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Investing in your future

Environmental Impact Assessment Toolkit for Startup Support Organizations

July 2025

Table of Contents

The activities and development of this toolkit were carried out within the framework of the initiative "Development of the Estonian Startup Ecosystem and Startup Development Programmes" (*“Eesti iduettevõtluse ökosüsteemi arendamine ja iduettevõtjate arenguprogrammid”*), commissioned by the Estonian Ministry of Economic Affairs and Communications, coordinated by Startup Estonia, and funded by the European Union.

The initiative, led by the Estonian Cleantech Association altogether with Estonian Business School, took place between June 2024 and May 2025 and aimed to strengthen the capacity of startup support organizations in helping early-stage companies assess and communicate their environmental and climate impact in line with evolving EU and national requirements.

The content was developed through a co-creation process involving interviews, feedback sessions and working meetings with startup accelerators and support organisations, public funding agencies, ministries, early-stage startups, private investors and sustainability experts. This collaborative approach ensured that the final toolkit reflects both international best practices and the practical needs of Estonian ecosystem actors.

The development of the environmental assessment toolkit has been supported by the European Regional Development Fund under the EU cohesion policy funding period 2021–2027.

Introduction

With a growing concern around environmental and climate crises, regulators, investors and customers are increasingly expecting small and medium sized organizations, including startups, to evaluate their environmental and social impact. The good news is that it is far easier to integrate principles of green and just transitions in the business model as a startup compared to an already established business. This is because the process of product development and defining critical operations is evolving and startups can already start thinking about sustainability from the inception of their business. The challenge, however, is that startups are still new to the market and don't have historic data to measure, evaluate and report on the actual impact of their operations.

Traditional reporting frameworks are designed for more established companies, expecting companies to take a look at past performance and historic data to evaluate and report impact. These frameworks don't fit startups because by definition startups focus on developing and validating a scalable business model - a hypothesized future business model that needs to be tested and ascertained. The main goal of a startup is to find proof for two key ideas:

1. **The "Value Idea":** Is the startup making something people really want? This is about testing the product or service to ensure that it is something that customers truly need and are willing to pay for. It's about solving a real problem for customers.

2. **The "Growth Idea":** How can the startup grow its business? Once the startup knows people want their product/service, it needs to figure out how to reach more and more customers. This is the expansion/scaling plan.

For most new businesses, the clearest sign of success is making a profit. When a startup starts making money, it's a strong signal that they have found the right product for the right customers i.e. they have found product-market fit. In other words, money shows that their "value idea" and their "growth idea" are working well together. Thus, a startup's impact also needs to be similarly hypothesized and validated in the context of social and environmental benefits. Startups need to test the impact of their idea by ensuring that their product / service is creating the biggest possible benefit it can.

So why should a startup make the effort of going through this entire process of hypothesizing and communicating social and environmental impact (and why should you as an ESO understand this process well) when it is not yet mandatory? Simply put, startups need to future proof their companies to withstand any unprecedented disruptions that may become a hindrance to their stability and growth. Here is why it matters:

1. **Consumers:** Transparency is a powerful tool. In today's market, especially in B2B, customers want to see your commitment to sustainability. Measuring impact helps clean tech startups appeal to environmentally conscious customers and build brand trust

2. **Government & Regulators:** The European Union (EU) and all its member states have set short- and long-term environmental and climate targets, expecting companies to contribute to reaching them. Member states and

the EU design more and more support measures with the goal of positive environmental and climate impact. This means that in funding terms, they demand the assessment of company's impact as proof of the positive impact

3. **Investors**: A startup does not have to identify specifically as a climate tech startup to access the various impact funds and climate finance investments that are more readily available in current funding pools. However, VC's, especially impact-focused ones, expect startups to track their environmental performance. EU impact funds are classified under Article 8 and Article 9 of the Sustainable Finance Disclosure Regulation (SFDR). They will both ask you for environmental assessments in order to make their investment decision.

    - Article 8 Funds do not have sustainability as their core objective but they promote environmental and social characteristics. These funds actively integrate Environmental, Social, and Governance (ESG) considerations in investment decisions even though they can invest in activities that may not fully align with sustainability goals.

    - Article 9 Funds have a strong commitment to sustainability and target specific sustainable investments. Their primary objective is to achieve a measurable positive impact on environmental or social issues, making them more aligned with "impact investing" strategies.

4. **Business Strategy & Growth:** Measuring impact helps startups monitor progress, identify inefficiencies, and innovate in ways that reduce emissions. It can be a strategic advantage in a competitive market by differentiating them as sustainability leaders.

5. **Public Image & Media Relations**: A positive climate impact report can improve the startup's public image and attract media attention, which can lead to better partnerships and broader market reach.

This guide has been developed as a sector agnostic document to facilitate entrepreneurship support organizations in helping startups to hypothesize and communicate their (startups') environmental and social impact to a variety of stakeholders. We have tried to make it as reader friendly, and bite sized as possible, keeping in mind that you and your organization may not be in the business of climate, but the climate of business makes it imperative that you are in-sync with what is happening.

The guide is split into specific sections as:

- Section 1 in which the key terms around sustainability and impact are discussed. These terms should be understood well specific words have specific meanings and cannot be overlapped or used interchangeably. These key concepts are used as a basis for impact hypothesis. This section is for the general guidance of startup support organizations and to help them facilitate startups better.

- Section 2 outlines the process to align a startup with the DNSH framework of the EU Taxonomy.

- Section 3 outlines a process that can be used by all startups to hypothesize their environmental and social impact. It is particularly important that as a startup support organization, you understand the process and are able to help the startups you support in implementing it as well. Templates with relevant examples have been provided to support your organizations.

In addition, we have identified some tools that are currently available online and are free to use for the time being. Each tool has a different utility, and we have tried our best to curate the most relevant ones for startups. However, do keep in mind that most tools available online have been initiated as a project. While they are free to use for now, it is possible that there may be some cost associated with using them in the future or they may even cease to exist owing to the financial challenges of operating without a cost. These tools are indicated in Annexure 1.

Section 1: Key Terms and Concepts

When it comes to green transition terminologies, we hear and read many words like sustainability, impact, ESG etc. This section discusses and explains the key terminologies all startups should be cognizant of and be able to use appropriately.

What is Sustainability?

In its classical definition, sustainability implies balancing economic, ecological and social goals to ensure that the present generation can meet its needs without compromising the capacity of future generations to fulfil their needs[1].

Sustainable Development Goals (SDGs)

The world faces major challenges, from poverty and inequality to climate change. To address these, the United Nations created the Sustainable Development Goals (SDGs)—a shared plan for a better and more sustainable future for everyone by 2030. Think of the SDGs as a roadmap – a guide for governments, businesses, communities, and individuals to work together towards a common good. The SDGs are a set of 17 interconnected goals that cover a wide range of topics, including economic growth, social justice, and environmental protection[2].

Figure 1: The UN Sustainable Development Goals[3]

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[1] World Commission on Environment and Development (WCED). (1987). *Our common future*. Oxford University Press.
[2] https://www.globalgoals.org/resources
[3] United Nations Department of Economic and Social Affairs. *Sustainable development goals (SDGs) and disability*. UN DESA. Retrieved July 25, 2025, from https://www.un.org/development/desa/disabilities/about-us/sustainable.development-goals-sdgs-and-disability.html

A key principle of the SDGs is that they are all linked. Progress on one goal, like providing clean energy, can drive progress on others, such as improving health and creating jobs. Successful, long-lasting businesses cannot exist in a world where resources are disappearing, and society is unstable. The SDGs highlight the very issues that must be solved to ensure a stable future. To build a competitive, long-term business, aligning a startups' mission with these goals is essential.

Focusing on the SDGs is not just good for society—it's also a smart business strategy. There is a major shift happening in the investment world. Investors are increasingly putting their money into companies that make a positive social and environmental impact, a trend often called "ESG" (Environmental, Social, and Governance) investing. The United Nations estimates it will take $3.3 to $4.5 trillion per year to achieve the SDGs. This means that venture capital firms and public funds are actively looking to finance startups that help solve these global challenges. For entrepreneurs, this presents both a challenge and a massive opportunity. If a startup offers an innovative product or service that has the potential for positive impact on people's lives, new ventures are well-positioned to attract the funding they need to grow.

