

# Green Bond Framework

MARCH  
2023

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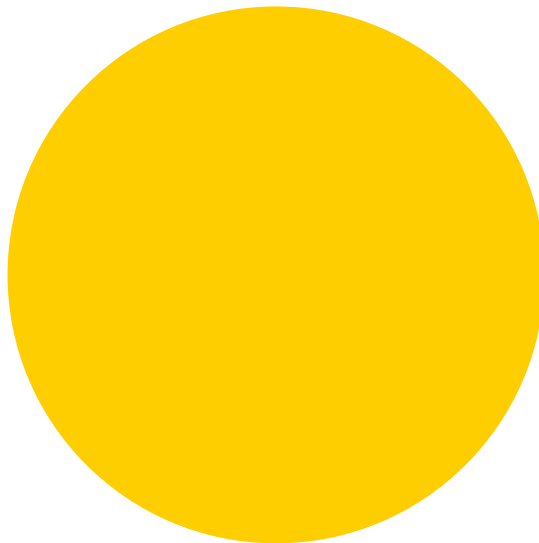
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# Green Bond Framework

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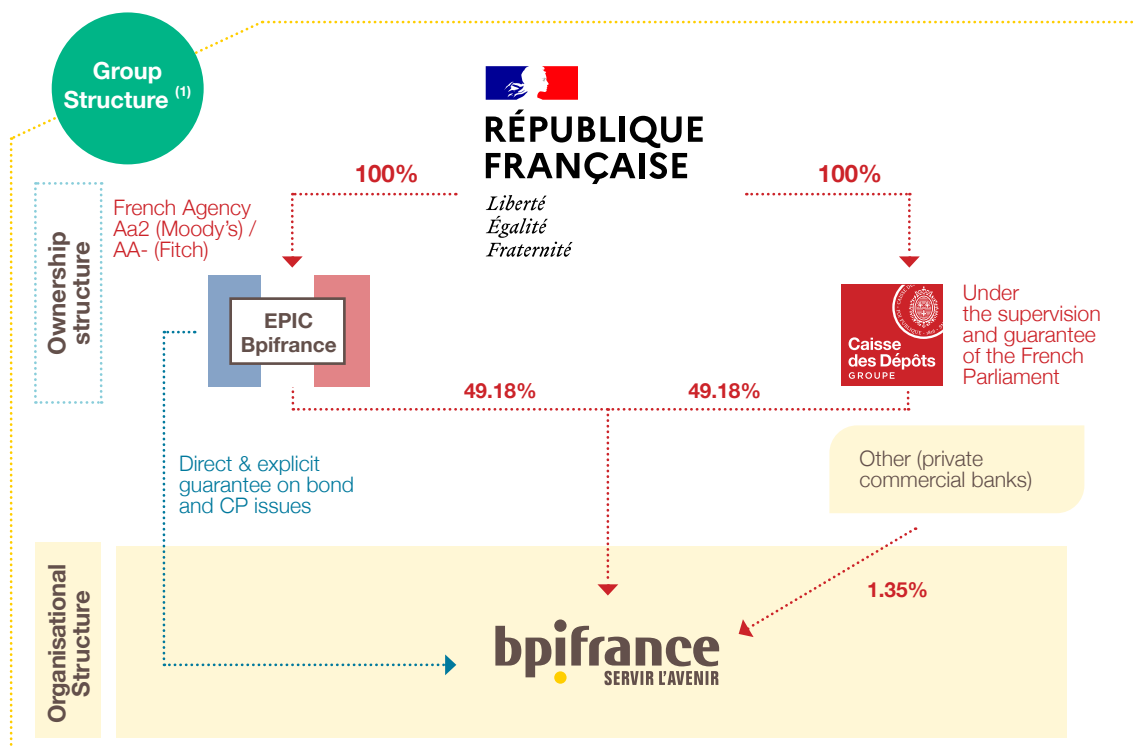


**01.**

**INTRODUCTION**

## • A brief overview of Bpifrance

**Bpifrance** is the French national promotional bank, innovation agency, sovereign fund and export credit agency. Its general interest mission leads **Bpifrance** to promote the financing and the development of companies operating in France, in particular SMEs. **Bpifrance** is a public group created by the law of 12 July 2013. It aims at financing and developing companies and acts in accordance with the public policies conducted by both the French State and French regional authorities. **Bpifrance** has a highly protected legal status and is tightly controlled by public authorities: 49.18% of its equity is owned by the French State and 49.18% by the *Caisse des Dépôts*. **Bpifrance**'s *raison d'être* reflects the 2019 *loi PACTE* which encourages companies to "include social and environmental issues related to their activity in their articles of association".



**Bpifrance**, the parent and banking entity of the group, is the bond issuer. Its corporate purpose is to finance and stimulate French SME's growth and innovation, by offering financing solutions which are suited for every stage of businesses' development, such as:

- Business loans (co-financing): **Bpifrance** provides loans in partnership with commercial banks and financial institutions for business investments and operations;
- Guarantees: **Bpifrance** shares the risk of transactions with banks and financial institutions;
- Soft loans for innovation: **Bpifrance** provides financial solutions and expertise to companies with innovative, technology-based, and business-focused projects.

Thanks to **Bpifrance**'s expertise, its 50 regional offices, and its 1,369<sup>(2)</sup> employees who are in daily contact with French Micro and SMEs, these French corporates benefit from a unique and efficient assistance. Hence, **Bpifrance** helps them grasp opportunities while overcoming their challenges. **Bpifrance**'s business model is the one of an atypical organisation, build to answer French enterprises' sustainable growth needs. It has been constructed around core and federative values to "Serving the Future".

<sup>(1)</sup> Commercial banks hold a 1.35% stake in **Bpifrance** and **Bpifrance** holds 0.29% of its own capital.

<sup>(2)</sup> 1,369 full time employees are working at **Bpifrance** network, out of 3,707 employees in total, as of 31 December 2021

## • Bpifrance global sustainable strategy

### General and public interest

Since its foundation **Bpifrance** believes that finance should serve general and public interest. It has been formalised by French parliamentarians at **Bpifrance** creation in 2012, to define its purpose and missions with a focus on ESG issues.

The mission of **Bpifrance** is also to develop and stimulate the French economy by financing the development and innovation of French Micro and SMEs (MSMEs). By supporting employment generation and preservation, by encouraging female entrepreneurship and by helping companies in disadvantaged areas, **Bpifrance is driven by economic, environmental, and social challenges.**

4 societal priorities - aligned with the UN's Sustainable Development Goals (SDGs) have been set by **Bpifrance** to constitute pivotal points of its commitments:

- Support employment and job creation
- Quality of governance & management
- Encouraging women's entrepreneurship
- Ecological and energy transition

Each of **Bpifrance's** activities is aligned with at least one Sustainable Development Goal (SDG).



### A 360° view of Bpifrance Corporate Social Responsibility and ESG issues integration

**As an investor:** a responsible investor policy<sup>(1)</sup> is applied to operations in all activities. **Bpifrance** systematically takes into account extra-financial ESG criteria which likely have an impact on investments decisions. ESG assessment is integrated throughout the life cycle of each investment. Furthermore, in the due diligence phase, investment teams use an ESG assessment tool to identify potential ESG issues. This tool has been developed to be sector and size sensitive. It allows **Bpifrance** investors to assess ESG issues materiality related to the activity of the company. The ability of the company to face and respond to such issues is also taken into account. Additional due diligence could be conducted with the management to establish an improvement strategy, if needed, as stated in **Bpifrance** Responsible Shareholder Engagement policy.<sup>(2)</sup>

**As a financier:** an analysis of company ESG practices for credit applications or innovation support over certain thresholds has been implemented to assess CSR issues related to:

- Environmental issues: energy consumption, greenhouse gas emissions, use of natural resources and implementation of eco-friendly design, pollution and waste solutions

<sup>(1)</sup><https://www.bpifrance.fr/download/media-file/41977>

<sup>(2)</sup><https://www.bpifrance.fr/download/media-file/73703>

- ☐ Labour issues: the evolution of the number of employees (including those under 25 years), the quality of jobs, workplace health and safety, dialogue and social, climate and human resource management
- ☐ Societal issues: transparency and commercial practices with customers and suppliers, local preference for production, employment, and suppliers
- ☐ Corporate governance

Transition risk analysis has been reinforced for exposed sectors including transportation, real estate, construction and building. Those sectors are monitored by internal expert groups to establish best in class procedures on evaluation and analysis before financing.

**As an export credit insurer:** environmental and social aspects are included in project analysis for **Bpifrance Assurance Export** guarantees over €10M or located in sensitive areas, following OECD's ESG due diligence recommendations<sup>(1)</sup>. Since January 2021, **Bpifrance** and the French State propose preferential export guarantee conditions to sustainable projects, in line with EU Taxonomy.

**As an employer:** the QWL<sup>(2)</sup> agreement addresses work conditions, focusing on health, stress, psychosocial risks, harassment, and violence at work. Some specific health measures to protect employees undertaken in 2020 have been reconducted. A training course for new managers is set up to prevent psychosocial risks. **Bpifrance** has signed the Charter of Diversity, to fight all form of discrimination. A Gender Equality Agreement has been put in place. A new disability agreement has been signed in 2020.



