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Event Report

2022 EUCCAN Business Day
Green Back Better

Our societies are at crossroads.

After years of study and two reports analyzing the depth of the climate crisis, the Intergovernmental Panel on Climate Change (IPCC) released early April the third part of its Sixth Assessment Report (AR6). Despite increasing evidence of climate action, emissions have continued to increase globally and the reduction targets each country pledged to reach by 2030 will not be enough to limit the rise in temperature to 1.5C degrees above pre-industrial levels.

If the world can still hope to stave off the worst ravages of climate breakdown if temperatures soar to more than 3C degrees, an immediate strengthening of our policies and actions to transition to a low-carbon economy and society is paramount.

Not only must we substantially reduce the use of fossil fuels and transition to renewable energy sources, the IPCC concludes; all sectors of our economies, from energy and transport to buildings and food, must change dramatically and rapidly to reduce their carbon footprint and become more energy-efficient.

While our governments in Canada and Europe have already set our societies on this transition path, investment in the shift to carbon-neutral is still much lower than it needs to be. In this 2022 edition of our EUCCAN Business Day, companies and organizations operating on both sides of the Atlantic were thus convened to discuss how our industries could leverage new opportunities for growth, performance, and competitiveness all the while scaling up their efforts to deliver environmental and social outcomes.

Adopting sustainable and circular business models

Magali Depras, Chief Strategy & CSR Officer at Transcontinental
Tamara Burns, Executive Director at Recycle B.C.
John Dilley, VP Innovation & Regulatory Affairs at Lactalis
Catherine Guillemart, General Manager at Air France / KLM
Antoine Sautenet, Director for Public Affairs at Michelin Canada
Adrian Vannahme, VP Business Development at Reclay StewardEdge Inc.

"There's no one-size-fits-all approach to circularity. Circular solutions are local in essence [taking into account] the geography, people, climate of a country. You cannot just copy-paste one system from another." - Adrian Vannahme

Over the past few years, regulators and investors have been increasingly demanding that businesses establish transparent value chains and conduct due diligence regarding the social and environmental conduct of their operations. As a result, companies across sectors have been implementing strategies to manage their waste in an environmentally sound manner, to keep products and materials in use and to reduce their overall carbon footprint.

On their journey towards circularity, these companies are progressively reshaping their operations around spins of the 3R principles (Reduce, Reuse, Recycle), and are engaged in a continuous process to find innovative solutions to their sustainability goals.

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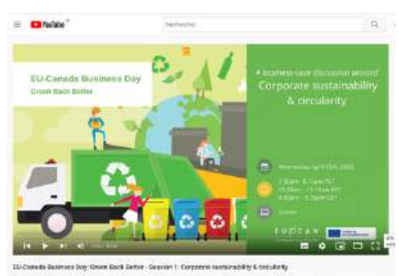
Company Story #1
Air France-KLM has been flying biofuel-powered (from used cooking oil) aircrafts between Paris and Montréal, demonstrating its readiness to adopt low-emissions fuel.

Company Story #2
In an ongoing effort to reduce single-use and hard-to-recycle packaging, Lactalis has been replacing polystyrene with PLA and Polypropylene packaging for all its Siggi's products.

Company Story #3
In Canada, Michelin has joined forces with Pyrowave to industrialize an innovative plastic waste recycling technology to increase the rate of sustainable materials in its tires.

Still, to fasten, scale and ease these ongoing transformation processes in Canada, our panelists all pointed to the need for a better regulatory framework on waste management a and recycled contents –– wide-ranging across sectors through the adoption of an Extended Producer Responsibility scheme (standardized across provinces) and industry specific (e.g., on the management of international waste).

To dig deeper into these questions and here all the insights from our panelists, you can listen again to the full discussion here:



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Developing clean and sustainable urban transportation

Carolyn Kim, Senior Director, Communities & Decarbonization Group at Pembina Institute
Vincent Dussault, Laboratoire d'Innovation Urbaine de Montreal
Edward Hamilton, Co-Founder and President of SmartPoint
Michal Jakob, Founder and CEO at Umotional
Olivier Marcil, VP Public Affairs Alstom Group
Maria Tsavachidis, CEO at EIT Urban Mobility

"The incremental change we have been seen over the past few years is not enough. We need a radical transformation of our transportation systems towards net neutrality." - Maria Tsavachidis

To date, the mobility sector is one of the most emission intensive. Road transport accounts for about 12 percent of global GHG emissions; and urban centers generate 70 percent of them. Worse, emissions stemming from urban transport have been on the rise over the past few years, fueled by ever-increasing urban demographics and a growing demand for urban last-mile logistics.

An important limitation for scaling up climate change mitigation in the sector has lied in the fact that most our actions so far have focused on bringing incremental changes to car-dependent urban transport systems, rather than transforming them. Reclaiming urban spaces and shifting freight and passenger traffic away from carbon-intensive mobility systems is now paramount.