Environmental, Social & Governance (ESG) Framework

The ESG framework forms the base of sustainability for companies and has evolved as the primary approach in assessing a company's sustainability claims and impact. The three pillars of ESG are:

- Environmental: the effect of a company's activities on the planet focusing on issues such as waste, resource management, greenhouse gas emissions, energy efficiency and deforestation.
- Social: the company's engagement with and impact on the community it operates in and the society at large including workers' rights, safety, diversity, education, labour relations, supply chain standards, community relations and human rights.
- Governance: includes structures and accountability of the company with a focus on ethical business operations, risk management and long-term economic sustainability of the organization.

Over the last several years, ESG reporting requirements have become legislated and investors are also paying increasing attention to the extent companies, including startups, are embedding ESG principles into their business models, culture and practices. Investors and customers increasingly value businesses that contribute to sustainable development.

ESG & Sustainable Development Goals

As global efforts to tackle sustainability challenges accelerate, aligning corporate Environmental, Social and Governance (ESG) practices with the United Nations' Sustainable Development Goals (SDGs) has never been more critical. The SDGs are 17 goals set by the UN in 2015, with the aim to catalyze sustainable development and provide a global blueprint for addressing pressing challenges. While ESG offers a practical, actionable framework for businesses to integrate sustainability into their strategies and operations, incorporating SDGs into a

startup's mission and operations can enhance its appeal, attracting sustainability conscious investors and customers[4].

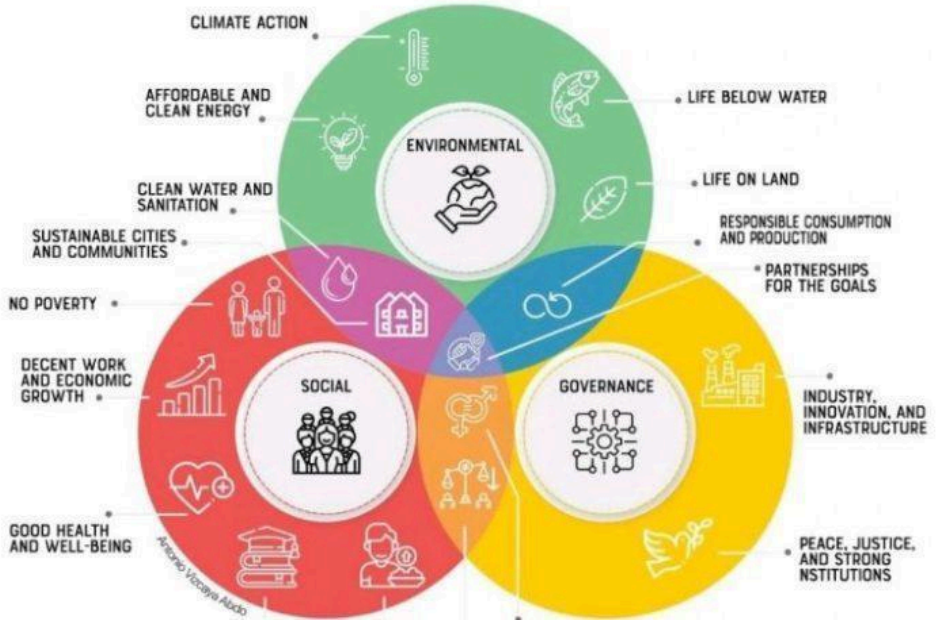


Figure 2: ESG Alignment with SDGs[5]

Double Materiality

Double materiality is a dual-perspective approach that helps a company understand its complete relationship with sustainability. Startup companies need to reflect on two-aspects:

1. Financial Materiality (The "Outside-In" View): which assesses how sustainability factors could create tangible financial risks or opportunities for the startup. It answers the question: How will the world's environmental and social challenges affect our bottom line? For example: managing supply chain disruptions caused by extreme weather or gaining access to new green technology grants
2. Impact Materiality (The "Inside-Out" View): focuses on the startup's own effect on society and the environment through its operations, products, and services. It answers the question: How do our business activities impact the planet and people? For example: measuring GHG emissions from operations, evaluating health impact of a product or contributing to UN SDGs

Embracing both perspectives, helps startups move beyond simple financial reporting and build a holistic strategy that enhances transparency, strengthens risk management and demonstrates accountability – making new ventures more resilient, compliant and attractive to investors, talent and customers.

[4] https://www.dml.or.id/connecting-sdgs-to-esg-pillars-a-pathway-to-sustainable-growth/
[5] DML Indonesia. (2024, December 4). *Connecting SDGs to ESG pillars: A pathway to sustainable growth*. DML Indonesia. https://dml.or.id/connecting-sdgs-to-esg-pillars-a-pathway-to-sustainable-growth/

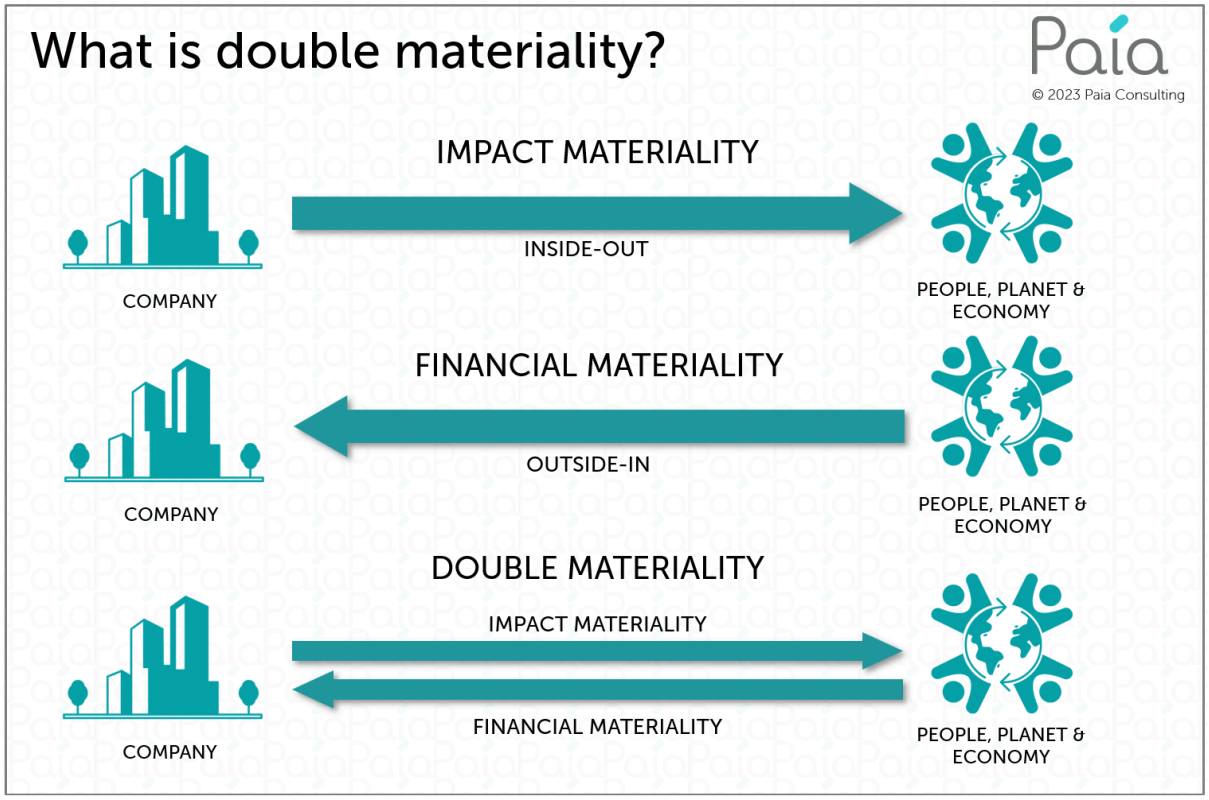


Figure 3: What is Double Materiality? (Paia Consulting, 2023)[6]

Greenhouse Gas (GHG) Emissions & Carbon Footprint

Carbon footprint refers to the measurement of a company's climate impacts, primarily assessed through greenhouse gas emissions. Green House Gases (GHGs) are atmospheric gases that trap heat, contributing to the greenhouse effect and influencing Earth's climate. The primary GHGs include:

- **Carbon dioxide (CO_2)**: Released from burning fossil fuels, deforestation, and certain industrial processes.
- **Methane (CH_4)**: Emitted during fossil fuel extraction, agriculture (especially livestock), and landfill decomposition.
- **Nitrous oxide (N_2O)**: Produced by agricultural activities, fossil fuel combustion, and industrial processes.
- **Fluorinated gases**: Synthetic gases used in industrial applications, refrigeration, and air conditioning.
- **Water vapor (H_2O)**: The most abundant GHG, but its concentration is primarily controlled by temperature.

