

HOW TO USE THE CLIMATE ACTION PLAN FOR EXPORT FINANCING

DECEMBER 2021

Climate action plan for export financing

Government report to the Parliament



Report to the
Parliament issued
12th October 2020

Climate
Action Plan
for Export
Finance



1

Support transition trajectory for hydrocarbon development projects



2

Performance standards for thermal power plants



3

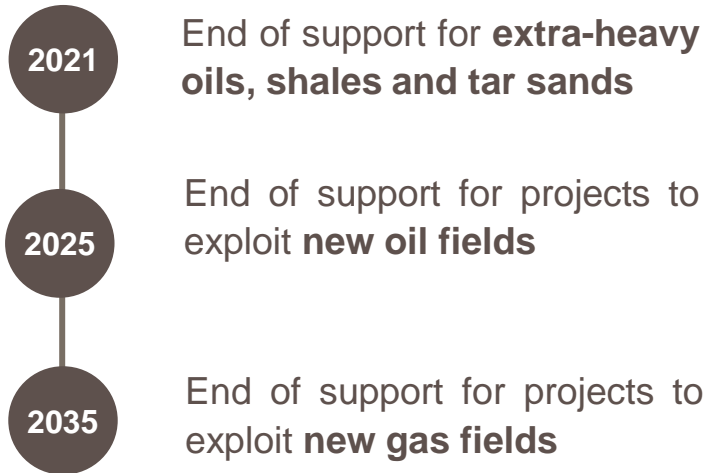
Incentive mechanisms for sustainable projects

01.

**End of support for oil and
gas projects**

End of support for oil and gas projects

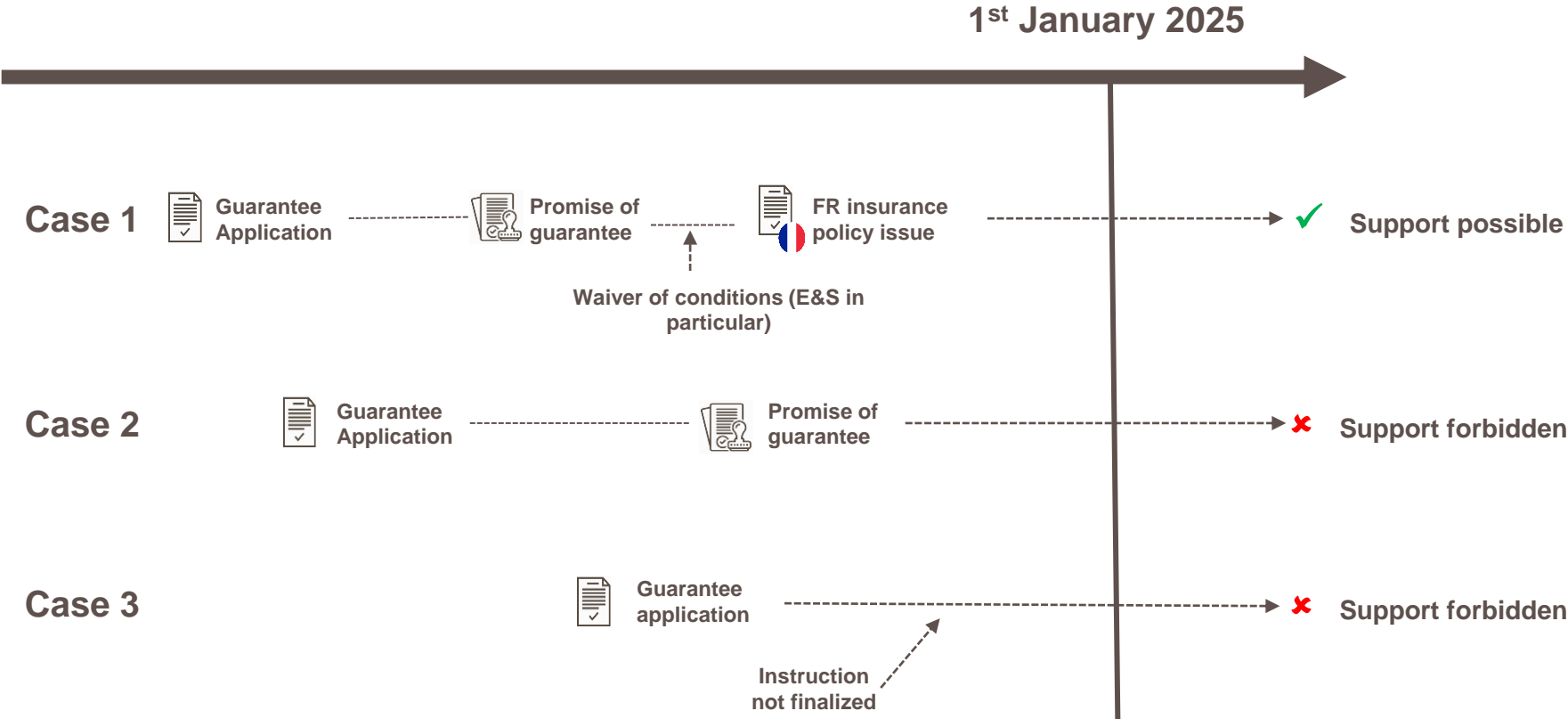
Registration of a trajectory in the finance law for 2021



