

The Solidarity Fund
(updated on 6 April 2021)

Purpose	<p>Setting up and strengthening of a solidarity fund with a view to provide, until 30 June 2021, financial support to individuals and private law governed legal entities particularly adversely impacted by the economic, financial and social consequences of the covid-19 spread and the measures taken to limit such spread, through the granting of subsidies by the <i>ministre de l'action et des comptes publiques</i>.</p> <p><i>Note: this updated alert covers only financial aids which can be requested at the date of the update, excluding therefore financial aids for the period running from March to November 2020 and some aids for December 2020 (which have now expired). The alert is a summary of the aids granted by the solidarity fund to eligible French entities as regards their activities and the sanitary measures implemented by the Government and therefore does not cover all the aides granted by the solidarity fund. The list of activities forming part of the sector S1 and sector S1 bis is regularly updated.</i></p>
Beneficiaries	<p>Individuals (self-employed workers, artists-authors, etc.) and private law governed legal entities (companies, associations, etc.) (together, the “companies”) which are French tax residents, conduct economic activities and were not subject to ongoing liquidation proceedings on 1 March 2020.</p> <p><i>Associations have to be subject to commercial income taxes or employ at least one employee.</i></p> <p><i>Regarding group of companies, the thresholds of turnovers and workforce are to be considered at the level of the group and the group is defined in accordance with Article L. 233-3 of the French code de commerce.</i></p> <p><i>Regarding each aid listed below, in addition to their respective conditions, individuals and, for legal entities, their majority-owner manager, shall not have a full time employment contract as at 1 November 2020 (unless the workforce of the company is of at least one employee).</i></p>
Subsidies for February 2021 for companies not subject to an administrative closure	<p><i>Note : the aids below apply to the companies referred to below, provided that they have not been ordered by the préfet to close down pursuant to article 29 of the décret n° 2020-1310 dated 29 October 2020 which authorizes the préfet to close down a company in breach with the applicable sanitary rules.</i></p> <p><u>Main conditions</u></p> <ul style="list-style-type: none"> – Main activity subject to an administrative closure with no interruption for the period from 1 February 2021 to 28 February 2021 <u>and</u> loss of turnover (including click & collect and take away turnover) of at least 20% for the period running from 1 February 2021 to 28 February 2021, <u>or</u> – Loss of turnover of at least 50% for the period running from 1 February 2021 to 28 February 2021 <u>and</u> main activity conducted (i) in sector S1 or (ii) in sector S1 together with a certain amount of loss of turnover over a certain period, each subject to the date of creation of the company or (iii) in the retail sector (save cars and motorbikes, and sectors S1 and S1 bis) or residential real estate rental sector and located in a city listed under the <i>Décret</i> significantly impacted by the governmental or local sanitary measures or (iv) in the retail sector and at least one of the shops located in a mall has been subject to an administrative closure with no interruption for the period from 1 February 2021 to 28 February 2021. – Activities shall have started prior to 31 October 2020. <p><u>Amount of the subsidy</u></p> <ul style="list-style-type: none"> – For companies conducting a main activity subject to an administrative closure with no interruption for the period running from 1 February 2021 to 28 February 2021: subsidy amounting to the most favorable between the loss of the turnover (but within the limit of € 10,000) or an amount corresponding to 20% of the reference turnover. – For companies with a loss of turnover equal at least to 50% during the period running from 1 February to 28 February 2021 and conducting their main activity in sector S1:

	<ul style="list-style-type: none"> ✓ If the loss of turnover is equal to or exceeds 70%: subsidy amounting to the most favorable between the loss of turnover (but within the limit of € 10,000) or an amount corresponding to 20% of the reference turnover; ✓ If the loss of turnover is less than 70%: subsidy amounting to the most favorable between the loss of turnover (but within the limit of € 10,000) or an amount corresponding to 15% of the reference turnover. <ul style="list-style-type: none"> – For the other companies: <ul style="list-style-type: none"> ✓ if the loss of turnover is equal to or exceeds 70%: subsidy amounting to the most favorable between an amount corresponding to 20% of the reference turnover or to 80% of the loss of turnover (but within the limit of € 10,000); the subsidy amounting to € 1,500 if the loss of turnover exceeds € 1,500 and to 100% of the loss of turnover if the loss is less or equal to € 1,500; ✓ if the loss of turnover is less than 70%: subsidy amounting to the most favorable between an amount corresponding to 15% of the reference turnover or to 80% of the loss of turnover (but within the limit of € 10,000). The subsidy amounts to 1,500€ if the loss of turnover exceeds € 1,500 and to 100% of the loss of turnover if the loss is less or equal to € 1,500. <p>The subsidy is capped to € 200,000 at the level of the group and the determination of the loss of turnover is set in the <i>Décret</i> dated 30 March 2020 (as amended). The subsidy is not cumulative with the other subsidies referred to hereof.</p> <p>The request is filed in electronic form by no later than 30 April 2021.</p>
Subsidies for February 2021	<p><u>Main conditions</u></p> <ul style="list-style-type: none"> – Loss of turnover of at least 50% for the period running from 1 February to 28 February 2021. – Activities shall have started prior to 31 October 2020. – Workforce of the group limited to 50 employees. <p><u>Amount of the subsidy</u></p> <p>Subsidy amounting to the loss of the turnover and capped to € 1,500.</p> <p>The subsidy is capped to € 200,000 at the level of the group and the determination of the loss of turnover is set in the <i>Décret</i> dated 30 March 2020 (as amended).</p> <p>The request is filed in electronic form by no later than 30 April 2021.</p>
Bimonthly supplementary aid to compensate the weight of fixed costs and applicable during the first semester of 2021	<p>Bimonthly supplementary subsidy, in addition to those granted by the solidarity fund, set up by the <i>décret</i> of 23 March 2021 and aiming at compensating fixed costs which are not sufficiently covered by their benefits, insurance or State aids. The subsidy is granted in respect of the first semester 2021.</p> <p><u>Main conditions</u></p> <ul style="list-style-type: none"> – Beneficiary during at least one month of the eligible period (i.e. the two-month period of subsidies from the solidarity fund for the months of January and February 2021). – Loss of turnover of at least 50% during the eligible period. – Conducting its main activity in one of the activities forming part of the sector S1 <u>or</u> justifying, for at least one of the two months of the eligible period, a reference monthly turnover exceeding one million euro or an annual 2019 turnover exceeding 12,000,000 euros or being part of a group whose annual 2019 turnover exceeds 12,000,000 euros <u>and</u> (i) administrative closure with no interruption during at least one calendar month during the eligible period, or (ii) main activity conducted in the retail sector and one of the shops is located in a mall which has been the subject of an administrative closure