These gases allow sunlight to enter the atmosphere but prevent some of the heat from escaping, thereby warming the planet—a phenomenon known as the greenhouse effect. Without this effect, Earth's average surface temperature would be around −18°C, instead of the current 14°C.

[6] Paia Consulting. (2023, June 7). *Demystifying the double materiality debate*. Paia Consulting. https://paiaconsulting.com.sg/demystifying-the-double-materiality-debate/

As greenhouse gases have different global warming power, the carbon footprint is measured by converting to equivalent carbon dioxide (CO2) emissions. Companies report their progress in reducing emissions in categories:

- **Scope 1:** Emissions directly controlled and managed by a company.
- **Scope 2:** Indirect Emissions caused by a company's consumption of purchased energy, such as electricity, heat, or steam.
- **Scope 3:** Other Indirect Emissions not produced by assets owned or controlled by the company but produced by those it is indirectly responsible for up and down the value chain, e.g. a company processing raw materials, but not involved in the extraction process, would have the relevant emissions from the extraction attributed to Scope 3.

Different scopes measure direct and indirect emissions[7].

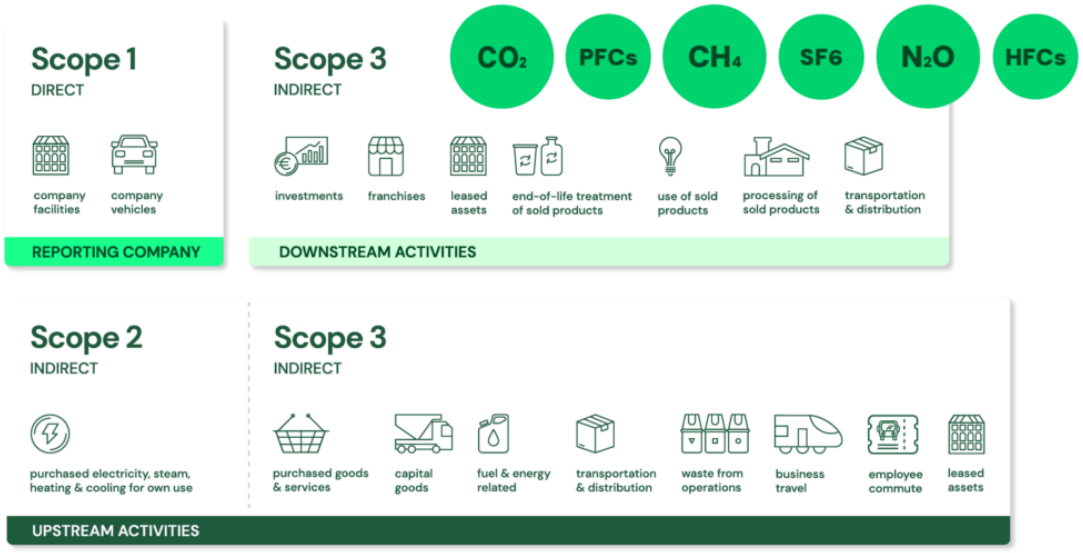


Figure 4: Direct & Indirect Scope Emissions

The Estonian Ministry of Climate provides resources for organizations to calculate their GHG footprint as part of the larger Rohereform (green reform initiative). A downloadable GHG calculation model (in Excel format) and associated data, which is updated annually is available on the website. The model is based on international standards like the Greenhouse Gas Protocol but adapted for Estonian conditions and allows for a standardized method of calculating GHG footprints for Estonian organizations. The tools can be accessed here: https://kliimaministeerium.ee/rohereform-kliima/rohereform/organisatsioonide-khg-jalajalg

[7] Plan A Earth. (n.d.). *Scope 3 emissions* [Glossary entry]. Plan A Earth. Retrieved July 25, 2025, from https://plana.earth/glossary/scope-3-emissions

Life Cycle Assessment

A Life Cycle Assessment is a systematic method for evaluating the environmental impacts of a product, service, or process throughout its entire life, from start to finish. It's often called a "cradle-to-grave" analysis. This analysis depends on information on all inputs (energy, water, raw materials) and outputs (emissions to air, water, land; waste) at every stage of the products' life. Realistically, this means that a detailed analysis of every step of the production value chain needs to be implemented including raw material extraction, manufacturing and processing, transportation and distribution, product use by the customer, and end of life (recycling, reuse or disposal).

Two absolutely important things to note here:

1. If a startup is not product based, there is no room for an LCA analysis
2. An LCA analysis is also irrelevant before a solid product-market fit, business model and clear production and procurement process is in place

Like all forms of corporate reporting, LCAs also require past or historic data to prove validity

Net Zero

A state where a company has reduced its GHG emissions as close to zero as possible across its entire value chain is referred to as net zero. Any remaining, unavoidable emissions are then balanced by actively removing an equivalent amount of GHGs from the atmosphere through high-quality carbon removal projects. This is more ambitious than being "carbon neutral" which often relies heavily on offsetting current emissions. For startups, achieving net zero means:

1. Measure: Systematically calculate the company's entire carbon footprint vis-à-vis scope emissions calculation
2. Reduce: Implement strategies to reduce carbon emissions
3. Offset / Remove: compensate for the truly residual emissions by investing in credible, verified carbon removal projects for example direct air capture by afforestation

Circular Economy Concepts

The circular economy is an alternative and transformative approach to production and consumption, challenging the traditional "linear" economic model of "take-make-consume-throwaway" that assumes resources are abundant, available, easy to source, and cheap to dispose of. The circular economy represents an evolutionary leap that reimagines how production and consumption relate to waste. The linear model, which dominated in the past, relied heavily on abundant materials and energy, causing significant environmental impacts through resource depletion and excessive waste generation.

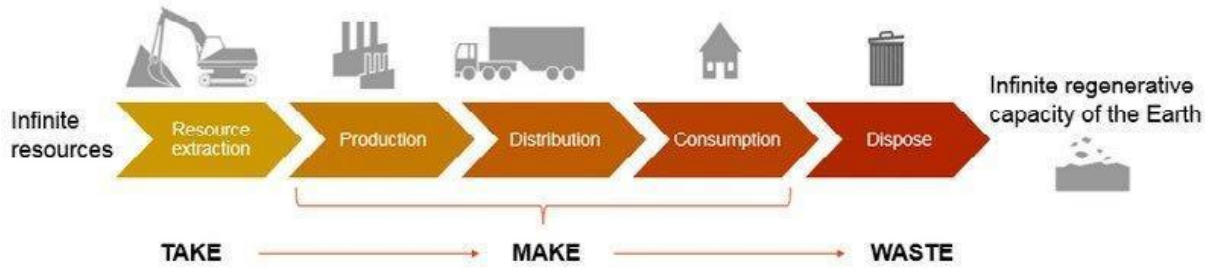


Figure 5: Linear Economy Value Chain Approach (Wautelet, 2018)

The circular economy offers an innovative alternative to this traditional approach. It keeps resources in use as long as possible to maximize their value through sharing, leasing, reusing, repairing, refurbishing, and recycling. This system aims to eliminate waste and pollution, maintain products and materials in use, and regenerate natural systems. Beyond mitigating environmental damage like resource depletion and habitat disruption, the circular economy offers three major economic benefits: job creation, innovation stimulation, and long-term consumer cost savings.

The 10R's of Circular Economy

1. **Refuse:** This principle requires making a conscious choice to avoid using resources or products that are either unnecessary or not sustainable. It's about saying no to materials that are harmful to the environment or that do not align with sustainable practices.

2. **Reduce:** At its core, this principle is about minimizing the resources used in products or processes and reducing the generation of waste. It's not just about using less but using smarter, ensuring that every resource used delivers maximum value with minimal environmental impact.

3. **Rethink:** This principle encourages a fundamental reassessment of product design and service delivery. It involves considering how resources are utilized to ensure a minimal environmental impact. Rethinking is about innovating and finding new ways to achieve the same goals with less harm to the environment.