**As a voice to foster ESG:** **Bpifrance** is stepping up CSR awareness-raising and training activities for businesses (324 companies impacted in 2021). **Bpifrance Université** offers 45 courses on CSR, more than 7,300 trainees attended in 2021. Many sector-specific guides have been developed to raise awareness about climate, risks and challenges of energy transition, opportunities, and solutions.

## Strong governance structure to meet ESG challenges

Governance bodies are determined by law:

-  An Audit Committee, a Risk Committee, an Appointments Committee, a Remuneration Committee

Advisory committees have been set up for:

-  Financing Guarantees, Innovation, Climate
-  A dedicated Climate and Environmental Risk Committee

A double principle of competence and parity is applicable at board level and the French State and *Caisse des Dépôts* are represented on the board of directors. To oversee **Bpifrance** Climate Plan, a Climate Committee has been incorporated to the governance bodies. To strengthen transparent body governance, regional guidance councils adapt **Bpifrance's** actions to local areas' specificities.

<sup>(1)</sup><http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>

<sup>(2)</sup> Quality of Work Life



## ● **Bpifrance's environmental and energy transition challenges**

In accordance with its constitutional documents established by the law of June 2005, **Bpifrance** is committed to “support the implementation of the ecological and energy transition”<sup>(1)</sup>. Therefore, **Bpifrance** is a long-standing player in the green transition financing sector in France, as demonstrated by the below initiatives:

- By signing:

- Paris Agreement<sup>(2)</sup>
- Montreal Protocol<sup>(3)</sup>
- Santiago Principles<sup>(4)</sup>
- Poseidon Principles<sup>(5)</sup>
- Financial Institutions' Declaration of Intent on Energy Efficiency<sup>(6)</sup>
- United Nations' Principles for Responsible Investment<sup>(7)</sup>
- French Public Investor Charter for Climate<sup>(8)</sup> in December 2017 with the *Caisse des Dépôts*, the *Agence Française de Développement*, the *Fonds de Réserve pour les Retraites* and the ERAFP
- French Public Investor Charter for SDG<sup>(9)</sup>

- By supporting and promoting:

- ACT initiative (Assessing low Carbon Transition) from ADEME<sup>(10)</sup>
- Carbon Disclosure Project
- Planet Tech Care

- By becoming a member of:

- One Planet Sovereign Wealth Fund
- Carbon Disclosure Project
- “Nature 2050” program operated by *CDC Biodiversité*, which finance projects of restoration of biodiversity
- Club B4B+ (Business for Biodiversity Positive)
- “Companies committed for Nature<sup>(11)</sup>” lead by Biodiversity French Office

- By fostering biodiversity:

- Several training sessions are available at **Bpifrance Université** to help French companies find solutions to mobilize on this issue and on how to adapt their business model
- By using GBS™, Global Biodiversity Score, developed by *CDC Biodiversité* to measure biodiversity footprint of **Bpifrance** listed companies' portfolio
- By working with France Invest Sustainability Commission on an assessment methodology dedicated to SMEs biodiversity footprint.
- By questioning all its organisation on how to build a biodiversity roadmap for all **Bpifrance** activities

<sup>(1)</sup>Ordonnance n°2005-722 dated 29 June 2005, article 1A

<sup>(2)</sup>[https://unfccc.int/sites/default/files/english\\_paris\\_agreement.pdf](https://unfccc.int/sites/default/files/english_paris_agreement.pdf)

<sup>(3)</sup><https://ozone.unep.org/sites/default/files/2019-08/Montreal-Protocol2000.pdf>

<sup>(4)</sup>[https://www.ifswf.org/sites/default/files/santiagoprinciples\\_0\\_0.pdf](https://www.ifswf.org/sites/default/files/santiagoprinciples_0_0.pdf)

<sup>(5)</sup>[https://www.poseidonprinciples.org/finance/wp-content/uploads/2019/07/Poseidon\\_Principles.pdf](https://www.poseidonprinciples.org/finance/wp-content/uploads/2019/07/Poseidon_Principles.pdf)

<sup>(6)</sup><https://www.unepfi.org/fileadmin/documents/DeclarationIntentEnergyEfficiencyFinance.pdf>

<sup>(7)</sup><https://www.unpri.org/signatory-directory/Bpifrance-investissement/966.article>

<sup>(8)</sup><http://www.fondsdereserve.fr/documents/charte-des-investisseurs-publics-francais-en-faveur-du-climat.pdf>

<sup>(9)</sup>[https://www.rafp.fr/sites/default/files/file/charte\\_odd\\_des\\_investisseurs\\_publics\\_francais\\_.pdf](https://www.rafp.fr/sites/default/files/file/charte_odd_des_investisseurs_publics_francais_.pdf)

<sup>(10)</sup><https://actinitiative.org/act-in-france-soutien-financier/>

<sup>(11)</sup><https://engagespourlanature.ofb.fr/>

- By excluding from financing and investing in:
  - Anti-personnel mines and cluster munition
  - Tobacco
- By imposing restrictions on financing and investment in the fossil fuel sector:
  - Since 2021, **Bpifrance** has committed to cease financing or investing in companies whose coal mining or coal-fired power generation activities exceed 5% of their revenues. By 2023, **Bpifrance** will stop investing or financing in infrastructures related to thermal coal, as well as direct financing or investing in new upstream fossil capacity and upstream transport infrastructure.

As a reliable actor of transition and an engaged partner of the transformation the world needs, **Bpifrance** tends to improve itself by setting ambitious targets:

- By 2025 GHG emissions from Scope 1 and Scope 2 should be reduced by 25% and 55% by 2030 vs. a 2019 baseline, as well as targets and schemes around 6 themes: energy, efficiency, waste management, mobility, IT, purchasing and events
- A Scope 3 reduction measure is underway<sup>(1)</sup>; and some ESG risk analysis tools will be implemented to business processes to measure indirect impacts for financing and investment activities
- On an annual basis **Bpifrance** assesses and monitors a Transition Risk Quantification<sup>(2)</sup> for highly exposed sectors.

And by acting in line with its values:

- A carbon footprint measurement of **Bpifrance** funding portfolio is achieved annually since 2020
- A waste management program is in place since 2019 in all **Bpifrance** locations
- **Bpifrance** headquarters are “Excellent – HQE Building”, as certified in 2014 and 2018
- **Bpifrance** informatic services department has put in place a roadmap and initiatives that saved 1.7 tonnes of CO<sub>2</sub> emissions in 2021
- **Bpifrance** has developed an inhouse Climate Risk measurement “Heat Map” for its financing and lending portfolios. Each area has a dynamic physical risk rating. A prospective vision on several horizons (2025, 2030, 2050, 2100) is proposed to **Bpifrance** analysts
- Climate Risk have been taken into consideration in **Bpifrance** mapping of risks
- **Bpifrance**’s green thematic loans allocation: around 9% of **Bpifrance**’s balance sheet will be dedicated to green thematic loans<sup>(3)</sup>.

Financing the ecological transition is core to **Bpifrance**’s climate strategy and will benefit to the global community. To collectively match the Paris Agreement of a limitation of global warming to well below 2, preferably to 1.5°C, compared to pre-industrial levels, the world needs to drastically extend the deployment of Renewable Energy projects.

<sup>(1)</sup>The first Group carbon assessment was carried out in 2019 on scopes 1, 2 and 3 upstream, and evaluates the group’s emissions at 15,000teqCO<sub>2</sub>, i.e., the annual footprint of approximately 1,500 French people

<sup>(2)</sup>Transition Risk Quantification aims at assessing **Bpifrance**’ portfolio exposition and vulnerability to climate transition risk

<sup>(3)</sup>Based on internal estimation and objective of future disbursement

**Bpifrance** takes accountability by being one of the main financiers in France, **Bpifrance** and *La Banque des Territoires* launched a €40Bn Climate Plan for ecological transition on 9 September 2020, becoming together *la Banque du Climat* (the “Climate Plan”). The complementarity between those two entities is essential to the implementation of the Climate Plan, which will benefit to companies and to territories’ local authorities. **Bpifrance** will focus on SMEs and innovative startups of the Greentech sector while *La Banque des Territoires* will target energy renovation projects of social housing and thermal renovation of public buildings. Ecological transition has always been a strategic and central axe of **Bpifrance** development, not only by providing financing to companies to help their transition but also by promoting energy efficiency of all companies in all sectors.



“ Over the past two years, a massive deployment of complementary actions in the heart of territories with *La Banque des Territoires* has enabled us to provide a new impetus to face climate change. We believe in the potential of technology, innovation and adaptability of entrepreneurs and all economic players. This is why we offer high speed solutions. ”

Nicolas Dufourcq, Bpifrance CEO,  
*Climate Plan Press Release*



## • Bpifrance's Climate Plan results and remaining objectives

The Climate Plan highlights the willingness of **Bpifrance** to support the ecological and energy transition towards the decarbonisation of the French economy. Acting as the French national promotional bank, **Bpifrance** is not only aiming at decarbonising its own balance sheet, but also helping French companies to transform themselves and to successfully achieve their transition. To achieve this goal, **Bpifrance** will use the various tools at its disposal such as providing equity, loans, guarantees, subsidies, advisory missions and training.

**Bpifrance's Climate Plan** strategy is based on two focuses:

- aligning all activities of **Bpifrance's** clients with the carbon neutrality goal of the Paris Agreement;
- increasing the group's actions in support of projects and companies that promote the ecological and energy transition.