	<p>with no interruption during at least one calendar month during the eligible period, or (iii) main activity conducted in sector S1 or S1bis, or (iv) main activity conducted in the retail sector (save cars and motorbikes) or residential real estate rental sector and located in a city listed under the <i>Décret</i> significantly impacted by the governmental or local sanitary measures.</p> <ul style="list-style-type: none"> – Negative gross operating profits during the eligible period. – Company incorporated at least two years prior to the first day of the eligible period. <p><i>Note:</i> companies which are mainly holding companies are not eligible to such aid.</p> <p><u>Amount of the aid</u></p> <p>Subsidy amounting to 70% of the mathematical opposite of the gross operating income during the eligible period (as certified by an accountant) for companies with more than 50 employees (or 90% for small companies).</p> <p>The amount of the subsidy, determined for the eligible period, is capped to 10,000,000 euros (calculated at the level of the group) over a period of six months.</p> <p>The net results of the company are verified by the tax authorities following the closing of the annual accounts.</p> <p>The request is filed in electronic form:</p> <ul style="list-style-type: none"> ❖ for January and February 2021, within a period of 30 days following the payment of the subsidy by the solidarity fund for February 2021 ❖ for March and April 2021, within a period of 15 days following the payment of the subsidy by the solidarity fund for April 2021 ❖ for May and June 2021, within a period of 15 days following the payment of the subsidy by the solidarity fund for June 2021.
Distressed companies	<p>Distressed companies subject to ongoing safeguard proceedings and to reorganization proceedings are eligible to the Solidarity Fund (but excluding companies subject to ongoing liquidation proceedings on 1 March 2020).</p> <p>Subsidies granted pursuant to the Solidarity Fund regime to companies being distressed on 31 December 2019 pursuant to the European Union law (please refer to our memo “<i>Notion of distressed company under European Union law</i>”) must comply with the Regulation No. 1407/2013 dated 18 December 2013 from the Commission regarding the enforcement of Articles 107 and 108 of the <i>Traité sur le fonctionnement de l'Union européenne</i> to de minimis aids/supports.</p>
Tax	<p>The subsidies are tax-free: they are not subject to income taxes, corporate taxes and to any other social charges.</p>
Control by the Direction Générale des Finances Publiques (DGFIP)	<p>The DGFIP will carry out first-level controls and will quickly pay the subsidies to the beneficiaries. Second level controls may be also carried out by the DGFIP after the payment of the subsidies.</p> <p>Save under specific circumstances, subsidies cannot be seized.</p>
Source	<ul style="list-style-type: none"> – Law n° 2020-289 dated 23 March 2020 amending the finance law for 2020. – Article 216 of the finance law for 2021 dated 29 December 2020. – <i>Ordonnance</i> No. 2020-317 dated 25 March 2020, as amended from time to time, introducing the solidarity fund for companies particularly impacted by the economic, financial and social consequences of the spread of the covid-19 epidemic and the measures taken to limit the spread – <i>Décret</i> No. 2020-371 dated 30 March 2020 regarding the solidarity fund for companies particularly impacted by the economic, financial and social consequences of the spread of

the covid-19 epidemic and the measures taken to limit this spread, as amended by *Décrets* No. 2020-371 dated 30 March 2020, No. 2020-433 dated 16 April 2020, No. 2020-552 dated 12 May 2020, No. 2020-757 dated 20 June 2020, No. 2020-873 dated 16 July 2020, No. 2020-1048 dated 14 August 2020, No. 2020-1200 dated 30 September 2020, No. 2020-1328 dated 2 November 2020, No. 2020-1620 dated 19 December 2020, No. 2021-32 dated 16 January 2021, No. 2021-79 dated 28 January 2021, No. 2021-129 dated 8 February 2021, No. 2021-192 dated 22 February 2021 and No. 2021-256 dated 9 March 2021.

- *Décret* No. 2021-310 dated 24 March 2021 setting up a subsidy to compensate certain fix of companies whose activities is significantly impacted by the covid-19 pandemic, as amended by the *décret* n° 2021-388 dated 3 April 2021.
- FAQ of the French Government dated 4 November 2020: "*Mesures de soutien économique – Comment bénéficier de l'aide du fonds de solidarité?*"