



## Q&A

# ENVIRONMENTAL BONUS

### 1. CONTENT, CONDITIONS AND SCOPE OF THE ENVIRONMENTAL BONUS

What is Environmental Bonus and what additional support does it provide to exporters?

The Climate Bonus is an incentive scheme introduced by the Government's Report to Parliament on export financing and which came into force on January 1st, 2021, the aim of which is to strengthen public support for companies and projects contributing to national and international climate objectives in line with the criteria of the European Taxonomy.

Initially intended for climate change mitigation and adaptation objectives when it was created in 2021, the Climate Bonus has become an Environmental Bonus since January 1, 2024, in line with changes in the European Taxonomy on environmental objectives (sustainable use and protection of water resources, pollution prevention and reduction, protection and restoration of biodiversity, transition to the circular economy).

In the case of credit insurance, the maximum threshold for the percentage financed, set at twice the French share, applied to (i) companies with sales of over €150 million, (ii) Major Projects and (iii) project financing, has been raised to 85% of the export value of the contract. The minimum threshold for the French share is maintained at 20%.

The advance on premium for limited-recourse project financing has been discontinued for contracts of €50m or less, or for contracts carried out by ETIs or SMEs.

For applications relating to sustainable projects in the naval sector, a stabilized subsidized rate may be granted after analysis on a case-by-case basis, to compensate for the abatement costs of the most virtuous technologies.

- What type of project can benefit from the Environmental Bonus and what is a sustainable project?

To be defined as sustainable, a project will have to demonstrate climate performance (contributing to climate change mitigation or adaptation) and environmental performance (impacts on water resources, waste and the circular economy, pollution and biodiversity), both of which comply with the criteria defined by the European Taxonomy of Sustainable Activities.

If a project demonstrates performance in line with one of the six objectives defined by the European Taxonomy without negatively impacting the other objectives, it may be eligible for the Environmental Bonus. The European Commission's Delegated Acts on the Taxonomy set out analysis criteria for numerous industrial sectors (referenced according to their NACE code): production of steel, cement, low-carbon technologies, equipment for the renewable energies sector, carbon-free aviation, nuclear power plants, etc. The naval sector is also eligible. The company must provide quantitative and qualitative evidence to demonstrate that it is achieving the best performance in its sector. The following tool ([EU Taxonomy Compass](#)) set up by the European Commission allows you to summarize the criteria to be respected by sector. Strict DNSH is only valid for projects in the European Union. For other projects, the impact on other European Taxonomy objectives will be assessed in the light of IFC performance standards ([ifcperformancestandards](#)).



- On what basis will the eligibility of a project for the Environmental Bonus be assessed?

It will be assessed based on the "Environmental Bonus" Annex to the Credit Insurance Application and the justification note, filled in on a declarative basis by the exporters. Exporters will check that their project complies with the criteria set out in the European Taxonomy and will then have to justify both the metrics in terms of greenhouse gas emissions and the calculation method to ensure that companies in the same sector use a harmonized methodology.

- *Is Environmental Bonus also cover for investments made in France to make production more sustainable?*

A portion of these expenses, based on the value of the commercial contract, may be included in the French content.

- *Should the carbon footprint of the project's transportation to the export location be considered?*

Yes, in principle, the main stages of the project's life cycle are considered in the calculation of the carbon footprint (according to the recommendations of the GHG Protocol and the ISO 14067 standard).

- *Will a project be eligible to Environmental Bonus regardless of its E&S impact?*

To be eligible, the company must demonstrate that it makes a significant contribution to one of the six objectives of the European Taxonomy, without having a negative impact on the other objectives. The project will also be subject to an environmental and social assessment, in the same way as all projects examined by Bpifrance Export Insurance (the E&S appendix remains applicable). The two appraisals are independent but can be carried out in parallel.