**Bpifrance's Climate Plan** is elaborated on three main pillars over the 2020-2024 period<sup>(1)</sup>:

### • **Pillar 1:** accelerate business transition towards sustainability for all companies:

**€7.0Bn** target by 2024

A diverse package of **Bpifrance** tools (funding, investment, support, guarantee) is being deployed to carry business transformation toward carbon neutrality.

**Some milestones as of end of December 2022 and since 2020:**

**€2.4Bn**

have been raised for Ecological Transition Investment Funds

**€1.8Bn**

of "green loans" have been disbursed to 1,600 French SMEs

**€1.5Bn**

of loans granted for thermically renovation works, 2 million of green m<sup>2</sup> have been ecologically upgraded

**Some non-financial supports have been in place since 2020 to help SMEs to accelerate their transition:**

- **Bpifrance University** offers 30 units of training dedicated to Ecological Transition (already 9,000 learners have joined).
- "*Diag Éco-Flux*": a diagnostic (on a 1-year period – with an expert) to help companies to identify how to optimise their consumption (energies, water, waste, material) and reduce their environmental footprint – already 1,250 companies have joined the initiative.
- "*Diag Décarbon'Action*": a 2-year support plan for companies to realise a carbon footprint assessment and to build a decarbonation plan. Already 700 companies have measured their footprint and set up an action plan.
- *Le Coq Vert* community of 1,800 French companies to foster best practices among leaders with an objective to reach 5,000 French companies by 2025.
- To accelerate businesses transition, a transition target of 20,000 companies over 5 years has been set up.

<sup>(1)</sup>For more information on **Bpifrance Climate Plan**: <https://www.bpifrance.fr/download/media-file/75716>

• **Pillar 2:** amplify Renewable Energy sector lending and investment capacities:

**€8.6Bn** target by 2024

The goal is to massively contribute to renewable energy projects implementation thanks to **Bpifrance** expertise on wind and solar and to reinforce the launch of complementary projects on biogas, geothermal, hydroelectricity.

A dedicated target has been set to develop and structure the hydrogen sector.

**Some milestones as of December 2022 and since 2020:**

**€4.5Bn**

disbursed and/or committed to finance renewable energies projects

**430**

realised projects

• **Pillar 3:** support Greentech's creation and growth:

**€4.2Bn** target by 2024

To set up an environment where disruptive technological innovations will emerge and to create French champions in this field.

**Some milestones as of December 2022 and since 2020:**

**€1.4Bn**

of innovation aids or loans have been granted to greentech companies

**€555M**

have been invested in greentech funds as defined as innovative offer (as a product, a service or a technology) that significantly and directly improves or will improve the environmental impact of users (individuals or companies) on at least one of the EU's environmental objectives

**Financing of innovation in greentech projects such as:**

- New energy: assisting the research on hydrogen sector
- Green industry: financing the industrialisation process of bio-based chemicals and green materials; promoting of recycling materials and waste management
- Agriculture and food industry: assisting the development of future low carbon proteins
- Environment: limiting the carbon footprint of human activities through the circular economy
- Clean mobility: relocating battery production to France to support the electrification of terrestrial mobility
- Green building: promoting the emergence of low carbon materials
- Protection of ecosystems: focusing on water, soil, and biodiversity

## ● Rationale for Bpifrance Green Bond Framework

**Bpifrance** has been historically working on establishing and implementing frameworks linked to sustainable issues, allowing the structure to be successfully entrenched in the sustainable market as of today.

**Bpifrance** Green Bond's Framework update has been prompted by the emergence of new regulation, notably the Delegated Acts of the EU Taxonomy and the proposal of the EU Green Bond Standard. Given the current evolution in sustainable finance expectations, **Bpifrance** wishes to align its strategy with up-to-date regulation in order to position itself as a pioneer player in the market.

Consequently, two eligible categories have been added, namely Eligible Green Buildings Loans and Eligible Greentech Loans. These categories reflect **Bpifrance**'s long-term commitment to an environmental transition and aims at enhancing the readability and transparency it entails. As such, **Bpifrance**'s Green Bond Framework is fully consistent with the Group's strategy and has been established to support its transition plan and Climate Plan.

Based on European Commission studies, almost 60%<sup>(1)</sup> of Europe's energy consumption came from imported resources in 2020. **Bpifrance** wants to foster national and international champions of Renewable Energies who would tend to reverse this trend.

In accordance with French Law *Loi de Transition Énergétique pour la croissance verte*<sup>(2)</sup> the proportion of French electricity consumption generated from Renewable Energy projects should reach 32% in 2030. In this context, renewable energy financing is one of the main pillars of **Bpifrance**'s Climate Plan: renewable energy financed by **Bpifrance** may represent up to 25% of the global French renewable energy production projects by the end of its Climate Plan<sup>(3)</sup>. Indeed, to face climate change, France will have to engage in a fast and unprecedented change of its global energy mix, while increasing the electrification of fossil-fuel dependent sectors within a decarbonised electric grid. Such changes could only be achieved by increasing the French renewable energy capacity and by replacing the electricity generation from fossil fuels.

According to the French *Ministère de la Transition écologique et de la Cohésion et des territoires* and the *Ministère de la Transition énergétique*<sup>(4)</sup>, the building sector accounts for 44% of energy consumption and nearly 25% of GHG emissions in France in 2020. Following the same logic, the European Commission estimates that the building sector is responsible for 40% of the total energy consumed (largest sector in Europe) and 36% of GHG emissions in the EU<sup>(5)</sup>. The European Commission encourages the renovation of existing buildings to reduce both the energy emissions and costs for households, as well as to boost economic activity and job creation. The European Commission also underlines that new buildings will help to reach the objective of being climate neutral in 2050 by proposing that all newly constructed buildings should be carbon neutral by 2030.

As an accelerator of the ecological transition, **Bpifrance** is strongly involved in the financing of new commercial buildings construction and thermal renovation (an annual target of €700M of loans disbursement has been set). As of December 2022, 2 million of green m<sup>2</sup> have been ecologically upgraded. **Bpifrance** is also committed to energy efficiency through the "*Diag Éco-Flux*" followed by 1,000 companies (energy diagnostic to help companies to optimise their energy consumption). Following its involvement in the transition of new and existing buildings, **Bpifrance** integrates new commercial buildings as an eligible activity in its Green Bond Framework.

<sup>(1)</sup>[https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Energy\\_statistics\\_-\\_an\\_overview](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Energy_statistics_-_an_overview)

<sup>(2)</sup>Loi n° 2015-992 du 17 août 2015 relative à la transition énergétique pour la croissance verte: <https://www.ecologie.gouv.fr/loi-transition-energetique-croissance-verte>

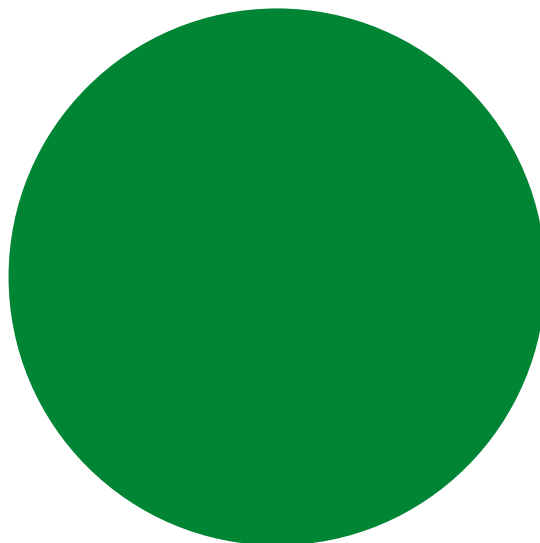
<sup>(3)</sup>Nicolas Dufourcq, **Bpifrance** CEO, on BFM TV on 10 September 2020

<sup>(4)</sup><https://www.ecologie.gouv.fr/reglementation-environnementale-re2020>

<sup>(5)</sup>[https://ec.europa.eu/commission/presscorner/detail/en/ip\\_21\\_6683](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_6683)

In the context of the requirement for ecological and energetic transition to decarbonise the French Economy, a large number of Greentech, innovative companies improving environmental impact, have emerged. The number of Greentech has significantly increased in France going from 800 in 2020 to 1,500 in 2021. Supporting Greentech's creation and growth, constitutes one of the three main pillars of **Bpifrance** Climate Plan over the 2020-2024 period through investments, innovation aids or loans granted to companies specialized in new energy, agriculture & food industry, environment, clean mobility, green building and construction of ecosystem. As **Bpifrance**'s Green Bond Framework has been established in concordance with Climate Plan, **Bpifrance** integrates Greentech loans as an eligible activity.

**Bpifrance** considers this Green Bond Framework as an opportunity to further develop sustainable finance market in France, especially for small and medium enterprises. Providing such sustainable financings to these companies will broaden their tools to successfully overcome environmental challenges. **Bpifrance** aims to reinforce its commitment to sustainability as it believes that Green Bonds are key financial instruments to achieve a low carbon economy. While supporting the development of sustainable finance, this approach confirms **Bpifrance**'s leadership and its commitment to play a leading role in the carbon neutrality transition.



**02.**

**BPIFRANCE  
GREEN BOND  
FRAMEWORK**





This document is the 1<sup>st</sup> update of “**Bpifrance** Inaugural Green Bond Framework”, issued in 2021 and has been designed with the aim to align it with the latest best market practices.