- No more issuance of insurance policies after January 1, 2021/2025/2035
- Guarantee promises cannot run beyond the deadline
- Guarantee promises will not be renewed

End of support for oil and gas projects

Examples for oil projects



02.

Support for thermal power plant projects

Support for thermal power plant projects

Tight support adapted to each project

Position
of principle



The plant improves the country's electricity mix	The power plant degrades the country's electricity mix
✓ Agreement	✗ Opposition except in special cases

Instruction



- Carbon intensity measured based on IEA and IPCC data
- Specific referral to the SER (French MoE) on the country's energy policy and compliance with its international commitments in this area

03.

Climate bonus

Climate bonus

- 1 ► Definition of the « Climate bonus »
- 2 ► How to be eligible?
- 3 ► Which instruction ?

Climate bonus

Climate bonus for export insurance

Credit-Insurance

1

The maximum threshold of the financed portion - established at twice the French share - applied (i) to Major Accounts, (ii) to Major Projects and (iii) to project finance is increased to 85% of the exported value of the contract - maintenance of the minimum threshold of 20% French share

2

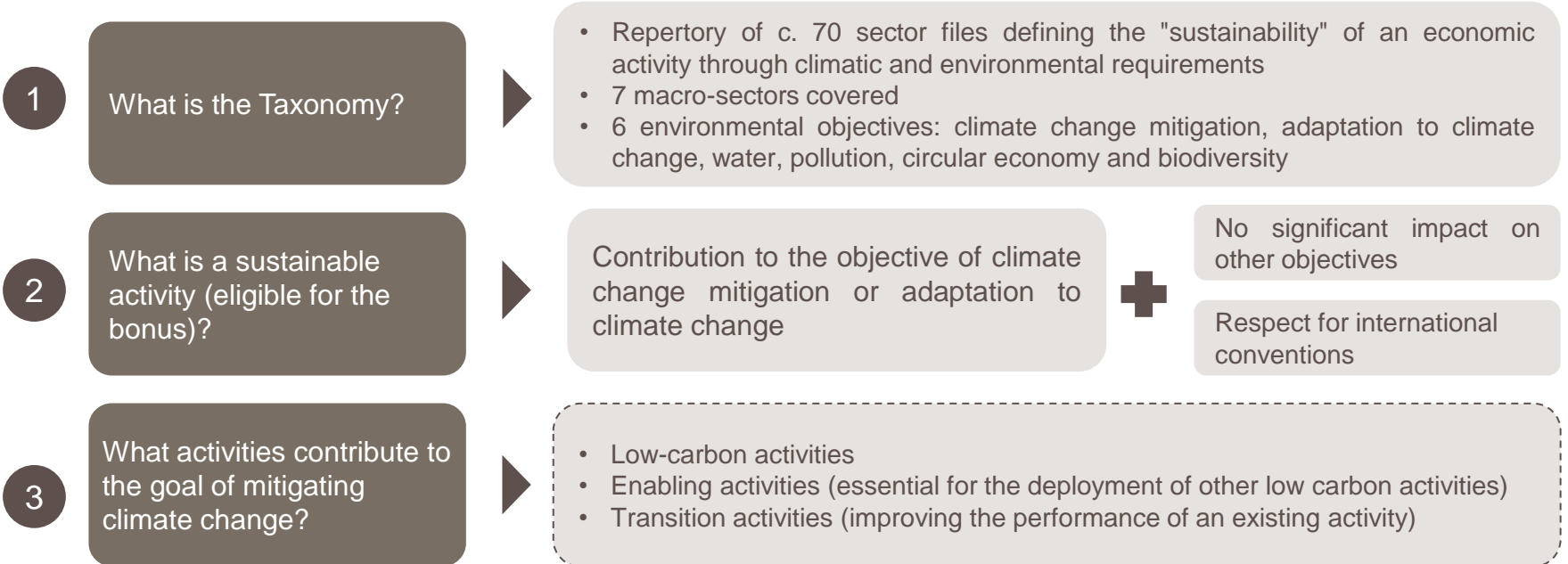
The advance on premium in the case of limited recourse project financing is waived for contracts for an amount less than or equal to € 50 million or carried by mid-size companies or SMEs