- *Will qualifying a project as sustainable have an impact on the amount of the premium? Could the State contribute to the level of the margin? Will other criteria be considered?*

Other incentives could be considered to complement the Environmental Bonus at a later stage. It should be noted that the OECD Export Credit Arrangement offers financial incentives to projects eligible for the Climate Change Sectoral Annex (CCSU) or the Nuclear Sector Sectoral Annex:

- Credit periods of up to 22 years instead of 15 years,
- Flexible repayment profiles.

- *How will the Environmental Bonus be linked to the Export Pass? Could a project benefiting from the Environmental Bonus be excluded from the calculation of the weighted average French share under the Export Pass? Will it benefit from an additional bonus?*

The Environmental bonus does not change the support that companies that have signed an Export Pass already receive.

- *Application of the Environmental Bonus to support projects in countries under PFE conditionality?*

The Export Financing Policy and its rules (exposure limits in particular) remain valid regardless of the Environmental Bonus. These rules take precedence over the Environmental Bonus.

- *Does the environmental bonus change the rules for the French share?*

Under the Environmental bonus, the rules for calculating the French share remain unchanged, as does the 20% threshold. [Link to the French share guide.](#)



- How do you assess whether a project will not have a negative impact on the other Taxonomy objectives?

To be eligible for the Environmental Bonus, the project must not have a negative impact on the other objectives included in the European Taxonomy. Quantitative and qualitative criteria on these other objectives are included in the European Taxonomy and enable the absence of significant impact to be assessed. This assessment will also be based on Bpifrance Assurance Export's environmental and social analysis, in line with OECD Common Approaches and IFC (World Bank) performance standards for projects outside the European Union. For projects in the European Union, the DNSH (Do not significantly Harm) of the European Taxonomy defined in the Delegated Acts will apply in the strict sense.

## 2. SECTORS AND PROJECTS ELIGIBLE FOR THE ENVIRONMENTAL BONUS

- *Is my project eligible if my activity is not covered by the Taxonomy ?*

If the sector is not covered, it is not planned at this stage to grant an environmental bonus. However, it is important to note the multitude of possible entry keys for a given sector.

- *Why is a battery factory activity considered "transitional/enabling" and not sustainable?*

The battery factory business is considered enabling because it is essential to the deployment of electric mobility, for example, which is a low-carbon business but not a low-carbon business in itself.

- *Is the activity of a factory producing electric vehicles sustainable, in the sense of the European taxonomy?*

Yes, subject to compliance with the Taxonomy criteria detailed in the Manufacture of low carbon technology for transport sector sheet on the type of vehicles produced and their performance in terms of CO2 emissions.

- *Is there any flexibility with respect to the European Taxonomy criteria, particularly for activities that are not yet included ?*

No, sectors that are not analyzable under the European Taxonomy will not be eligible for the Environmental Bonus.

## 3. QUESTIONS RELATED TO FILLING OUT THE "ENVIRONMENTAL BONUS" APPENDIX OF THE CREDIT INSURANCE APPLICATION

- *Will there be a common baseline for calculating emissions? Is the calculation methodology specified in the Taxonomy?*

Commission Recommendation 2013/179/EU is the reference frame set by the Taxonomy for the calculation of greenhouse gas emissions over the entire life cycle of the project, with the alternative of using ISO 14067 or ISO 14064-1.

Where other well-established tools or standards are particularly suited to provide accurate and comparable information on the calculation of greenhouse gas emissions for a specific sector, these tools/standards may be considered as alternatives.

- *Is the NACE code to be filled in the company code or the project code (case of a company with a multi-activity company)?*

The environmental bonus is intended for projects, the NACE sector of the project will have to be declared, not the company's.



- *Is it possible to indicate the NACE wording in the appendix to the Environmental Bonus DAC (not necessarily the code) ?*

Yes: it is the type of activity in which the project falls that will be used, among other things, to determine eligibility for the Bonus and will allow Bpifrance AE to verify the criteria.

- *In the case where the equipment that is the subject of the credit insurance application is only a subset of a project, can I apply for an environmental bonus and based on what data will its sustainability be assessed? Will a carbon assessment be required for the entire project or just the equipment supplied under the export contract?*

The company will have to provide information on the carbon footprint of its individual equipment. The environmental performance of the overall project will also be examined.

