

Q&A

CLIMATE BONUS

1. CONTENT, CONDITIONS AND SCOPE OF THE CLIMATE BONUS

- *What is Climate 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.

For credit insurance, the maximum threshold of the financed share established at twice the French share, applied to (i) companies with a turnover of more than €150M, (ii) Major Projects and (iii) project financing, **is raised to 85% of the exported value of the contract**. The minimum threshold for the French share is maintained at 20%.

The advance on the premium for limited recourse project financing has been abandoned for contracts of €50 million or less and for contracts carried out by ETIs or SMEs. For applications concerning 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 Climate 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 first two criteria defined by the Taxonomy, it may be eligible for the Climate Bonus. The draft Delegated Act annexed to the European Taxonomy, [available here](#), provides for analysis criteria for many industrial sectors (referenced according to their NACE code): production of steel, cement, low-carbon technologies, equipment for the renewable energy sector, etc. The naval sector is also eligible. The company will have to provide an argument supported by quantitative and qualitative elements to demonstrate that it achieves the best performance in relation to its sector of activity.

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

It will be assessed based on the "Climate 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 Climate Bonus also cover for investments made in France to make production more sustainable?*

A part of these expenses, related to the value of the commercial contract, can be included in the base of the French Share.

- *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 Climate Bonus regardless of its E&S impact?*

To be eligible, the company will have to demonstrate that it contributes significantly to the first (climate change mitigation) or second objective (climate change adaptation) without negatively impacting the other objectives. The project will also be subject to environmental questions in the same way as all projects examined by Bpifrance Export Insurance (the E&S annex remains applicable). The two instructions/assessments 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 and agreed upon?*

Other incentives could be studied to complement the climate bonus at a later stage (to be decided within the OECD).

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

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

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

The Export Financing Policy is independent and its rules (exposure limits in particular) take precedence over the Climate Bonus.

- *Can we consider a change from a bonus system to a malus system in the future?*

It is not considered at that stage.

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

Under the climate 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 four Taxonomy objectives?*

To be eligible for the climate bonus, the project must not have an impact on the other four environmental objectives included in the European Taxonomy. Quantitative and qualitative criteria on these four other objectives are included in the European Taxonomy and allow for the assessment of the absence of significant impact. This assessment will be based on the Due Diligence carried out by Bpifrance Export Insurance's environmental analysts in accordance with the OECD Common Approaches and the IFC performance standards (World Bank).



2. SECTORS AND PROJECTS ELIGIBLE FOR THE CLIMATE 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 a climate 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?*

Battery factory activity is considered enabling because it is critical to the deployment of electric mobility, for example, which is a low-carbon activity but is not inherently low-carbon.

- *Is the activity of a factory producing electric vehicles sustainable?*

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 (e.g. nuclear power generation)?*

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

- *Will an LNG (liquefied natural gas) project be eligible for the Climate Bonus?*

At this stage, natural gas is not included in the European Taxonomy, so an LNG project will not be eligible for the Climate Bonus.

3. QUESTIONS RELATED TO FILLING OUT THE "CLIMATE 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 climate 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 Climate 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 the Bpifrance AE teams 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 a climate 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 a climate bonus for this. It may just as well be awarded a climate bonus if the project in which it is included is analyzable with respect to the European taxonomy.

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

All public export financing (direct financing from the Treasury and guarantee schemes issued by Bpifrance Insurance Export) will be subject to the same European Taxonomy benchmark 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.

- *Regarding the funded share, if we have a local share, do we stay on the 30% funding rule for the local share?*

Yes, the financing rules of the local part remain in compliance with the OECD Arrangement.

- *Does the Climate 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 decided officially by the European Commission and 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 a climate 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 a climate bonus. If a guarantee promise has already been issued, a new appraisal will be conducted on eligibility for the climate bonus.

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

The climate 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 climate 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, as long as the requested information is properly transmitted to Bpifrance Assurance Export services.

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

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

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

Eligibility is determined on the project as presented during the application process. Once accepted, the Climate 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 Climate Bonus.

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

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

5. COORDINATION OF THE CLIMATE BONUS WITH OTHER ECAs AND OECD FRAMEWORK.

- *Will the Climate 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 are being discussed within the OECD, for example, on extending the repayment period beyond 18 years.

- *Do other ECAs have comparable climate 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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