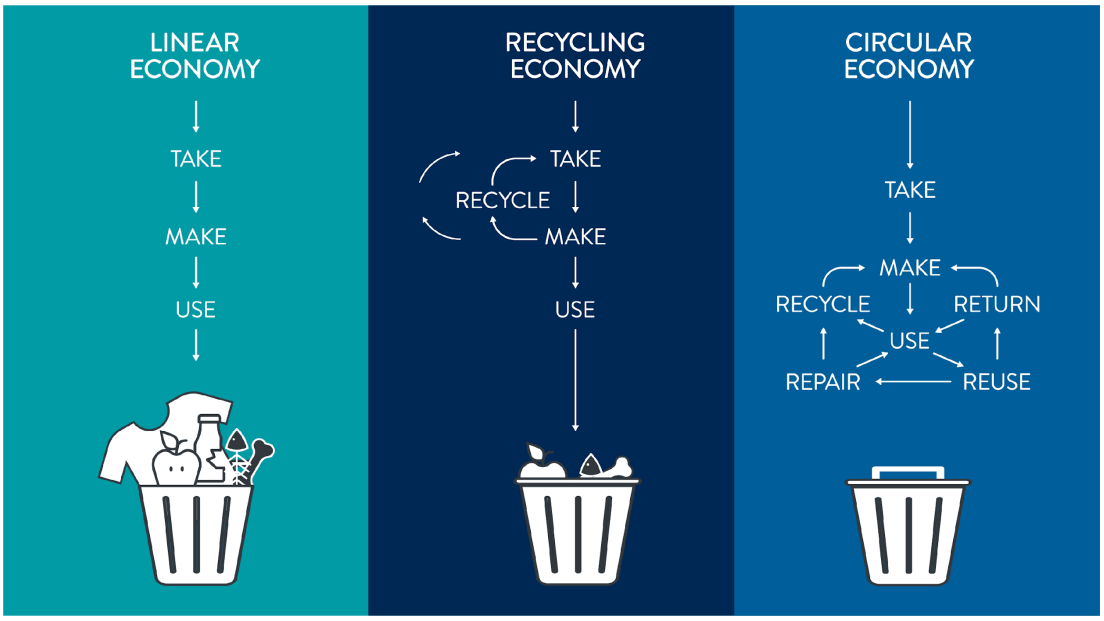
4. **Reuse:** It's about giving products a second chance, extending their lifespan by using them again for the same purpose, a second-hand use is an example of this.

5. **Repair:** This involves taking steps to fix and maintain products, thereby prolonging their usability. Repairing is about keeping products operational for as long as possible, avoiding the need for immediate replacement.

6. **Refurbish:** This process entails updating or renovating products to restore their functionality. Refurbishing can breathe new life into older items, making them useful once again.

7. **Remanufacture:** Remanufacturing involves rebuilding a product to meet or exceed its original specifications. This process uses a combination of reused, repaired, and new parts, giving products a new lease on life and reducing the need for entirely new resources.

8. **Repurpose:** This principle involves creatively using products or materials for different functions than they were originally intended. Repurposing is about finding new and innovative uses for items, thus extending their lifecycle.
9. **Recycle:** This process involves converting waste materials into new, usable products. Recycling transforms what would otherwise be discarded as waste into valuable resources, contributing to the production of new items.
10. **Recover:** Recovery focuses on extracting usable materials or energy from waste that cannot be conventionally recycled. This step is crucial in ensuring that even non-recyclable waste contributes to the circular economy.



EU Taxonomy for Sustainable Activities

The EU Taxonomy is a regulatory classification system established by the European Union to guide investments toward economic activities that support the European Green Deal objectives. It serves as a market transparency tool, helping businesses identify which of their activities qualify as environmentally sustainable while providing clarity to investors.

Startups are indirectly affected by the EU Taxonomy objectives as the EU is making its major funding programs for regional development – for example the European Regional Development Fund (ERDF), the Just Transition Fund and the Cohesion Fund – greener. For startups eyeing public investment, this means understanding two key concepts: **Do No Significant Harm (DNSH)** and **Climate Proofing**.

Understanding these concepts can be beneficial for startups in several ways:

- **Navigating Sustainability Standards:** Startups working with corporate partners or investors will increasingly need to align with sustainability

expectations set by these larger regulations. Being "Taxonomy-aligned" makes a startup a more attractive partner

- **Market Positioning:** Companies that integrate sustainability into their business model will find it easier to attract funding from investors focused on green and impact-driven investments, who use the Taxonomy as their guide
- **Futureproofing:** As sustainability reporting becomes more widespread, startups that proactively adopt ESG (Environmental, Social, and Governance) best practices will gain a significant competitive advantage

The DNSH principle is a fundamental green checklist for any project seeking EU funding. To be eligible, a startup must demonstrate that its activities won't negatively impact the EU's main environmental goals.

In simple terms, a project must not cause significant harm to:

- **Climate Change Mitigation:** It shouldn't lead to significant greenhouse gas emissions.
- **Climate Change Adaptation:** It shouldn't worsen the negative effects of climate change.
- **Water and Marine Resources:** It must not harm rivers, lakes, or oceans.
- **Circular Economy:** It shouldn't lead to excessive waste or inefficient use of resources.
- **Pollution Prevention and Control:** It must not significantly increase pollution in the air, water, or soil.
- **Biodiversity and Ecosystems:** It must not damage natural habitats or ecosystems.

What this means for startups: When applying for funding, startups will need to show that their business model and operations are environmentally responsible. For example, a tech startup developing a new app would need to consider the energy consumption of its data centres.

As a startup support organization, you need to encourage startups to think about their environmental footprint from day one. Help them articulate how they are actively avoiding these harms in their business plans and funding applications.

Beyond just avoiding harm, the EU wants to ensure its investments are resilient to the future impacts of climate change . It's about preparing for and adapting to a changing climate to ensure a project's long-term success. This involves two main aspects:

1. **Adaptation:** Ensuring the startup's assets and operations can withstand future climate-related risks like extreme weather events.
2. **Mitigation:** Contributing to the overall goal of reducing greenhouse gas emissions.

What this looks like practically:

- When choosing a location for a new office or production site, ensure it is not in a flood-prone area or design the building with energy efficient systems
- Tech companies should use energy efficient servers or choose a cloud provider that that runs on renewable energy
- Any business with a physical product should source materials from diverse sources including recycled material or design their product for easy repair and disassembly and introduce take back programs

Integrating DNSH and climate proofing into business plans is no longer just a "nice-to-have"—it's becoming essential for securing EU funding and succeeding in a market that values sustainability. As a startup support organization, your role in translating these requirements and providing practical guidance will be crucial in helping them succeed.

For more information visit the EU Taxonomy website of the European Commission.

Corporate Social Reporting Directive

The EU Corporate Sustainability Reporting Directive (CSRD) came into effect in January 2023, strengthening the requirements for social and environmental disclosures that companies must report. The CSRD applies to:

- Large EU companies
- Listed SMEs (small and medium-sized enterprises)
- Non-EU companies generating over €150 million in the EU market

While most startups are not directly affected by the CSRD, it is still relevant for those working with corporate clients, investors, or partners who must comply with these regulations. Startups offering sustainability-driven solutions may also find opportunities to align with these requirements and provide value-added services.

For the latest updates and further details, visit the European Commission's website. Financial consultants and advisors also provide useful insights through reports, podcasts, and articles on the evolving sustainability reporting landscape.

Greenwashing

Greenwashing is the deceptive practice of portraying a product, service, or company as more environmentally friendly than it actually is. It involves using misleading or false claims, symbols, or imagery to create a false impression of environmental responsibility. Essentially, it's a form of "green PR" or marketing spin designed to appeal to environmentally conscious consumers without genuinely improving environmental impact. When developing their business strategies, startups should be mindful of and ensure that they are able to validate the environmental and social impact claims that they make. For this reason, it is extremely important to have an impact hypothesis which is validated by data.

For most startups and small businesses, the direct regulatory impact of these 2025 rules is limited, because they fall outside the mandatory scope. A typical early-stage startup (with, say, 20 employees or even 100 employees) will **not** be required to publish a CSRD-compliant sustainability report.