City builders and public planners are well aware of the challenge they are facing. In Europe, cities have already undergone a profound electrification process and the European Union has set to its "Horizon Europe" the goal to deliver 100 climate-neutral and smart cities by 2030. In Canada, a city like

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Montreal also has several projects underway –– incl. a fully automated, 100% electric light metro (REM), a network of slow-charging and fast-charging electric buses, the development of an EV-charging network as well as several integrated mobility pilots hosted within its Urban Innovation Lab. Still, most Canadian cities have a long way to go to massively electrify and reshape their urban mobility systems.

The transition to a carbon neutral urban mobility that will make our cities more inclusive, sustainable and livable will notably require:

- Rapid, massive and impact-driven public and private investment, to bring all the clean mobility solutions together – rather than develop them sequentially;
- The development of agile frameworks. Sandboxing is a great way to test and trial solutions – to have a faster go-to market strategy and adapt to it. Cities can embrace small scale rapid pilots and demonstration projects, before implementing at scale solutions with the greatest efficiency and highest adoption rate;
- A collaboration between private and public actors to collect, share and evaluate mobility data to help develop policies and inform investment decisions.

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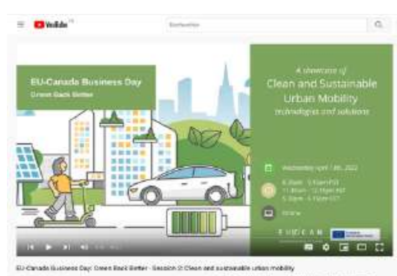

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Financing the transition to a climate-neutral society

Celine Bak, Associated Partner at Kearney
Marie-Aimee Boury, Head of Impact Based Finance at Societe Generale - SGCIB
Pablo Perez-Montero, Senior Director & Head of Sustainable Finance at Caixa Bank
Katharine Preston, VP Sustainable Investing at Omers
Susan Thompson, Director Sustainable Finance & Corporate Transitions at TD Securities

“Banks really do play a larger role in helping their clients in supporting their transition and their decarbonization pathways”. – Susan Thompson

Despite increased pledges to reach net-zero carbon emissions by 2050, current investment in the shift to a low-carbon world is about six times lower than it needs to be. If we are serious about meeting our climate pledges, all parts of society will be required to contribute, at a cost of around $90 trillion over the next 15 years, according to the IPCC.

Both the European Union and Canada have been developing strategies and tools to that end. In addition to its Green Deal, the EU has adopted a sustainable finance strategy articulated around three interlocking regulations which together outline the alignment of financial products with the EU’s definition of ‘sustainable’ economic activities outlined within the EU Taxonomy. On this side of the Atlantic, Canada’s regulatory landscape establishes a clear commitment to carbon pricing and clean growth. The Canadian Securities Administrators have announced two proposed instruments on climate risk and ESG disclosures and the Office of the Superintendent of Financial Institutions will require disclosures aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) beginning in 2024.

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Enabled by an ever-developing regulatory framework, driven by an increasing investing activism and a need for institutional investors to reduce the carbon footprint of their portfolios, the growth of ESG investing has been substantial. As companies look to fund their transitions, the sustainability finance market has seen phenomenal growth in 2021, with volumes of sustainable debt surpassing $1.6 trillion, more than doubling 2020's volumes. The fastest growth for sustainability themes in debt issuance last year came from sustainability-linked products (loans and bonds). Characterized by flexible use of proceeds (not earmarked toward specific green/social projects – unlike the Green, Social & Sustainability Debt products) and tied to the achievement of institutional environmental, social and governance (ESG) targets, these products have notably allowed hard-to-abate sectors to access the sustainability finance stream.

However, more can still be done to drive private & institutional investments towards closing the transition financing gap –– from developing existing but underutilized investment structures (e.g., green bonds and sustainability-linked debt), to developing new investment vehicles for transition projects (blended finance) or leveraging public funding to underwrite and/or secure these investments.The tools offered by both the EU-Canada twin agreements (CETA & SPA) could prove useful in that regard, to facilitate dialogue and enhance regulatory cooperation on these questions on both sides of the Atlantic.

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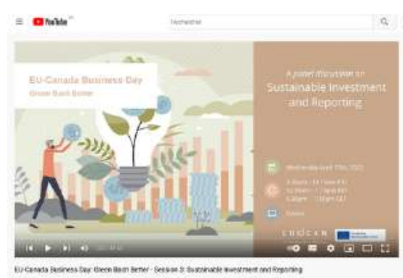

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Contact us

Delphine ADENOT-OWUSU
Executive Director
delphine.adenot-owusu@euccan.com

Thomas GILBERT
Policy Officer
advocacy@euccan.com

EU Chamber of Commerce in Canada - EUCCAN
622 College Street, Suite 201F
Toronto, ON M6G 1B6 - CANADA
info@euccan.com www.euccan.com

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