**Bpifrance**'s Green Bond Framework has been established to set out the principles applicable to the issuance of Green Bonds by **Bpifrance**, which support the financing and/or refinancing of **Bpifrance**'s existing and future Eligible Green Loans (as defined below) that may be provided by **Bpifrance** to assist French companies in achieving their environmental and energy transition.

For the avoidance of doubt, **Bpifrance** will be the issuing entity of the Green Bonds, as well as the originator and the manager of the loans financed or refinanced by such Green Bonds. The Green Bonds issued under this Green Bond Framework will be subject to **Bpifrance**'s general policies in terms of financial and liquidity risk management.

**Bpifrance**'s Green Bonds aim at fostering a sustainable energy transition in line with its Climate Plan and contributing to the Sustainable Development Goals<sup>(1)</sup> (SDGs). This Green Bond Framework has been prepared in accordance with the ICMA Green Bond Principles 2021<sup>(2)</sup> and consistent with the EU Green Bond Standard proposal by the European Commission (the “Proposal for a regulation of the European parliament and of the Council on European Green Bonds”<sup>(3)</sup> published in July 2021), when practicable and relevant. **Bpifrance** has also taken into account, on a best effort basis, the Technical Screening Criteria set out in the EU Taxonomy Appendix 1 of the Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council in establishing the Eligible Green Loan Categories (as defined below).

As much as possible, **Bpifrance** has taken into account the definition of “Sustainable investment” as defined under SFDR article 2, point 17 to select these eligible assets and update this Green Bond Framework.

The Framework is aligned with the ICMA Green Bond Principles and the “Eligible Renewable Energy” and the portion of “Eligible Green Buildings” project categories are aligned with the EU Taxonomy and with the proposal of European Green Bond Standards (EU GBS) on “best effort” basis according to ISS Corporate Solutions Second Party Opinion.

As long as any Green Bond is outstanding, **Bpifrance** commits to provide an annual allocation and impact report.

Following ICMA 2021's standards, **Bpifrance**'s Green Bond Framework outlines the following four pillars:

1. Use of Proceeds 
2. Process for Project Evaluation and Selection 
3. Management of Proceeds 
4. Reporting 

<sup>(1)</sup>Sustainable Development Goals, more information: <https://sdgs.un.org/goals>

<sup>(2)</sup>Green Bond Principles 2021:  
[https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles\\_June-2022-280622.pdf](https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf) (includes June 2022 Appendix 1)

<sup>(3)</sup>Proposal for a regulation of the European parliament and of the Council on European Green Bonds:  
[https://eur-lex.europa.eu/resource.html?uri=cellar:e77212e6-df07-11eb-895a-01aa75ed71a1:0001.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:e77212e6-df07-11eb-895a-01aa75ed71a1:0001.02/DOC_1&format=PDF)

## ● Use of Proceeds




The net proceeds of **Bpifrance**'s Green Bonds will be used to finance and/or refinance, in whole or in part, new or existing medium and long-term loans, located in France, aiming at financing:

- solar and wind projects (hereafter the “Eligible Renewable Energy Loans”)
- green buildings projects (hereafter the “Eligible Green Buildings Loans”), comprising:
  - loans financing buildings aligned with the EU Taxonomy (Substantial Contribution Criteria, DNSH and Minimum social safeguards)
  - loans financing buildings that are aligned with the EU Taxonomy substantial contribution criteria or have achieved an environmental certification
  - until 31/12/2025, loans financing the construction or acquisition of NZEB Buildings
- Greentech firms (hereafter the “Eligible Greentech Loans”).




That meet the Eligibility Criteria set out in the table below (hereafter the “Eligible Green Loans”). To provide transparency and readability and considering the large number of loans/projects under “Eligible Renewable Energy Loans”, “Eligible Green Buildings Loans” and “Eligible Greentech Loans”; an overarching view on projects of project is disclosed in **Bpifrance** Green Bond Framework.

The Eligible Green Loans, defined in the table below, are in line with **Bpifrance**'s Climate Plan and aim at contributing to significant progress on Climate Change Mitigation and GHG emissions reduction.

The distribution of allocated eligible assets by category will be shared to investors as soon as possible or at the latest one year after the date of issue.

Eligible Green Loans Categories	Definition	EU Environmental objectives	Sustainable Development Goals 
<b>“Eligible Renewable Energy Loans”</b>			
<b>EU Taxonomy activities</b> 4.1 Electricity generation using solar photovoltaic technology 4.3. Electricity generation from wind power	Loans for construction and operation of electricity generation facilities dedicated to onshore and offshore wind and solar power projects. <sup>(1)</sup> <b>Eligibility Criteria:</b> <ul style="list-style-type: none"> <li>• Facilities operating at life cycle emissions lower than 100gCO<sub>2</sub>e/kWh, declining to 0gCO<sub>2</sub>e/kWh by 2050.</li> </ul> <i>NB: Solar and Wind facilities are automatically included under this criterion</i>	Climate Change Mitigation	 

<sup>(1)</sup>CSP technology will not be included in the Eligible Renewable Energy Loans category.

“Eligible Green Building Loans”			
<b>EU Taxonomy activities</b>  7.1 Construction of new buildings  7.2. Renovation of existing buildings  7.7. Acquisition and ownership of buildings	<p>Loans for acquisition of existing buildings or construction of new buildings or refurbishment of existing buildings.</p> <p><b>Loans to finance the construction of new non-residential buildings or the acquisition and ownership of buildings which meet the following criteria:</b></p> <ul style="list-style-type: none"> <li>• The non-residential buildings were built under the French Thermal Regulation 2012 (RT2012) which corresponds to the Nearly-Zero-Energy Building regulation applicable to non-residential buildings for which the building permit was submitted from 1 January 2013.<sup>(1)</sup></li> </ul> <p>In France, the NZEB (Nearly Zero Energy Building) energy performance level corresponds to the regulatory performance level defined by RT2012 regulation.<sup>(2)</sup></p> <p><b>Bpifrance</b> considers these loans as eligible until 31 December 2025 at the latest.</p> <p><b>Or, loans to finance non-residential buildings which have achieved or should soon achieve one of the following certifications:</b></p> <ul style="list-style-type: none"> <li>• HQE: [≥ “Excellent”]</li> <li>• LEED: [≥ “Gold”]</li> <li>• BREEAM: [≥ “Very Good”]</li> <li>• BBC Effinergie+</li> <li>• BBCA (Bâtiments Bas Carbone)</li> <li>• HPE [RT 2012 -10%]</li> <li>• THPE [RT 2012 -20%]</li> <li>• BePOS effinergie 2017 and BePOS+ effinergie 2017</li> <li>• E+/C-</li> </ul> <p><b>Bpifrance</b> considers these loans as eligible since issuance.</p> <p><b>Or, loans to finance the construction of new non-residential buildings which meet the following criteria:</b></p> <p>The Primary Energy Demand (PED)<sup>(3)</sup>, defining the energy performance of the building resulting from the construction, is at least 10% lower than the threshold set for the Nearly Zero-Energy Building (NZEB) requirement in France.</p> <p>In France and for new buildings for which the building permit was submitted from 1 January 2022 and subject to the RE2020 regulation, compliance with the requirements of the RE2020 regulation automatically leads to compliance with the NZEB – 10% energy performance level.<sup>(4)</sup></p> <p>- For buildings larger than 5,000 m²:</p> <ul style="list-style-type: none"> <li>• demonstration that robust and traceable quality control processes were in place during the construction process.</li> <li>• life cycle Global Warming Potential (GWP) calculated for each stage in the life cycle and disclosed to investors and clients on demand.</li> </ul> <p><b>Bpifrance</b> considers these loans as eligible since issuance.</p>	Climate Change Mitigation	    

<sup>(1)</sup>In line with national measures implementing Directive 2010/31/EU of the European Parliament and of the Council (282).

<sup>(2)</sup>Interpretation from (UE) 2021/2139 of 4 June 2021 on buildings: communication\_taxonomie\_batiments\_vf-2.pdf (rt-batiment.fr)

<sup>(3)</sup>PED is expressed by a numeric indicator of total primary energy use in kWh/m² per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC).

<sup>(4)</sup>Interpretation from (UE) 2021/2139 of 4 June 2021 on buildings : [https://rt-re-batiment.developpement-durable.gouv.fr/IMG/pdf/communication\\_taxonomie\\_batiments\\_vf-2.pdf](https://rt-re-batiment.developpement-durable.gouv.fr/IMG/pdf/communication_taxonomie_batiments_vf-2.pdf)


	<p><b>Or, loans to finance the acquisition and ownership of buildings which meet the following criteria:</b></p> <ul style="list-style-type: none"> <li>• For buildings built before 31 December 2020 the building has at least an Energy Performance Certificate (class A). As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand.</li> <li>• For buildings built after 31 December 2020 the building meets EU Taxonomy technical screening criteria<sup>(1)</sup> applicable to the construction of new non-residential buildings and which are relevant at the time of the acquisition.</li> <li>• Where the building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment.<sup>(2)</sup></li> </ul> <p><b>Bpifrance</b> considers these loans as eligible since issuance.</p> <p><b>Or, loans to finance the renovation of existing buildings which meet the following criteria:</b></p> <ul style="list-style-type: none"> <li>• Improved energy efficiency from renovation(s) resulting in a reduction of primary energy demand (PED)<sup>(3)</sup> of at least 30%<sup>(4)</sup> within a maximum of 3 years in comparison to the energy performance of the building before the renovation(s). Alternatively, the building renovation complies with the applicable requirements for major renovations of the Energy Performance of Buildings Directive.</li> </ul> <p><b>Bpifrance</b> considers these loans as eligible since issuance.</p>		
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<sup>(1)</sup>Section 7.1 of the Delegated Act Annex that are relevant at the time of the acquisition.

