of undertakings controlled by the same public body or bodies, which may have an independent power of decision, is therefore taken into account.*



## 8 Contacts

For guidance on the filling in of the application form kindly contact Business 1st on 144 during office hours.

Duly filled applications must be submitted to Malta Enterprise via the Corporation's Client Portal:  
<https://clientportal.maltaenterprise.com/login>

## Annex A.

### Annex 1 - List of firms that may provide ESG advisory services.

When choosing the advisors for the ESG scheme, applicants should ensure that the three aspects of Environmental, Social, and Governance can be addressed.

The list below may include firms with competencies in specific areas, but not in all the three aspects of ESG. In such cases, you may have to contract multiple providers to address the requirements of the ESG report template.

*The template may be obtained by sending a request [sustainabledevelopment@gov.mt](mailto:sustainabledevelopment@gov.mt)*

**Funds will only be disbursed when the submitted template meets all the criteria of a full submission.**

AIS Environment  
Avvena  
Business Doctors  
Deloitte  
En-Sure Ltd  
Ewropa Consultancy  
EY  
Fenlex Corporate Services  
Finex Malta Ltd  
Grant Thornton  
Greencircle Engineering  
KPMG  
KSi Malta  
MTiPX  
NM Group (Malta) Ltd.  
Nouv (Tuning Fork)  
Price Waterhouse Coopers  
RSM  
WDM International  
Weave Consulting Ltd.  
Zampa Debattista  
EMCS Limited  
Giving Back Malta Limited  
Datalitiks

- *The list may be updated periodically at the discretion of MEEE*
- *Requests to be included in this list are to be directed to MEEE*