3

Granting of an enhanced stabilized rate for applications relating to sustainable projects in the naval sector to offset the abatement costs of the most “green” technologies

Climate bonus - Eligibility

EU taxonomy - Defining the sustainability of an economic activity



Climate bonus

EU Taxonomy – Example of projects

Offshore wind project

1

Mitigation of climate change - **Threshold of 100 gCO₂, eq / kWh but eligibility in principle**

2

Compliance with other environmental objectives

- ✓ Water: Compliance with EU regulations on water (case of a project in the EU)
- ✓ Circular economy: Indication of the ambition to maximize end-of-life recycling (declarative)
- ✓ Pollution: n.a.
- ✓ Biodiversity: Study (EIA) and mitigation plan for impacts on biodiversity - not yet submitted (classic case - conditions the granting of the policy beyond the only climate bonus)

Export of trains

1

Mitigation of climate change - **Electric train therefore without direct emissions: eligible**

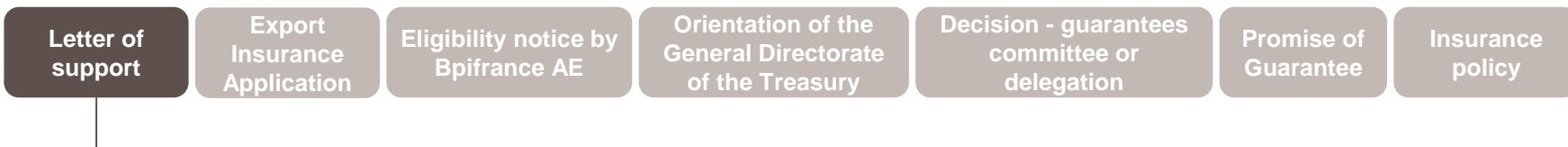
2

Compliance with other environmental objectives

- ✓ Water: n.a.
- ✓ Circular economy: Correct management of waste in use and end of life in accordance with local regulations
- ✓ Pollution: Minimize noise ex. less than 99 dB at 250 km / h
- ✓ Biodiversity: n.a.

Climate bonus

The instruction for credit insurance - Decision and support

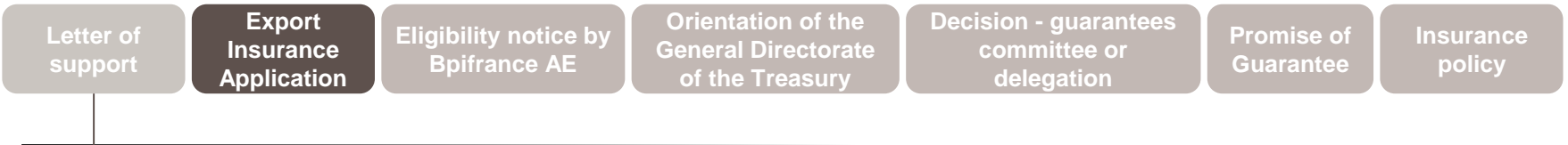


- Possibility of issuing a **letter of support** mentioning eligibility for the climate bonus subject to instruction
 - Request from the company to its account manager as part of a classic letter of support
 - Opinion of the services of Bpifrance Assurance Export and the General Directorate of the Treasury considering information transmitted, at least the detailed purpose of the project and the identity of the exporter



Climate bonus

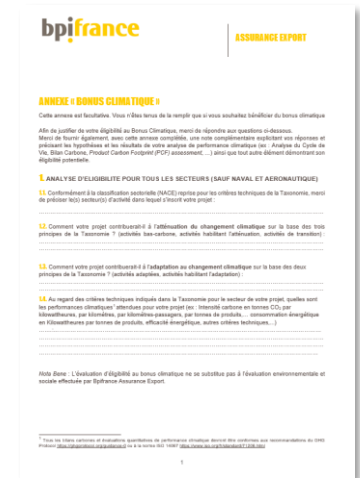
The instruction for credit insurance - Decision and support