<sup>(2)</sup>In France, Building Automation & Control Systems decree has come into effect on July 22, 2020, in accordance with EU Energy Performance of Buildings Directive (EPBD).

<sup>(3)</sup>PED is expressed by a numeric indicator of total primary energy use in kWh/m2 per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC).

<sup>(4)</sup>The 30 % improvement results from an actual reduction in primary energy demand (where the reductions in net primary energy demand through renewable energy sources are not taken into account), and can be achieved through a succession of measures within a maximum of three year.

“Eligible Greentech Loans”			
<p><b>EU Taxonomy activities “supported” by Greentech projects, as example:</b></p> <p>3.1 Manufacture of renewable energy technologies</p> <p>4.7 Electricity generation from renewable non-fossil gaseous and liquid fuels</p> <p>4.14 Transmission and distribution networks for renewable and low-carbon gases</p> <p>6.15 Infrastructure enabling low-carbon road transport and public transport</p> <p>6.16 Infrastructure enabling low carbon water transport</p> <p>7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings</p>	<p>Loans to finance and support the emergence and growth of Greentech and satisfy the following list of eligibility criteria:</p> <ul style="list-style-type: none"> <li>- These loans would be aligned with the internal Greentech definition<sup>(1)</sup> presented by <b>Bpifrance</b>. They are identified through <b>Bpifrance</b> process that includes 3 criteria: <ul style="list-style-type: none"> <li>• Expertise of <b>Bpifrance</b> financing network based on internal Greentech definition</li> <li>• Internal detection algorithm turning every month</li> <li>• External sources (Iceberg Tensoriel<sup>(2)</sup>)</li> </ul> </li> <li>- These loans aim to support an innovative solution to enhance markedly and directly environmental impact of the solution’s user on at least one of the EU Environmental Objectives: <ul style="list-style-type: none"> <li>• Climate change mitigation</li> <li>• Climate change adaptation</li> <li>• The sustainable use and protection of water and marine resources</li> <li>• The transition to a circular economy</li> <li>• Pollution prevention and control</li> <li>• The protection and restoration of biodiversity and ecosystems</li> </ul> </li> <li>- And provide an innovation solution on topics below: <ul style="list-style-type: none"> <li>- <b>New energy:</b> <ul style="list-style-type: none"> <li>• assisting the research on hydrogen<sup>(3)</sup></li> <li>• producing renewable energy<sup>(4)</sup></li> <li>• generation of energy from small scale hydropower<sup>(5)</sup></li> <li>• generation of energy from medium to large scale hydropower<sup>(6)</sup></li> <li>• assisting firms specialized in methanation</li> <li>• installing and distributing smart grids<sup>(7)</sup></li> <li>• enhancing renewable energy storage</li> </ul> </li> <li>- <b>Green Industry:</b> <ul style="list-style-type: none"> <li>• financing the industrialization process of bio-based fertilizers</li> <li>• recycling materials<sup>(8)</sup></li> <li>• financing waste management<sup>(9)</sup></li> </ul> </li> <li>- <b>Agriculture and Food Industry:</b> <ul style="list-style-type: none"> <li>• biocontrol and green manure solutions</li> <li>• enhancing solutions for transformation and production for agriculture<sup>(10)</sup></li> </ul> </li> <li>- <b>Environmental Transition:</b> <ul style="list-style-type: none"> <li>• creating and supporting carbon capture solution<sup>(11)</sup></li> </ul> </li> <li>- <b>Clean Mobility :</b> <ul style="list-style-type: none"> <li>• financing firms specialized in battery technology that allows improvements in the field of renewable energy storage</li> <li>• enhancing biofuel solutions<sup>(12)</sup></li> </ul> </li> <li>- <b>Green Building:</b> <ul style="list-style-type: none"> <li>• financing firms specialized in developing technologies for smart buildings<sup>(13)</sup></li> <li>• supporting waste management solution on construction sites<sup>(14)</sup></li> </ul> </li> <li>- <b>Protection of ecosystems:</b> <ul style="list-style-type: none"> <li>• marine ecosystem conservation</li> <li>• financing firms specialized in drinking water filtration/ purification solutions</li> <li>• soil remediation and improvement services</li> <li>• improvement of air pollution control technology</li> </ul> </li> </ul> <p>By <b>Bpifrance</b> definition, a Greentech has the entirety of its operations in line with the eligibility criteria stated above.</p> </li></ul>	<p>Climate Change Mitigation</p> <p>Climate Change Adaptation</p> <p>Sustainable Use and Protection of Resources</p> <p>Circular Economy</p> <p>Pollution Prevention &amp; Control</p> <p>Biodiversity &amp; Ecosystems</p>	<p><b>6</b> CLEAN WATER AND SANITATION</p>  <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>  <p><b>13</b> CLIMATE ACTION</p>  <p><b>14</b> LIFE BELOW WATER</p>  <p><b>15</b> LIFE ON LAND</p> 

<sup>(1)</sup> **Bpifrance** has set up a Greentech definition: it is considered as an entity which can provide an innovative solution (by a service, a product, or a technology) who enhance or will enhance markedly and directly environmental impact of the solution’s user on at least one of the EU Environmental Objectives. The targeted population could be a startup where the company project is the development of a sustainable innovative and technological solution, or MSMEs which develop a Greentech solution to enhance impact on users. By **Bpifrance** definition, the Greentech is not involved in other activity different from the one related to the EU Environmental Objectives associated.

<sup>(2)</sup> Platform that gives access to real-time data, analytical tools, smart alerts and research reports on climate tech startups (<https://tensoriel.com/#products>).

<sup>(3)</sup> Only for external use, and exclusively sourced from renewable sources.

<sup>(4)</sup> Solar, wind, geothermal, ocean sources, to be noted nuclear activities are excluded.

<sup>(5)</sup> Less than 10 MW.

<sup>(6)</sup> Strictly above 10MW and strictly below 1000 MW.

<sup>(7)</sup> Sourced from renewable energy.

<sup>(8)</sup> Where final product is 100% based from recycled material.

<sup>(9)</sup> Reusable packaging solution.

<sup>(10)</sup> For example: designing and installing equipment of different sizes to grow plants in hydroponics in a controlled environment.

<sup>(11)</sup> CO<sub>2</sub> is permanently and safely stored and the carbon capture solution process is climate neutral (including the energy needed for the capture process).

<sup>(12)</sup> Only for road freight solution using hydrogen fuel cells.

<sup>(13)</sup> For example: smart meters and building energy management systems.

<sup>(14)</sup> Waste collection and depositing.

The Eligible Green Loans are aiming to contribute to the following UN Sustainable Development Goals: #6: Ensure availability and sustainable management of water, #7 – Affordable and Clean Energy, #11 – Sustainable Cities and Communities and/or #13 – Climate Action, #14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development, SDG #15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.



**SDG #6: Ensure availability and sustainable management of water and sanitation for all.**

Targets for 2030 include an achievement of universal and equitable access to safe and affordable drinking water for all and to improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally. Also substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.



**SDG #7: Ensure access to affordable, reliable, sustainable, and modern energy for all.**

Targets for 2030 include access to affordable and reliable energy while increasing the share of renewable energy in the global energy mix. This would involve improving energy efficiency and enhancing international cooperation to facilitate more open access to clean energy technology and more investment in clean energy infrastructure. Plans call for particular attention to infrastructure support for the least developed countries, small islands and land-locked developing countries.



**SDG #11: Make cities inclusive, safe, resilient, and sustainable.**

Targets for 2030: ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums; and enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.



**SDG #13: Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy.**

Targets for 2030 are: strengthen resilience and adaptive capacity to climate-related disasters; integrate climate change measures into policies and planning; and build knowledge and capacity to meet the challenge of climate change. Means for achieving the targets call for implementing the UN Framework Convention on Climate Change and promoting mechanisms that will increase capacity for planning and management.



**SDG #14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development.**

Targets for 2025 are: prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution. Also minimize and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels.



**SDG #15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.**

Targets for 2030 are: combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world. Also take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.

**Substantial Contribution to Climate Change Mitigation (Article 10)<sup>(1)</sup>:** An economic activity shall qualify as contributing substantially to climate change mitigation where that activity contributes substantially to the stabilisation of greenhouse gas concentrations in the atmosphere at a level which prevents dangerous anthropogenic interference with the climate system consistent with the long-term temperature goal of the Paris Agreement through the avoidance or reduction of greenhouse gas emissions or the increase of greenhouse gas removals, including through process innovations or product innovations, by:

- (a) generating, transmitting, storing, distributing or using renewable energy in line with Directive (EU) 2018/2001, including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid;
- (b) improving energy efficiency, except for power generation activities as referred to in Article 19(3).