However, **"no direct mandate" does not mean "no effect."** Several factors mean that startups will still feel pressure to engage with ESG issues:

- **Supply Chain Pressure:** Big companies will push requirements down to their suppliers and contractors. An Estonian startup providing B2B services to a large EU corporation might be asked to fill out a sustainability questionnaire or provide certain ESG data. For example, if a small Estonian IT firm sells software to a bank that falls under CSRD, the bank might ask whether that IT firm has a greenhouse gas management policy or how it manages data center energy usage – because the bank needs to report Scope 3 (value chain) emissions and ESG risks of suppliers. Over time, even local supply chain contracts may start including ESG clauses (like adhering to a code of conduct, providing diversity statistics, etc.).

- **Investor and Financing Expectations:** Many startups seek funding from venture capital (VC) firms or loans from banks. Those investors are increasingly bound by ESG considerations (e.g. a bank may have sustainability-linked loan criteria). Startups might face ESG due diligence from investors – for instance, questions about their environmental impact, governance practices, or social mission. In Estonia's thriving startup scene, companies aiming to attract international investors might proactively adopt ESG policies to stand out. Furthermore, EU and regional development funds often require adherence to certain sustainability criteria. Access to capital could therefore depend on ESG performance even for early-stage companies.

- **Futureproofing for Growth:** Startups often aspire to grow rapidly. If a startup is successful, it may cross the CSRD size thresholds in a few years or plan an IPO (initial public offering), which would bring it under the reporting requirements. Forward-looking founders may choose to set up ESG measurement early so that by the time it's legally required, the company is ready.

- **Competitive and Market Advantage:** Consumer-facing startups are noticing that sustainability can be a selling point. A survey by KPMG found many companies changed practices in advance of mandatory reporting as a way to meet stakeholder expectations. Being able to say "we already measure our carbon footprint and have a plan to reach net-zero" can differentiate a brand. In that sense, the regulatory trend is shaping market norms – even if the law doesn't force a startup to report, doing something ESG-friendly can meet rising stakeholder expectations.

- **Public Sector and Tenders:** Governments are starting to include ESG criteria in public procurement. A startup bidding on a government contract might encounter sustainability requirements. The EU is encouraging public

authorities to consider green and social factors in procurement, which again nudges startups and SMEs to adopt ESG measures to qualify.

The year 2025 marks a new chapter in how businesses in the EU approach sustainability and transparency. The introduction of rigorous ESG and non-financial reporting regulations like the CSRD reflects a broader shift: sustainability performance is now as important as financial performance in the eyes of regulators, investors, and society. Companies – large and small – are encouraged to internalize this shift. For startups and SMEs, the regulatory demands can seem daunting, but they also present an opportunity to build companies that are resilient, responsible, and ready for the future. By leveraging the frameworks and resources available, and by viewing ESG compliance not just as a legal checkbox but as a strategic imperative, even early-stage companies can turn sustainability into a competitive advantage.

The EU's message is clear: transparency and accountability in ESG matters are here to stay, and those who proactively adapt will lead the way in the new sustainable economy of Europe[8].

Integrating sustainability into a startups' core strategy is not only a responsible choice but also a strategic advantage in today's business environment. To facilitate your engagement and support for startups that you are working with, we are indicating below a step-by-step approach for:

1. Determining and aligning with the DNSH principle – this is now a requirement for any funding provided by the EU to align with EU Taxonomy

2. Hypothesizing future environmental and social impacts – this is essential when pitching to investors, particularly impact funds

[8]https://plana.earth/academy/eu-esg-regulations#:~:text=In%20this%20article%2C%20we%27ve%20distilled,transparent%2C%20accountable%2C%20and%20sustainable%20future

Section 2: Planning for and Aligning DNSH Principles in a Startup Business Model

The EU Taxonomy framework is built around six core environmental objectives. The fundamental purpose of the DNSH principle is to prevent "environmental trade-offs," where efforts to address one environmental issue inadvertently exacerbate another. For instance, a renewable energy project that significantly contributes to climate change mitigation would fail the DNSH test if its construction or operation led to the destruction of a critical natural habitat, thereby significantly harming biodiversity. Article 17 of the Taxonomy Regulation provides the legal definition of what constitutes "significant harm" for each of the six environmental objectives. Startups must familiarize themselves with these precise definitions to proactively design their activities, products, and processes in a manner that inherently avoids such harm.

A practical approach for startups to begin assessing DNSH compliance involves utilizing a set of audit questions tailored to each environmental objective. Startups can employ these questions as an initial self-assessment tool during the early stages of project development or operational planning to proactively identify potential DNSH risks.

Core Environmental Objectives	**Description of Significant Harm**	**Example DNSH Questions for Startups to Consider**
Climate change mitigation	An activity is deemed to cause significant harm if it leads to significant greenhouse gas (GHG) emissions	Could their solution lead to significant greenhouse gas emissions?
Climate change adaptation	An activity causes significant harm if it results in an increased adverse impact of the current climate and the expected future climate on the activity itself, or on people, nature, or assets.	Will their solution amplify adverse effects of climate change? Will those effects affect the measure itself or people, nature or property?
The sustainable use and protection of water and marine resources	Significant harm occurs if an activity is detrimental to the good status or good ecological potential of water bodies or the good environmental status of marine waters	Would their solution damage the good environmental status or the good ecological potential of bodies of water?
The transition to a circular economy	Significant harm includes leading to significant inefficiencies in the use of materials or natural resources, a	Could the solution lead to a significant increase in waste that requires treatment (except for non-recyclable

	significant increase in waste generation (except non-recyclable hazardous waste), or if long-term waste disposal causes significant and long-term environmental damage	hazardous waste)? Could it lead to significant inefficiencies in the use of resources?
Pollution prevention and control	an activity causes significant harm if it leads to a significant increase in pollutant emissions into air, water, or land.	Could it lead to a significant rise in the emission of hazardous substances into the air, water or ground or cause other environmental damage?
The protection and restoration of biodiversity and ecosystems	An activity being significantly detrimental to the good condition and resilience of ecosystems or to the conservation status of habitats and species.	Could the good status or resilience of ecosystems be significantly damaged?

The Platform on Sustainable Finance has acknowledged the complexities associated with DNSH assessments, particularly the difficulty of conducting them retrospectively, especially when historical data is lacking. This highlights the critical importance of integrating DNSH considerations from the very inception of a project or business activity. For startups, embedding DNSH thinking into the design phase of products, services, or operational processes is considerably more efficient and less costly than attempting to retrofit solutions or justify actions after the fact.

The first step for any startup embarking on its EU Taxonomy journey is to conduct an internal baseline assessment. Begin with **activity mapping** to systematically identify all core economic activities undertaken by the startup. Compare these against the list of activities covered by the EU Taxonomy (available through the EU Taxonomy Compass and Delegated Acts) to determine which are "Taxonomy-eligible"—that is, activities recognized by the Taxonomy as having the potential to make a substantial contribution to one or more environmental objectives.

Following the baseline, conduct a **preliminary DNSH scan.** The audit questions outlined above can be used to conduct a high-level internal review. A worksheet to facilitate this is attached as an Annex. This scan should aim to identify potential DNSH risks associated with the startup's activities across all six environmental objectives. This is not a full DNSH assessment but an initial screening to flag areas needing closer attention.

Section 3: A Step-by-Step Approach for Hypothesizing Future Impact

Regardless of which industry you are in or the type of startups you support (e.g. deeptech, fintech, healthtech), it is imperative that you facilitate startups to begin thinking about future social and environmental impact. It is not possible to calculate current impact as most startups have still not fully developed or launched their product / service.

This process facilitates startups in creating a **forward-looking high-level estimation of the influence their startup could have if it achieves widespread market adoption**. This approach is ideal for early-stage startups that have limited operational data but a compelling long-term vision. This process will facilitate startups in developing an impact hypothesis that will help them:

- Strengthen their narrative for investors, potential customers and talent
- Identify new opportunities and potential risks
- Build a more resilient and responsible business from day one

Early-stage startups use **potential impact** for high-level estimates, whereas **growth stage startups** use **actual impact assessment** for data-driven projections. It is also useful to understand the choice of approach from the startup's technology readiness[9] and business readiness[10] levels.