Annex to the credit insurance application

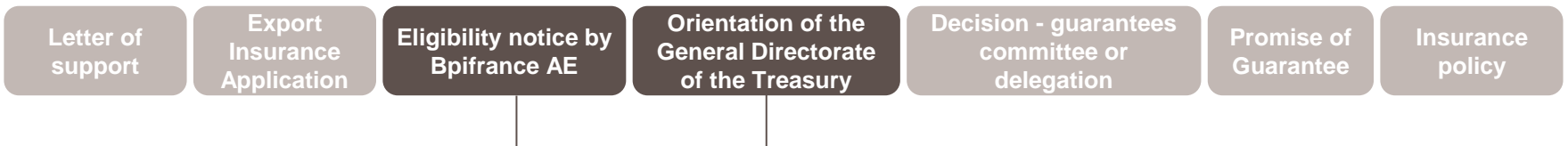
Argument paper

- 1 Specify the sector (s) of activity (NACE classification) of the project
 - 2 How does the project contribute to climate change mitigation?
 - 3 How does the project contribute to adaptation to climate change?
 - 4 What are the expected climate performances for the project?
- ▶ Detail the answer to the questions, including the assumptions and calculation of the climate performance analysis, and provide any other element to judge eligibility (including DNSH if available at this stage)



Climate bonus

The instruction for credit insurance - Decision and support



1

Eligibility notice by Bpifrance AE

Comfort on the climate performance of the project (compliance with the objective of mitigation or adaptation according to the thresholds of the Taxonomy) is expected

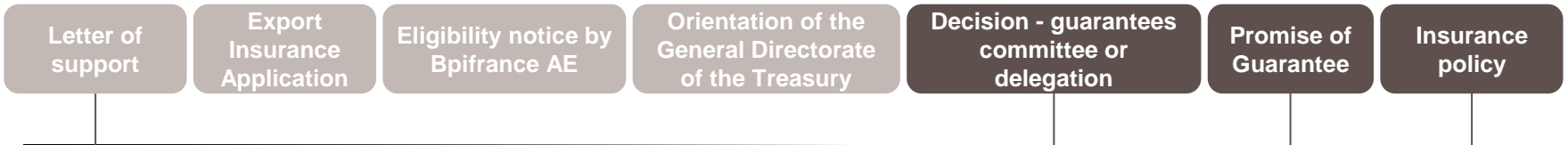
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Orientation of the General Directorate of the Treasury

Orientation of the Directorate General of the Treasury on the basis of the opinion of Bpifrance Assurance Export - the climate performance of the project remains the basis of the decision

Climate bonus

The instruction for credit insurance - Decision and support



- Decision making based on the minimum climate criterion
- Issue of a guarantee promise with the possibility of reserves on the granting of the climate bonus depending on the level of detail of the instruction (see E&S reserves in a classic instruction)
- The guarantee promise is valid on un-bonified terms
- The reserves are waived in order to be able to issue the policy

Climate bonus - Instruction

Example of determining eligibility - Hydroelectric dam (1/2)

Exporter

- 1 Identify the activity sector of the project - **Electricity production from hydraulic energy D.35.1.1**
- 2 Define the climate objective motivating the request **Climate change mitigation**
- 3 Identify in the Taxonomy the technical criteria corresponding to the activity sector and the climate objective - **Carbon intensity <100 gCO₂, eq / kWh**
- 4 Evaluate the performance of the project - **carbon intensity of 25gCO₂, eq / kWh**
- 5 Complete the Climate Bonus Annex
Write the argument paper

Bpifrance Assurance Export

- 1 Check the completeness of the information
Well-filled appendix & argued note
- 2 Compare the performances announced with the reference values indicated in the Taxonomy - **eligibility in principle, and carbon intensity <100 gCO₂, eq / kWh**
- 3 Write an eligibility notice for the attention of DG Trésor - In favor of eligibility

Climate bonus - Instruction

Example of determining eligibility - Hydroelectric dam (2/2)

Guarantees Commission

- 1 Position of principle - Favorable
- 2 Analysis of compliance with other environmental objectives:
 - ✓ Water: River basin management plan in line with standards
 - ✓ Pollution: River basin management plan in line with standards
 - ✓ Circular economy: n.a.
 - ✓ Study (EIA) and mitigation plan for impacts on biodiversity - not yet submitted (classic case - conditions the granting of the policy beyond the only climate bonus)



Promise of Guarantee with conditions

Receipt of the finalized E&S documentation, validation and inclusion in the financial documentation (necessary for the completion of the transaction) - Favorable

Waiving the conditions and issuing the policy

Contact :

Assurance-export-environnement@bpifrance.fr

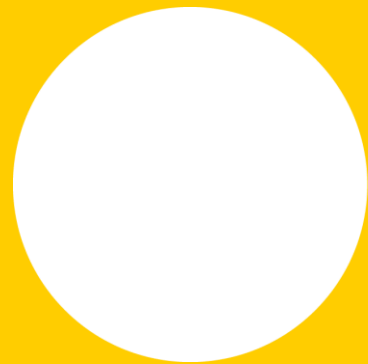
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Bpifrance Assurance Export

Agissant au nom, pour le compte et sous le contrôle de l'État, en vertu de l'article L. 432-2 du code des assurances

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