For the sake of clarity, the following sectors will not be financed and/or refinanced by the issuance of **Bpifrance's** Green Bonds:

- Mining and quarrying<sup>(2)</sup>
- Distilling, rectifying and blending of spirits<sup>(3)</sup>
- Manufacture of tobacco products<sup>(4)</sup>
- Manufacture of gas; distribution of gaseous fuels through mains<sup>(5)</sup>
- Wholesale on a fee or contract basis for agents involved in the sale of fuels, ores, metals and industrial chemicals<sup>(6)</sup> Manufacture of coke and refined petroleum products<sup>(7)</sup>
- Processing of nuclear fuel<sup>(8)</sup>
- Manufacture of weapons and ammunition<sup>(9)</sup>
- Manufacture of military fighting vehicles<sup>(10)</sup>
- Gambling and betting activities<sup>(11)</sup>
- Defence activities<sup>(12)</sup>

The Eligible Green Loans will be consolidated in **Bpifrance's** balance sheet under the IFRS accounting standards.

The Eligible Green Loans will be made considering a 3-year maximum look-back period, with a best effort basis on a 2-year look-back period.

In accordance with **Bpifrance** legal practices, additional Eligible Green Loans will be incorporated into the **Bpifrance** base prospectus.

<sup>(1)</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=EN>

<sup>(2)</sup> NACE B.05.10; B.05.20; B.06.10; B.06.20; B.07.10; B.07.21; B.07.29; B.08.11; B.08.12; B.08.91; B.08.92; B.08.93; B.08.99; B.09.10; B.09.90

<sup>(3)</sup> NACE C.11.01, NACE Z.11.01

<sup>(4)</sup> NACE C.12.00, NACE Z.46.35, NACE Z.47.26

<sup>(5)</sup> NACE D.35.2

<sup>(6)</sup> NACE G.46.1.2

<sup>(7)</sup> NACE C.19.10, NACE C.19.20, NACE Z.19.20

<sup>(8)</sup> NACE C.24.46

<sup>(9)</sup> NACE C.25.40

<sup>(10)</sup> NACE C.30.40

<sup>(11)</sup> NACE R.92.00, NACE Z.92.00

<sup>(12)</sup> NACE O.84.22



## ● Process for Project Evaluation and Selection

**Bpifrance** has a strong expertise, as shown by its long-standing track record, in originating medium and long term loans focused on the renewable energy, green buildings, and Greentech sectors. The evaluation and selection of these loans are conducted with a focus on improving energy efficiency and promoting developments in renewable energy (solar and wind), green buildings and Greentech. To do so, **Bpifrance**'s employees, must comply with:

- national and local regulations;
- professional rules;
- **Bpifrance**'s policies and procedures.

All Eligible Green Loans will be submitted to **Bpifrance**'s regular underwriting process. As a credit establishment approved by the *Autorité de Contrôle Prudentiel et de Résolution (ACPR)*, **Bpifrance** is subject to the provisions of the *French Code Monétaire et Financier* and the decree of 3 November 2014, relating to the internal control of banking sector companies, of the Consultative Committee on Legislation and Financial Regulation regarding internal control.

As such, **Bpifrance**'s credit risk policy is closely monitored and is established by its risk division. All financings are granted following a strict approval process through its support decision tool (*Outil d'Aide à la Décision*) which:

- (i) centralizes in a single tool the studies of all the financing projects submitted to **Bpifrance**;
- (ii) determines the risk profile of the credit files based on the project and the counterparty;
- (iii) provides an audit trail of the decision-making process.

Decision-making powers within **Bpifrance** are organised in such a way that the riskiest and/or high-volume cases are submitted through the headquarter's decision process (i.e., reviewed by the risk division and for the most sensitive credit files, reviewed by **Bpifrance**'s Credit Committees).

Some dedicated measures are undertaken, depending on the projects:

### Eligible Renewable Energy Loans

According to **Bpifrance**'s policies and procedures, Eligible Renewable Energy Loans are granted to be fully aligned with European taxonomy regulation and compliant with Substantial Contribution Criteria (SCC), Do No Significant Harm (DNSH) criteria and minimum social safeguards.

Eligible Renewable Energy Loans are disbursed only after a strict administrative process of several steps (a document of *Autorisation Unique* to comply with environmental and regulatory studies, a public consultation of the local community, a publication of prefectural decree and an appeal deadline having elapsed).

## Eligible Green Building Loans

Building financing is incorporated in **Bpifrance** Risk Policy. Evaluation and monitoring of buildings is key to ease the financing of assets in transition (construction or renovation); these two processes determine a transaction note which is incorporated into **Bpifrance** approval process established by its risk division.

A dedicated process for building evaluation and some methodological guides are at disposal for **Bpifrance** experts, it helps them to closely assess and monitor the value of the building, taking into account the environmental norms; the labels, the certifications, the renovation programs. An ESG grid assessment per building is under construction, the idea is to create a “Green Value” for the building.

The evaluation and selection of these loans go hand in hand with an expert note related to transition.

## Eligible Greentech Loans

**Bpifrance** has set up a Greentech definition: it is considered as an entity which can provide an innovative solution (by a service, a product, or a technology) which enhances or will enhance markedly and directly environmental impact of the solution’s user on at least one of the EU Environmental Objectives.

The targeted population could be a startup where the company project is the development of a sustainable innovative and technological solution, or MSMEs which develop a Greentech solution to enhance impact on users.

In addition, **Bpifrance** has set-up a Green Bond Committee which is composed of members of the Finance Department, Accounting Department, Building and Energy Financing Department, Studies Department, Evaluation Team, Risk Department, Conformity Department, Data & IA Department, and CSR Department. This committee will meet at least once a year, and is responsible for:

- Verifying the traceability of the Eligible Green Loans and their compliance with the Eligibility Criteria.
- Monitoring the satisfactory allocation of the net proceeds raised through **Bpifrance**’s Green Bond issuance to the Eligible Green Loans Category, as described in the “Use of Proceeds” section of this Green Bond Framework.
- Embedding governance process to ensure systematic alignment of each “Eligible Renewable Energy Loans” and the portion of “Eligible Green Building Loans” aligned with the EU Taxonomy is indeed aligned with the EU Taxonomy.<sup>(1)</sup>
- In case of project/loans divestment or postponement and **Bpifrance** commits to reallocate divested proceeds to projects that are compliant with **Bpifrance** Green Bond Framework.
- To further ensure the respect of minimum safeguards and DNSH, review all Eligible Green Loans already allocated to verify that they are not facing major ESG controversy. The potential occurrence of such an ESG controversy can lead to the withdrawal of the project, temporary or definitive, from the list of Eligible Green Loans. A new Eligible Green Loan would then be proposed for allocation as a substitute.
- In addition, the committee will be in charge of discussing and validating potential evolution of this Framework – to the extent possible – due to changes in corporate strategy, market and or regulatory developments.

<sup>(1)</sup> On: substantial contribution to environmental objectives, do-no significant harm to environmental objectives, minimum safeguards and where developed meeting the technical screening criteria (TSC).

This committee will follow a strict governance process to determine the EUT alignment of “Eligible Renewable Energy Loans” and the portion of “Eligible Green Building Loans” aligned with the EU Taxonomy:

- Prior to the occurrence of the Green Bond Committee, the Finance Department teams provide the Building and Energy Financing Department and the CSR Department with a documented list of new projects eligible to allocation in order to enable them to determine whether the new projects which are planned to be allocated satisfy the eligibility criteria for Eligible Green Loans Categories, and to verify the alignment of these projects with the European Taxonomy.
- The Green Bond Committee makes the final decision on the allocation of assets earmarked to the bonds.
- This Committee also regularly reviews all assets already allocated to verify that they still comply with the criteria for Eligible Green Loans Categories and are not facing major controversy at this date.
- Non-compliance with an eligibility criterion for the Eligible Green Loans Categories leads to the temporary or permanent withdrawal of the project from the list of eligible assets.
- A new asset would then be proposed for allocation as a substitute.

Where possible, **Bpifrance** will take into account the Do No Significant Harm Principles (DNSH) and the Minimum Social Safeguards (MSS) as defined by the European Union Taxonomy in its selection and evaluation process for the Green Buildings and the Greentech categories. To ensure the DNSH principles and the MSS, where feasible, **Bpifrance** will apply a threefold approach, taking into account (more information in the appendix):

- National and Local Regulations;
- Professional Rules;
- **Bpifrance**'s Policies and Procedures.

As formalized in its ethic charter, all Eligible Green Loans financed by Bpifrance comply with laws in force, including with applicable regulatory environmental and social requirements. In addition, **Bpifrance** respect all international conventions signed by France, encompassing human rights, workforce health and safety, labour standards (e.g. International Labour Organization convention).

For its financing division, which targets mainly entities and entrepreneurs located in France and under the French legislation system, **Bpifrance** relies first on the French regulatory framework in addition to internal CSR practices on ESG risks assessment described below. Indeed, France is a Designated Country under the Equator principles<sup>(1)</sup>, which demonstrates the presence of environmental and social governance, legislation systems and institutional capacity designed to protect people and the natural environment.

These teams are also responsible for verifying that the projects under study have received all necessary environmental and social regulatory approvals. In addition to the applicable regulation. The minimum safeguards in the EU taxonomy require that eligible activities be conducted in accordance with key international standards of responsible business conduct.

ESG issues are considered in the financing business in a manner adapted to the business and customer relationship processes. A simplified analysis of the company's ESG practices is provided for credit or innovation support cases above certain thresholds. These questions are structured upon 4 pillars:

- For environmental issues: energy consumption, greenhouse gas emissions, use of natural resources and implementation of eco-friendly design, pollution and waste solutions.