Startup Stage	**Technology Readiness Level (TRL)**	**Business Readiness Level (BRL)**	**Investment Readiness Level**	**Impact Calculation Approach**
Ideation	TRL 1 – 3: Focus on basic research, concept development and proof of principle.	Very early stage: Market research is preliminary, and business model is still being define.	Pre-Seed to Seed Funding raised from: - Angels - FNF - Early Grants - Accelerators	Use top-down estimates to assess market potential. A seed-stage startup may not have enough data for precise GHG & social impact calculations.
Early	TRL 4-6: Prototype development, laboratory testing and validation in simulated environments.	Developing: Market analysis is more refined, and business model is further validated.	Seed, Series A, Series B Funding raised from: - Seed VCs - Corporate VCs - Strategic Grants	Focus on refining assumptions and validating projections.

[9]https://euraxess.ec.europa.eu/career-development/researchers/manual-scientific-entrepreneurship/major-steps/trl

[10]https://kthinnovationreadinesslevel.com/wp-content/uploads/sites/9/2018/10/Business-readiness-Level.pdf

Mid	TRL 7-8: Pilot testing in real-world environments and demonstration of technology occur.	Maturing: Sales data begins to be produced, and operational capacity is being proven.	Late Series B, Series C, Growth Rounds Funding raised from: - Growth VCs - Corporates - Growth Equity - Late-Stage VCs	Start applying bottom-up calculation based on real sales data.
Later	TRL 9: Technology is fully commercialized and deployed.	Ready for scaling: Business is prepared for significant growth and expansion.	Late Stage, Pre-IPO, M&A Funding raised from: - Private Equity - Corporate M&A - IPO Investors	Consider third party validation. A later-stage startup can use real-world sales and operations data to make accurate GHG and social impact forecasts.

A couple of notes for clarity here that are important for startup support organizations and should not be overlooked:

1. Growth trajectory of startups will vary depending on the industry they are in for example software-based startups vs hard-tech startups. The table above tries to clarify the impact evaluation process that the startup should pursue, and it is up to the company to select the impact calculation approach with your facilitation as a support organization.
2. The KTH Innovation Readiness Tool already offers a Sustainability Readiness Level (which is indicated as Annex 2) along with the notes provided by KTH. This readiness level indicates where the startup should be, but not how it should get there. The process outlined below helps the startups reach that level. There is no shortcut out of it – a startup needs to invest as much time in impact hypothesis as it would on market sizing and as a startup support organization, it is your role to facilitate this. I

Understanding Core Concepts of Impact Calculation
Climate and Environmental Impact (Quantitative)

Climate impact refers to the change in Greenhouse Gas (GHG) emissions a solution (startup) causes compared to the status quo. This is typically measured in **tonnes of CO2 equivalent (CO2eq)**, a standardized metric that allows the comparison of different greenhouse gases based on their global warming potential (GWP). Environmental impact refers to change in the environment resulting from human activities, products or services. This includes pollution, resource depletion, biodiversity loss and climate change.

Note: For the sake of the impact forecast calculation, as we are hypothesizing future scenario, we assume that environmental impact that a startup makes will contribute to climate change (resulting in climate

impact). Hence, the calculation and quantification focuses on alignment with CO2eq and we refer to it as GHG Impact Analysis. In reality, the environmental impact would be calculated with LCAs and based on historical data that a new venture or startup in the development phase would not have.

Social Impact (Qualitative & Quantitative)

For social impact, refer to the United Nations Sustainable Development Goals (SDGs). The 17 SDGs offer a globally recognized framework for startups to define, measure, and communicate their contribution to social good. Aligning with the SDGs allows you to articulate your social impact in a way that is universally understood by investors, policymakers, and customers.

Framework	Purpose	Measurement
GHG Impact Analysis	Assesses the difference in GHGs between a future solution and a baseline.	Quantitative (e.g., tonnes of CO2eq reduced).
SDG Alignment	Articulates contribution to global social and economic development goals.	Qualitative (e.g., improves access to healthcare) linked to Quantitative SDG targets (e.g., number of people reached).

The Calculation Process
The goal is to assist startups in hypothesizing their potential impact at scale. The core formula to calculate potential impact is as follows:

Potential Impact = Unit Impact x Number of Potential Units Deployed

- Unit Impact refers to the impact that is likely to happen if 1 unit of the proposed solution (i.e. startup's product or service) is deployed.
- Number of Potential Units typically refers to the estimation of the market share (percentage of Total Addressable Market) that a startup is likely to capture.

Step 1: Defining solutions and their potential impact

Begin by asking startups to clearly explain *how* their solution leads to change. A solution can have interconnected climate and social effects.

- **Climate Effect:** How does your solution reduce or change GHG emissions?
- **Social Effect:** How does your solution contribute to positive social outcomes? Which SDG does it primarily support?

Example: A telehealth platform's climate effect is reducing travel-related emissions from in-person appointments. Its social effect is improving access to healthcare, directly supporting SDG 3: Good Health and Well-being.

Template for Startups:

Category	**Description/Details**
Startup Solution Description	*Provide a concise description of your product or service.*
Climate Impact Effect	*Explain how your solution leads to a change in Greenhouse Gas (GHG) emissions (e.g., by improving energy efficiency, reducing waste, replacing a carbon-intensive process).*
Social Impact Effect	*Explain how your solution contributes to positive societal outcomes (e.g., improves access to education, enhances community health, creates equitable job opportunities).*
Primary SDG Alignment	*Select the main UN Sustainable Development Goal (SDG) that your social impact supports (e.g., SDG 3: Good Health and Well-being, SDG 4: Quality Education). You can refer to the UN's official SDG site for details: https://sdgs.un.org*

Step 2: Defining Unit of Comparison (Functional Unit & System Boundary)

To compare their solution to the baseline, startups need a common, measurable "functional unit" that can ensure a fair comparison. For example, this could be:

- One patient consultation
- One software license per year
- One drone manufactured
- One MWh of energy generated

Once the unit is defined, the startup must establish a **system boundary**. The system boundary is a clear limit that defines which activities and emissions sources are included or excluded in the impact analysis for both the solution and the baseline. Its purpose is to measure the true effect of the solution and prevent the overestimation or underestimation of impact.

Setting the right boundary is critical as:

- A boundary that is **too narrow** may overlook significant emissions sources, leading to incomplete or misleading results that could be considered "greenwashing".
- A boundary that is **too broad** can make the analysis overly complex and difficult for a startup to conduct.

A well-balanced system boundary should cover all key lifecycle phases where there are significant differences in emissions between the solution and the baseline, such as raw material extraction, manufacturing, distribution, use, and disposal. **For early-stage startups still hypothesizing their business, it is highly recommended to pick the single step in their value chain, where they believe**

their solution will have the most impact and use that to define the system boundary for calculations.

Template for Startups:

Category	**Definition**
Functional Unit of Comparison	*Define the single, measurable unit that allows for a meaningful comparison with existing solutions (e.g., "per one patient consultation," "per one tonne of material produced," "per one megawatt-hour (MWh) of electricity generated")*
System Boundary	*Provide a brief explanation for your boundary choices below. For early-stage startups, it is recommended to focus on the lifecycle stages where your solution has the most significant impact compared to the baseline.*

System Boundary Checklist (Indicate which lifecycle stages are included or excluded from your analysis for both your solution and the baseline.)

Lifecycle Stage	**Status (Included/ Excluded)**	**Justification for Inclusion/Exclusion**
Raw Material Extraction	*e.g., Excluded*	*e.g., Assumed to be similar for both baseline and solution, not a key differentiator.*
Manufacturing / Production	*e.g., Included*	*e.g., Our manufacturing process is a core innovation and uses 50% less energy.*
Distribution/ Transportation	*e.g., Excluded*	*e.g., Local production model makes this negligible compared to other stages.*
Use Phase	*e.g., Included*	*e.g., This is where the primary energy savings and GHG reductions occur.*
End-of-Life (Disposal/Recycling)	*e.g., Included*	*e.g., Our product is fully recyclable, unlike the baseline which goes to landfill.*

Step 3: Defining the Baseline (The Status Quo)

The baseline scenario represents what would happen without the solution / startup. Thus:

- The **climate baseline** indicates activities and associated GHG emissions of existing conventional solution.
- The **social baseline** refers to the current social condition you aim to improve e.g. limited access to specialized medical care in rural areas.

We use a static baseline, assuming current conditions remain unchanged, which is a credible and manageable approach for early-stage startups.

