

ARPP doctrine note *Government bonus/malus* applied to the automotive sector

Reminder of the system put in place by the government following the Grenelle de l'Environnement

The government scheme introducing the bonus, the malus and the "super-bonus", also known as the "scrappage bonus" or "conversion bonus", is a measure taken at the end of the Grenelle Environment Forum in October 2007, the aim of which is to encourage the sale of vehicles that emit less CO₂.

The bonus is an aid that is deducted in full from the price of the vehicle that benefits from it, all taxes included. The price, deducted from the amount of this aid, is the one that must actually be paid by the purchaser.

In addition, for any purchase of a vehicle benefiting from a bonus and the simultaneous scrapping of a private vehicle in accordance with the conditions defined by the Energy Code, the purchaser will see his or her bonus increased by a "super-bonus" also known as a "scrapping premium" or "conversion premium".

The malus is a tax applied to the most polluting vehicles, whose CO₂ emissions exceed a certain level.

I- Commercial communications on the bonus and the conversion premium.

- The legitimacy of advertising on the bonus and the conversion premium

The promotion of vehicles benefiting from a bonus and/or a conversion premium in advertising is desirable insofar as it is likely to amplify the movement towards more environmentally friendly models. In this sense, it is legitimate, in advertising for models or ranges benefiting from the bonus and/or a conversion premium, to highlight this bonus and/or a conversion premium.

- Precautions in advertising

Any communication disseminated on French territory must avoid any misuse of the government scheme and any confusion in the mind of the public between, on the one hand, the bonus and/or the conversion premium and, on the other hand, the commercial advantages offered by the brand.

In order to encourage compliance with these principles, industry professionals undertake to ensure that any communication, whatever the medium used, which refers to the bonus and/or the conversion premium, in writing and/or orally, respects the following rules:

1- Do not use these terms to designate a promotional offer offered by the brand.

This provision applies to all advertisements, whether or not the vehicle depicted benefits from a bonus and/or a conversion premium.

If the vehicle does not benefit from such a bonus or premium, it would be unfair to suggest otherwise to the consumer and thus improperly suggest a pro-environmental position.



2- Clearly identify the bonus and the conversion premium as such, when their amounts are included in the price or in the sum of the commercial advantages, in order to distinguish them from the latter by any means in compliance with the rules of presentation, legibility and intelligibility set out in the ARPP Recommendations "<u>Notes and Overlays</u>" and "<u>Advertising Prices</u>".

I- Commercial communications on the Malus

<u>Reminder</u>: In accordance with Article L. 121-24 of the Consumer Code, "Any form of advertising or communication offering a discount or reduction that cancels out or reduces for the final consumer the effect of the malus provided for in Article 1012 ter of the General Tax Code is forbidden ».¹

For commercial communications of zero malus for non-taxable vehicles, the automotive sector is committed to the deployment of new technologies and cleaner vehicles - electric models, hybrid and plug-in models, etc. - and wants to deliver clear and stable communication to consumers to support the required transformation.

The presentation in commercial communications of zero malus for non-taxable vehicles

Any claim concerning the absence of a malus for vehicles not subject to malus is acceptable provided that its presentation is exclusively informative.

Thus, indications such as "0 € of malus" or "no malus" or "no malus" or "not subject to malus" or "malus = zero", etc. are allowed.

On the other hand, the colour green should be avoided for the presentation of this information, both as a background colour and as a font colour.

Furthermore, the information may not be presented in a "green" environment or one that could be perceived as "green". For example, placing the claim in a natural element - such as a leaf, petal, stem, plant, flower, etc. - is not an option.

Finally, the arguments used in communications that refer directly or indirectly to the bonus, the conversion premium and the malus, in compliance with the above-mentioned rules, must, in addition, be measured, timely, proportionate and handled with care, in accordance with the ARPP Recommendation "<u>Sustainable Development</u>".

¹ Created by Article 8 of Law No. 2021-1104 of 22 August 2021 on combating climate change and strengthening resilience to its effects - new section 13 of the Consumer Code entitled "Discounts or reductions cancelling out the effect of the malus applicable to the most polluting passenger cars".