<sup>(1)</sup><https://equator-principles.com/about-the-equator-principles/designated-countries>

- Labour issues: the evolution of the number of employees (including those under 25 years old), the quality of jobs, workplace health and safety, dialogue and social, climate and human resource management.
- Societal issues: transparency and fair practices, regional integration.
- Corporate governance.

Fiscal practices, such as respect for human rights, are examined as part of a normal financing review when these issues are relevant.

For a business manager, the CSR analysis of the company generally consists in formalising points that are addressed when analysing a loan application, without necessarily weighing on its operational agility.

This CSR assessment system was integrated to the study and decision support tool, with a view to simplifying the process in the operational phase, and evaluating the company's consideration of the issues on a scale of 1 to 4, in order to complete the information required for decision-making.

This integration makes it possible to enrich and clarify the awareness of company practices on environmental, social and governance issues, if necessary, and to enrich the offer to better meet the identified needs.

Additionally, internal measures and tools creation has been in force since October 2022, where any new borrower has to prove to **Bpifrance** the processes in place to reduce company's impact. Technical solution on short and medium term has to be disclosed with a process optimization required, especially on Climate Change Adaptation. Furthermore, **Bpifrance** asks the borrower to formalize a change management policy and a detailed process of the actions listed. Remediation measures has to be set on counterparty side if any negative impact has been spotted. **Bpifrance** has organised itself to ensure that the projects will progressively fully align with the Do No Significant Harm (DNSH) criteria, especially to the adaptation goal.

Additionally, **Bpifrance** relies on a strong governance structure with a dedicated governance and advisory committees including a Climate and Environmental Risk Committee. To oversee the **Bpifrance** Climate Plan, a newly created Climate committee has also been incorporated to the governance. To strengthen transparent body governance, regional guidance councils adapt **Bpifrance's** actions to local areas' specificities.

No major negative environmental impact has been identified on any **Eligible Green Loans**, through **Bpifrance's** ESG risk processes and notably the DNSH for certain types of eligible assets.

If any negative environmental impact occurred, these will be reported in the Impact and Allocation Report.

## ● Management of proceeds

The proceeds of the Green Bond Instruments issued under this Framework will be managed by the Green Bond Committee in a portfolio approach. **Bpifrance**'s treasury team will be responsible for the management of the net proceeds of Green Bonds, to ensure that an amount equal to such proceeds is effectively invested in the financing and/or re-financing of Eligible Green Loans.

The net proceeds of the Green Bonds will be deposited in **Bpifrance**'s general account and an amount equal to the net proceeds will be earmarked for allocation to Eligible Green Loans (full allocation takes place each calendar year), in accordance with the principles outlined in this Green Bond Framework.

All relevant information regarding the issuance of **Bpifrance**'s Green Bonds will be monitored and kept into **Bpifrance**'s internal accounting systems.

### Unallocated Proceeds

If any Unallocated Proceeds to Eligible Green Loans exist, they will be managed by **Bpifrance**'s treasury team in compliance with the procedures and internal policies regarding liquidity management, to ensure that the funds are invested in liquid, short-term and certain investments, with a view to their future allocation. In any case, Unallocated Proceeds will be temporary. For the sake of clarity Unallocated Proceeds will not be invested in GhG intensive activities or activities<sup>(1)</sup> listed in the exclusion list stated in section 2 of this Green Bond Framework.

**Bpifrance** issues multiple series of Green Bonds. The total outstanding amount of **Bpifrance**'s Green Bonds will not be higher than the total outstanding amount of Eligible Green Loans in **Bpifrance**'s portfolio.

The internal methods for earmarking and allocating an amount equivalent to the net proceeds from the issuances of Green Bonds will be reviewed by an external auditor.

### Coupon and final redemption payments

Coupon payments and final redemption of **Bpifrance** Green Bonds are not directly linked to any associated Eligible Green Loans, as the interest payments periods and maturities may not match. Thus, coupons and final redemption payments of Green Bonds are paid out of **Bpifrance**'s general liquidity pool at its sole discretion.

### Increases and buy-backs

The principal amount of Green Bonds can be increased and further Green Bonds can be issued, as long as the net proceeds of the relevant issuances are used for financing and/or refinancing of Eligible Green Loans. Partial or whole buy-backs of Green Bonds are possible to support **Bpifrance**'s funding programme. Buybacks can also be financed from **Bpifrance**'s general liquidity.

<sup>(1)</sup>GHG intensive activities include Manufacture of gas; distribution of gaseous fuels through mains; Wholesale on a fee or contract basis for agents involved in the sale of fuels, ores, metals and industrial chemicals; Manufacture of coke and refined petroleum products; Processing of nuclear fuel.

## ● Reporting

**Bpifrance** will publish an allocation and impact report on an annual basis, until maturity. This report will be published on **Bpifrance**'s website at the occasion of the Annual Report's release. **Bpifrance** follows to the greatest extent possible to date, the recommendations of the ICMA Harmonised Framework for Impact Reporting on sustainability reporting.

### Allocation Reporting

The allocation report will include, but not be limited to, the following information:

- Financial information on **Bpifrance**'s Green Bonds (ISIN, currency, amount, etc);
- An overview of the portfolio of Eligible Green Loans, including a split between "Eligible Renewable Energy Loans" "Eligible Green Buildings Loans" and "Eligible Greentech Loans" and their average remaining term;
- A breakdown of the portfolio of Eligible Green Loans at origination and its current balance:
  - By type of Eligible Green Loans
  - By number of Loans
  - By sector of activity/industry classification
  - By maturity
  - By origination
  - By remaining term
  - By loan size
  - By region
  - By borrower activity
  - By borrower NACE Code
- The split of Eligible Green Loans aligned with the EU Taxonomy;
- The portion of new financing vs refinancing;
- The balance of any unallocated proceeds (if any) and the type of temporary investments;
- A project-by-project information on amounts disbursed and their expected positive and negative environmental impacts.

## Impact Report

Annually, **Bpifrance** publishes an Impact Report aiming to provide transparent information on the environmental impacts of the allocated proceeds. **Bpifrance** reports, when feasible, relevant impact metrics which may include the following indicators:

Eligible Green Loans Categories	Output Indicators	Impact Indicator
“Eligible Renewable Energy Loans”	<ul style="list-style-type: none"> <li>Renewable Energy Capacity installed (MW)</li> <li>Annual Energy Production (MWh)</li> </ul>	<ul style="list-style-type: none"> <li>Estimated annual GHG emissions avoided/reduced (tCO<sub>2</sub>e)</li> <li>Project's locations</li> <li>Nationality of Wind Turbine Constructor</li> <li>Nationality of Solar Panels Constructor</li> </ul>
“Eligible Green Buildings Loans”	<ul style="list-style-type: none"> <li>Number of buildings</li> <li>Type, localisation and surface of buildings</li> <li>Average energy consumption in kWh/m<sup>2</sup>/year</li> </ul>	<ul style="list-style-type: none"> <li>GHG emissions avoided relative to local baseline in tCO<sub>2</sub>eq/year</li> </ul>
“Eligible Greentech Loans”	<ul style="list-style-type: none"> <li>Number of projects (by geographical area)</li> <li>Number of jobs supported</li> <li>Split by EU Environmental Objectives</li> </ul>	

Impact Reporting Methodology is published annually in the Impact Report, and if any change occurs in the methodology, such changes will be clearly stated in the Impact Report.<sup>(1)</sup>

In case of any material controversies related to an Eligible Green Loans, **Bpifrance** will provide investors with information on key issues at stake and actions put in place by **Bpifrance**.

<sup>(1)</sup> Information on the methodology and assumptions to be used for the calculation of key impact metrics in accordance with delegated acts adopted under Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852, and for any additional impact metrics.

## ● External Review

### Second-Party Opinion

**Bpifrance** has commissioned ISS ICS to conduct an external review of this Green Bond Framework and to issue a Second-Party Opinion on the Green Bond Framework's environmental credentials and its alignment with the ICMA Green Bond Principles 2021 (with June 2022 Appendix 1). The Second-Party Opinion is also assessing the alignment of this Green Bond Framework with both the EU GBS proposal and the current version of the EU Taxonomy (concerning Eligible Renewable Energy Loans and Eligible Green Buildings Loans). The Second-Party Opinion can be found on **Bpifrance** website, as stated below.

### External audit – post-issuance

At the occasion of the audit of the annual accounts, **Bpifrance** will provide annually the assurance of an external third-party certifying a satisfactory allocation of the Use of Proceeds and the compliance of the allocation reporting with the Eligibility Criteria.

**Bpifrance** commit to select an unique External Reviewer (web address and contact details will be given) once the list of approved External Reviewer will be publish by ESMA.

## ● Documents and Websites

**Bpifrance** provides information regarding sustainable funding including:

- **Bpifrance** Green Bond Framework
- SPO on **Bpifrance** Green Bond Framework
- Debt Investor Presentation
- **Bpifrance** Green Bond Allocation & Impact Report
- External audit on **Bpifrance** Green Bond Allocation

On the following website:

<https://www.bpifrance.fr/investor-relations>





# **APPENDICES**

## • Do No Significant Harm assessment

Eligible Green Loans should, to a reasonable extent, be assessed to comply with the Do No Significant Harm (“DNSH”) criteria. **Bpifrance** has carried out an analysis of all the green categories currently covered by the delegated acts of the EU Taxonomy related to climate change mitigation on the basis of the Do No Significant Harm criteria.