Template for Startups:

Category	**Description**
Incumbent/Baseline Solution	*Describe the existing, conventional product or service that your solution is replacing.*
Climate Baseline Description	*Describe the current GHG-emitting activities associated with the incumbent solution within your defined system boundary.*
Social Baseline Description	*Describe the current social problem or condition that your solution addresses (e.g., "high healthcare costs for chronic patients," "lack of access to financial services for unbanked populations").*

Step 4: Calculate the Unit Impact (Climate & Social)

This step requires assisting startups in making a quantitative calculation for climate and a qualitative articulation for their social impact.

For the calculation of **climate unit impact**, startups will require **emission factors** (kg CO2eq per unit of activity from a reliable database. The quantities and emission factors for both the baseline and the solution need to be compared. The resulting climate unit impact is:

Climate Unit Impact = Emissions (Baseline) – Emissions (Startup)

Template for Startups:

Table A: Baseline Emissions per Functional Unit

Activity	**Quantity**	**Unit**	**Emission Factor (kg CO2eq/unit)**	**Total Emissions (kg CO2eq)**
e.g., Electricity Use	10	kWh	0.4	4
e.g., Material Waste	2	kg	1.5	3
Total Baseline Emissions				7

Table B: Startup Solution Emissions per Functional Unit

Activity	**Quantity**	**Unit**	**Emission Factor (kg CO2eq/unit)**	**Total Emissions (kg CO2eq)**
e.g., Electricity Use	5	kWh	0.4	2
e.g., Material Waste	0.5	kg	1.5	0.75
Total Startup Solution Emissions				2.75

Summary of Climate Unit Impact

Category	**Value (kg CO2eq)**
Total Baseline Emissions	7
Total Startup Solution Emissions	2.75
Climate Unit Impact (GHG Reduction) = Baseline Emissions – Startup Solution Emissions	4.25

Links to Emissions Factors Database:

- Estonia: https://kliimaministeerium.ee/rohereform-kliima/rohereform/organisatsioonide-khg-jalajalg
- Estonia: https://cities.ghg.ee
- French Publicly Accessible Database: https://base-empreinte.ademe.fr/
- IPCC: https://www.ipcc-nggip.iges.or.jp/EFDB/main.php
- Climatiq: https://www.climatiq.io/data
- European Environment Agency: https://www.eea.europa.eu/en
- Idemat: https://idematapp.com

To articulate **social impact,** startups need to describe the positive social change delivered per functional unit.

Template for Startups:

Category	**Description**
Social Outcome per Functional Unit	*Describe the specific, positive social change delivered per unit (e.g., "One patient receives affordable medical advice, reducing their annual healthcare cost by X%").*
Link to Specific SDG Target	*Link the outcome to a specific SDG target (e.g., "Contributes to SDG Target 3.8: Achieve universal health coverage, including financial risk protection...").*

Step 5: Project Total Potential Impact

Startups forecast impact at scale, based on market potential using the Total Addressable Market (TAM) and Serviceable Obtainable Market (SOM) as a percentage,

Template for Startups:

Input for Forecast	**Value**
Total Addressable Market (TAM)	*[Enter total market size in units/year]*

Target Serviceable Obtainable Market (SOM)	*[Enter your target market share as a %]*

Forecast Results

Impact Type	**Potential Impact Projection**
Potential Climate Impact (Quantitative)	[Total Potential GHG Reduction (tonnes CO2eq/year)] = (Climate Unit Impact from Step 4 × (TAM × SOM %)) / 1000 *divide by 1000 to convert the calculation of GHG from kg CO2eq to tons
Potential Social Impact (Qualitative Narrative)	Write a narrative describing your social impact at scale. Example: "By capturing [X%] of the market, we project to provide [Number] individuals with access to affordable healthcare annually, significantly advancing progress towards SDG 3 in our target region."

Step 6: Document Assumptions

Transparency is crucial for credibility as every calculation and claim is based on assumptions. It is good practice to record every assumption, data point and source used in the analysis.

Template for Startups:

Assumption/Data Point	**Justification/Calculation Method**	**Source**
e.g., Emission factor for electricity	*Based on the national grid average for Estonia in 2024.*	*[Cite specific database]*
e.g., Total Addressable Market size	*Based on market research report for the European telehealth market.*	*[Cite specific report]*
e.g., Target SOM %	*Internal business goal based on projected growth and competitive landscape.*	*Internal Business Plan*
[Add new row for each assumption]		

Annexure 1: Tools for Assessing and Communicating Startup Impact

During desk research phase and stakeholder engagement sessions, some tools that are designed to assess and enhance sustainability practices at various stages of startup development were highlighted. The list of tools along with relevant details is presented below.

Please keep in mind that each tool has its own merits and demerits, and any one tool cannot be recommended as the gold standard. It is highly recommended that each startup support organization and startups explore the tools and see which one suits them best.

Tools that are relevant for assessing and communicating environmental impact and have been indicated by investors or indicated to startups by investors are:

#	Startup Stage	Tool	Assessment Focus	Practical Effect	Link
1.	Early to Mid – TRL Level 4 to 7	CRANE	Forward-looking GHG emissions impact assessment	Assists investors and entrepreneurs in quantifying the potential GHG reduction impact of emerging climate technologies, supporting data-driven investment decisions and strategic development.	https://www.cranetool.org
2.	Ideation to Early Stage – TRL Level 1 to 5	ESG Starter Tool by Impact Nexus	Initial ESG assessment and sustainability strategy development for startups	Enables startups to quickly evaluate their ESG performance and define sustainable strategies, offering resources and expert methodolog	https://impactnexus.io

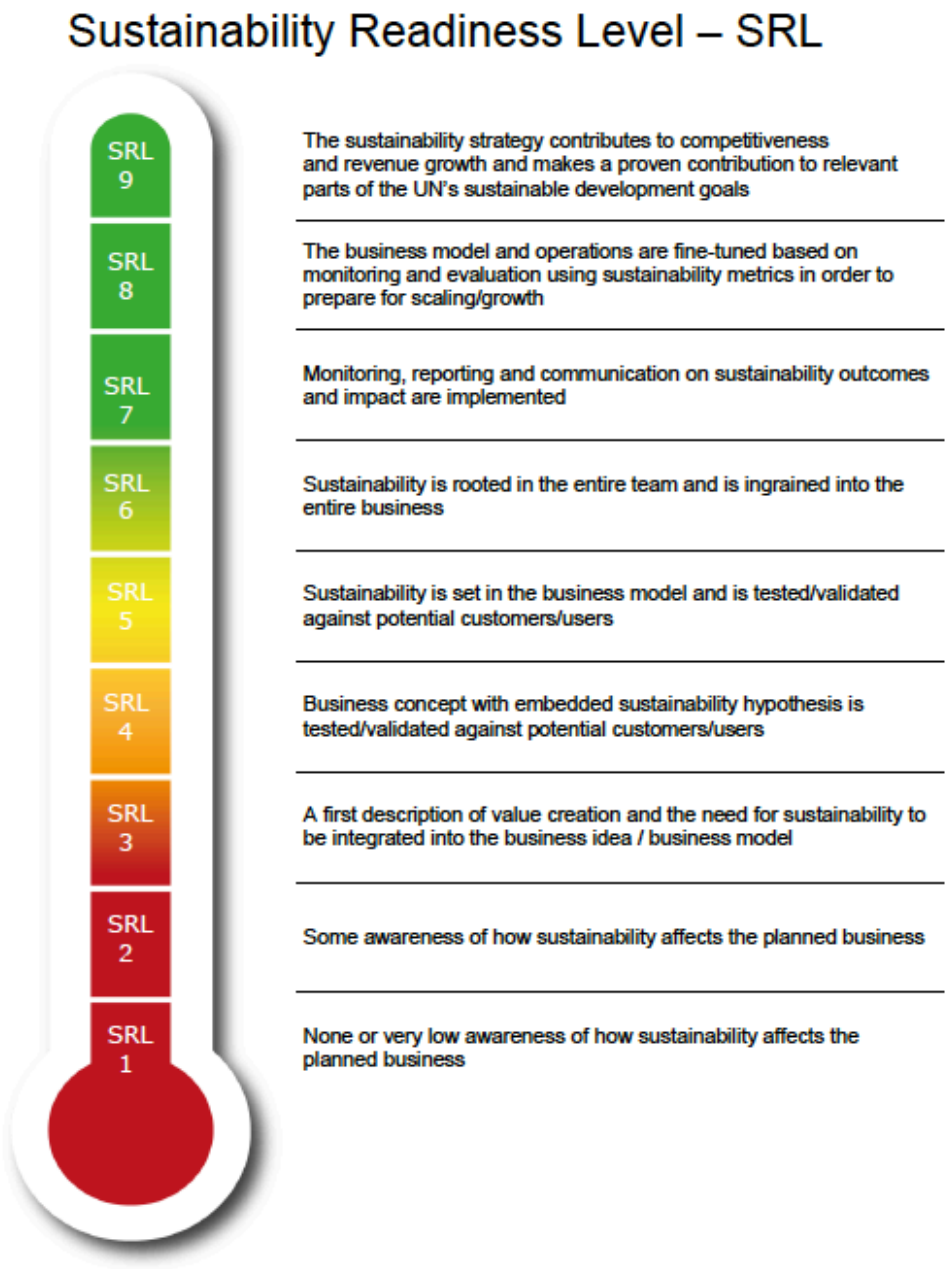
				ies to communicate their approach to investors, customers, and partners.	
3.	Ideation to Growth – TRL level 1 to 9	ESG_VC	ESG performance measurement for early-stage companies	Provides a 48-question framework tailored for venture capital-backed startups to assess and improve their ESG performance, facilitating structured reporting and strategic enhancement of ESG practices.	https://toolkit.esgvc.co.uk