If the equipment can be analyzed according to the European taxonomy, it may be awarded an environmental bonus for this. It may just as well be awarded an environmental bonus if the project in which it is included is analyzable with respect to the European taxonomy.

- *Will a similar environmental bonus be introduced for Treasury loans? If so, will its criteria be aligned with those of Bpifrance Insurance Export's environmental bonus?*

At this stage, the environmental bonus remains a development relating to export insurance. All public export financing (direct financing from the French Treasury and guarantees issued by Bpifrance Assurance Export) will be subject to the same European Taxonomy guidelines when granting the Climate Bonus.

- *Regarding the financed share, if we have a local share, do we remain on the 30% rule of financing the local share?*

Yes, the funding rules for the local share remain in line with the OECD Arrangement.

- *Does the Environmental Bonus allow for a waiver of the rules regarding the maximum repayment period? Will projects eligible for the bonus be eligible for a reduced insurance premium?*

No, the maximum repayment terms are set by the OECD Arrangement. Annex 4 of the OECD Arrangement provides for repayment periods of up to 18 years for certain projects that contribute to the fight against climate change.

The amount of the minimum premium remains fixed by the OECD Arrangement.

## **4. QUESTIONS ABOUT IMPLEMENTATION TIMELINES AND DEADLINES**

- *Are the greenhouse gas emission thresholds indicated in the European Taxonomy fixed or will they be reviewed and if so, according to what timeframe?*

They will be updated to coincide with the text of the European Taxonomy at all times. These evolutions will be linked to the evolutions of the considered industrial sector on a multiannual basis (e.g. every 5 years for the transport sector).

- *What is the date to apply for an environmental bonus? Are projects for which an application has already been submitted and those for which a guarantee promise has already been issued eligible?*

All projects for which the insurance policy has not been issued are eligible for an environmental bonus. If a guarantee promise has already been issued, a new appraisal will be conducted on eligibility for the environmental bonus.



- *Is there a fast track decision process for companies in the renewable energy sector?*

The environmental bonus application is part of a broader appraisal for which equal treatment of exporters remains the fundamental principle. On the other hand, it will be relatively simpler to judge eligibility for the environmental bonus for these projects which will facilitate the decision-making process.

- *What is the estimated time from application to decision?*

This will depend on several parameters, including the completeness of the application. The delays will not be lengthened compared to a classic instruction, if the requested information is properly transmitted to Bpifrance Assurance Export services.

- *On what date will the Climate Bonus be implemented? And the Environmental Bonus ?*

The Climate Bonus is applicable since 01/01/2021. The Environmental Bonus is applicable since 01/01/2024.

- *When is eligibility for the Environmental Bonus determined, and for how long?*

Eligibility is determined on the project as presented during the application process. Once accepted, the Environmental Bonus is permanently valid for the operation. Any change that would impact the climate or environmental performance of the project will generate a reinstruction and involve a new analysis of the project's eligibility for the Environmental Bonus.

- *What is the deadline for transmitting letters of support on the Bonus?*

The timelines will not change from traditional letters, if the application is sufficiently documented, as these files may require pre-analysis depending on the sector of activity.

## **5. COORDINATION OF THE ENVIRONMENTAL BONUS WITH OTHER ECA AND OECD FRAMEWORK.**

- *Will the Environmental Bonus have a translation at the OECD level? Is there a common approach among European export credit agencies?*

These topics are also under consideration among the other ECAs. Discussions are taking place within the Berne Union and practitioners' groups that bring together ECAs. Euler Hermes is also looking at these issues and the possibility of granting malus. Other financial incentives were put in place in the new OECD Arrangement in July 2023.

- *Do other ECAs have comparable environmental bonus mechanisms/increased reporting requirements for monitoring the climate performance of export projects?*

The European Taxonomy will apply to other EU countries, vigilance will be paid to what non-EU countries will do.

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