Below is an example of the analysis carried out for the renewable energy category.

Electricity generation from wind power (NACE code D.35.1.1 and F 42.22)		
Taxonomy activity	EU Taxonomy DNSH-criteria	Considerations for alignment with DNSH criteria
Climate change adaptation	<p>The activity complies with the criteria set out in Appendix A of the annex 1 of the delegated acts (Generic criteria for DNSH to climate change adaptation)<sup>(1)</sup>. Physical climate risks material to the activity have been identified (chronic and acute, related to temperature, wind, water, and soil) by performing a robust climate risk and vulnerability assessment.</p> <p>The assessment is proportionate to the scale of the activity and its expected lifespan.</p>	<ul style="list-style-type: none"> <li>All considered activities are subject to approval by the French administration (wind project farms and ground-based solar farms are classified as <i>Installation Classée pour la Protection de l'Environnement (ICPE)</i> and roof-based solar farms are approved through building approvals process). As such, the project resilience to foreseeable natural risks must be demonstrated for the project to be approved by the French administration.</li> <li>As part of its due diligence process, <b>Bpifrance</b> systematically ask for a technical audit. The audit has to be verified by an independent expert and the scope has to include an assessment of the adequacy of the project expected lifetime and the lifetime of the equipment together with an analysis of the project's potential risks. In case of inadequacy between some components' expected lifetime and the project duration, a reserve account is put in place in order to guarantee the financing of future replacements.</li> </ul>
Sustainable use and protection of water and marine resources	<p>In case of construction of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC of the European Parliament and of the Council, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptor 11 (Noise/Energy), laid down in Annex I to that Directive, and as set out in Commission Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for that descriptor.</p>	<ul style="list-style-type: none"> <li>All considered activities are in France and therefore fully compliant to the European legislation.</li> </ul>

<sup>(1)</sup>Appendix a: generic criteria for DNSH to climate change adaptation: <https://ec.europa.eu/sustainable-finance-taxonomy/assets/documents/CCM%20Appendix%20A.pdf>

Taxonomy activity	EU Taxonomy DNSH-criteria	Considerations for alignment with DNSH criteria
Transition to a circular economy	The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	<ul style="list-style-type: none"> <li>As part of its due diligence process, <b>Bpifrance</b> systematically ask for a technical audit. The audit has to be verified by an independent expert and the scope has to include an assessment of the adequacy of the project expected lifetime and the lifetime of the equipment together with an analysis of the project's potential risks. In case of inadequacy between some components' expected lifetime and the project duration, a reserve account is put in place in order to guarantee the financing of future replacements.</li> <li>Moreover, the considered activities are submitted for approval by French law: Wind projects: Decree of August 26, 2011 relating to the rehabilitation and constitution of financial guarantees for electricity production facilities using the mechanical energy of the wind.</li> </ul>
Protection and restoration of biodiversity and ecosystems	<p>The activity complies with the criteria set out in Appendix D to the appendix of the delegated acts (generic criteria for DNSH to protection and restoration of biodiversity and ecosystems)<sup>(1)</sup>.</p> <p>In case of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptors 1 (biodiversity) and 6 (seabed integrity), laid down in Annex I to that Directive, and as set out in decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for those descriptors.</p>	<ul style="list-style-type: none"> <li>All considered activities are in France and therefore fully compliant to the European legislation. As such, all financed projects had to perform an Environmental Impact Assessment.</li> <li>Moreover, all considered activities are subject to approval by the French administration and to strict French norms (wind project farms and ground-based solar farms are classified as <i>Installation Classée pour la Protection de l'Environnement (ICPE)</i> and roof-based solar farms approval are approved through building approvals process).</li> </ul>

<sup>(1)</sup> Appendix d: generic criteria for DNSH to protection and restoration of biodiversity and ecosystems: <https://ec.europa.eu/sustainable-finance-taxonomy/assets/documents/CCM%20Appendix%20D.pdf>

Taxonomy activity	EU Taxonomy DNSH-criteria	Considerations for alignment with DNSH criteria
Climate change adaptation	<p>The activity complies with the criteria set out in Appendix A of the annex 1 of the delegated acts (Generic criteria for DNSH to climate change adaptation)<sup>(1)</sup>.</p> <p>Physical climate risks material to the activity have been identified (chronic and acute, related to temperature, wind, water, and soil) by performing a robust climate risk and vulnerability assessment.</p> <p>The assessment is proportionate to the scale of the activity and its expected lifespan.</p>	<ul style="list-style-type: none"> <li>All considered activities are subject to approval by the French administration (wind project farms and ground-based solar farms are classified as <i>Installation Classée pour la Protection de l'Environnement (ICPE)</i> and roof-based solar farms are approved through building approvals process). As such, the project resilience to foreseeable natural risks must be demonstrated for the project to be approved by the French administration.</li> <li>As part of its due diligence process, <b>Bpifrance</b> systematically ask for a technical audit. The audit has to be verified by an independent expert and the scope has to include an assessment of the adequacy of the project expected lifetime and the lifetime of the equipment together with an analysis of the project's potential risks. In case of inadequacy between some components' expected lifetime and the project duration, a reserve account is put in place in order to guarantee the financing of future replacements.</li> </ul>
Transition to a circular economy	<p>The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.</p>	<ul style="list-style-type: none"> <li>As part of its due diligence process, <b>Bpifrance</b> systematically ask for a technical audit. The audit has to be verified by an independent expert and its scope has to include an assessment of the adequacy of the project expected lifetime with the lifetime of the equipment and an analysis of the project potential risks. In case of inadequacy between some components' expected lifetime and the project duration, a reserve account is put in place in order to guarantee the financing of future replacement. This will secure durability of projects, but not necessarily the recyclability.</li> <li>Moreover, the considered activities are submitted for approval by French law: Solar projects: order of May 9, 2017 setting the conditions for the purchase of electricity produced by installations located in buildings using photovoltaic solar energy, with an installed peak power of less than or equal to 100 kilowatts as referred to in 3° of article D. 314-15 of the energy code and located in the continental mainland.</li> </ul>

<sup>(1)</sup>Appendix a: generic criteria for DNSH to climate change adaptation: <https://ec.europa.eu/sustainable-finance-taxonomy/assets/documents/CCM%20Appendix%20A.pdf>

Taxonomy activity	EU Taxonomy DNSH-criteria	Considerations for alignment with DNSH criteria
<b>Protection and restoration of biodiversity and ecosystems</b>	<p>The activity complies with the criteria set out in Appendix D to the appendix of the delegated acts (generic criteria for DNSH to protection and restoration of biodiversity and ecosystems)<sup>(1)</sup>.</p>	<ul style="list-style-type: none"> <li>• All considered activities are in France and therefore fully compliant to the European legislation. As such, all financed projects had to perform an Environmental Impact Assessment.</li> <li>• Moreover, all considered activities are subject to approval by the French administration and to strict French norms (wind project farms and ground-based solar farms are classified as <i>Installation Classée pour la Protection de l'Environnement (ICPE)</i> and roof-based solar farms approval are approved through building approvals process).</li> <li>• Solar PV projects smaller than 100 kW are exempt from the French regulations applicable for larger projects.</li> </ul>

<sup>(1)</sup>Appendix d: generic criteria for DNSH to protection and restoration of biodiversity and ecosystems: <https://ec.europa.eu/sustainable-finance-taxonomy/assets/documents/CCM%20Appendix%20D.pdf>

## ● Minimum Social Safeguards

The minimum safeguard in the EU Taxonomy requires that eligible activities be conducted in accordance with key international standards of responsible business conduct. All Eligible Green Loans are disbursed to French companies under this Framework, current French legislation ensures that the Loans supported by **Bpifrance** are aligned with the requirements of the Minimum Social Safeguards in terms of human rights, labour rights and corruption. **Bpifrance** complies with the United Nations Principles on Business and Human Rights, the International Labour Organization's labour conventions.

**Bpifrance** is publicly committed to refusing any unethical behaviour or activity and is committed to fighting all forms of corruption. In addition, **Bpifrance** applies strict anti-money laundering and anti-terrorist financing policies, some training programmes dedicated to this topic are mandatory for **Bpifrance** employees and a special system for checking business relationships and ensuring traceability. Anti-corruption and fraud prevention policies are in place and some training programmes dedicated to this topic are mandatory for **Bpifrance** employees, strict rules governing personal transactions and mandates are in place. **Bpifrance** complies with international conventions signed by France.<sup>(1)</sup> **Bpifrance** commits on a best-effort basis to progressively fully align its Green Bond Framework with the best practices

In the Sustainability risk policy of **Bpifrance**, the social criteria include the attention paid to:

- employee health and safety and quality of life at work
- training and career support, diversity, and recruitment policies
- the social dialogue and remuneration policies that are at odds with expectations and practices

These criteria are also considered major by **Bpifrance**, which considers human resources as the organisation's primary asset, attention to people and social dialogue as a method for progress and problem solving<sup>(2)</sup>.

<sup>(1)</sup> Due Diligence on Principal Adverse Impact on sustainability for **Bpifrance**: <https://www.Bpifrance.fr/nous-decouvrir/nos-engagements>

<sup>(2)</sup> Due Diligence on Principal Adverse Impact on sustainability for **Bpifrance**: <https://www.Bpifrance.fr/nous-decouvrir/nos-engagements>