In addition, the table below lists other tools by startup stage that can be used by companies to holistically embed sustainability in their business models.

#	Startup Stage	Tool	Topic	Practical Effect	Link
1.	Pre-Seed – TRL 1 to 2	Stanford Impact Compass	Rough estimate of impact potential	Engagement with value proposition	https://www.gsb.stanford.edu/experience/about/centers-institutes/csi/impact-compass
2.	Pre-Seed + Seed – TRL 2 to 7	Sustainable Business Canvas	Business model development	Engagement with Strategy	https://start-green.net/tools/sustainable-business-canvas/
3.		Application Tool of the DIN SPEC 90051-1	Business model development and evaluation	Examination of strategy + stakeholder dialogue	https://www.borderstep.org/wp-content/uploads/2021/01/DIN-SPEC-90051-1-Application-tool_EN_final.pdf
4.		Sustainability Management Checklist	Sustainability management	Focus areas and goals overview	https://www.umweltpakt.bayern.de/werkzeug

					e/nachhaltigkeitsmanagement/module.htm
5.		CircularStart	Sustainability management in Supply Chain	Monitoring along supply chain	https://www.circularstart.eu
6.	Scaleup & Beyond – TRL 8 to 9	B Impact Assessment	Evaluation of operational sustainability (ESG) and external impacts (SDGs)	Monitoring, reporting and goal setting; Certification	https://app.bimpactassessment.net/get-started

Annexure 2: Sustainability Readiness Level (According to KTH Innovation Readiness Level Framework)



Access Link to detailed notes: https://kthinnovationreadinesslevel.com/wp-content/uploads/sites/9/2022/03/Sustainability-Readiness-Level_1.0.pdf and additional guidance here: https://frq.gouv.qc.ca/app/uploads/2025/02/kth-irl-user-guide_va.pdf

Worksheet 1: DNSH Planning Template for Startups

This template is designed to help startups structure their thinking and documentation around the DNSH principle. It should be completed with the guidance of a startup support organization.

Project Name: _____ **Date:** _____

Introduction: *Briefly describe the project and how it aligns with the objectives of the relevant EU fund (e.g., ERDF, JTF).*

Objective 1: Climate Change Mitigation

Does your project lead to significant greenhouse gas (GHG) emissions?

- **Energy Source(s):** Describe the primary energy sources for your project.
- **GHG Emissions:**
    - Will your project have zero net GHG emissions? ☐ Yes ☐ No
    - If no, provide an estimate of the expected GHG emissions. A Life Cycle Assessment (LCA) is a standardized method, but an alternative estimation based on available data can be used.
- **Comparison:** How do these emissions compare to existing practices?
    - ***Example:*** A medical waste recycling facility calculated a significant reduction in GHG emissions compared to the established practice of incineration.
- **Electrification:** Does your project lead to the electrification of industry, reducing GHG emissions by at least half compared to similar projects?
- **Evidence:** Attach any relevant calculations, LCA reports, or technical specifications.

Objective 2: Climate Change Adaptation

Does your project lead to an increased adverse impact of the current and expected future climate?

- **Infrastructure:** Does your project involve the construction or adaptation of physical infrastructure with an expected lifespan of at least 5 years? If not, significant harm is unlikely.
- **Climate Risk Assessment:**
    - Have you conducted a climate risk and vulnerability assessment? ☐ Yes ☐ No
    - Use publicly available tools to assess relevant risks, such as flooding, heat stress, and drought.

- **Adaptation Measures:** If risks are identified, what adaptation measures are planned?
    - ***Example:*** A heat network project factored soil subsidence into its design, showing awareness of future climate risks and implementing adaptation strategies. A medical waste facility installed solar panels to increase its resilience against grid failures.
- **Evidence:** Attach the climate risk assessment and details of adaptation measures.

Objective 3: Sustainable Use and Protection of Water and Marine Resources

Is your project detrimental to the good status of water bodies (surface, ground, marine)?

- **Water Use:**
    - Does your project involve water consumption or discharge? ☐ Yes ☐ No
    - If yes, describe the source, quantity, and purpose.
- **Water Efficiency:** Are you using water-saving appliances or techniques?
- **Impact on Water Bodies:**
    - Will there be any discharge into water bodies? If so, what is the quality of the discharge?
    - ***Example:*** A heat network project has a permit from the local water authority that sets a temperature limit on water disposal into surface waters, ensuring no harm is done.
    - Does the project impact marine ecosystems, directly or indirectly? An indirect impact should only be considered if it exists *because* of the project.
- **Permits:** Do you have the necessary water permits?
- **Evidence:** Attach water permits, technical data on water use, and any EIA reports.

Objective 4: Circular Economy and Waste Prevention

Does your project lead to significant inefficiencies in the use of materials or significant waste generation?

- **Resource Use:**
    - Describe the main raw materials and resources used. Does the project promote the use of recycled or renewable materials?
    - ***Example:*** A wind turbine recycling facility processes blades to become secondary raw materials.

- **Waste Management:**
    - What types and quantities of waste will be generated?
    - What is your plan for waste prevention, reuse, and recycling?
- **Durability & Quality:** Are the products designed for durability and recyclability? If creating secondary materials, is their quality sufficient?
- **Evidence:** Attach a waste management plan and details on material sourcing.

Objective 5: Pollution Prevention and Control

Does your project lead to a significant increase in the emission of pollutants into air, water, or land?

- **Pollutant Emissions:**
    - Will your project generate any pollutants, including hazardous substances, dust, or noise? ☐ Yes ☐ No
    - If yes, identify the pollutants, their justification, and whether alternatives were considered.
- **Best Available Techniques (BATs):** Are you using BATs, or innovative practices that are better, to minimize pollution?
- **Mitigation Measures:** What measures will be in place to prevent or control pollution?
    - ***Example:*** A wind turbine recycling facility identified potential sound pollution in an EIA and took mitigation measures like keeping doors closed and adding insulation.
- **Permits:** Do you have an environmental permit?
- **Evidence:** Attach environmental permits, EIA reports, and technical details of pollution control measures.

Objective 6: Protection and Restoration of Biodiversity and Ecosystems

Is your project significantly detrimental to the good condition and resilience of ecosystems?

- **Location:**
    - Is your project located in or near a protected area (e.g., Natura 2000)?
    - Describe the existing ecosystem. Projects on existing industrial parks have minimal probability of harm.
- **Impact Assessment:**

    - Have you conducted an EIA to assess the impact on local biodiversity, including habitat loss and fragmentation? ☐ Yes ☐ No

- **Mitigation Measures:** What measures will be taken to avoid or mitigate harm to biodiversity?
    - ***Example:*** A heat network project conducted an assessment of the infrastructure's impact on bats and is implementing mitigation measures. It also quantified the number of trees that must be cut to assess the impact.
- **Evidence:** Attach EIA reports, biodiversity studies, and details of mitigation plans.