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**EU state aid law:** Project funding granted by the German Federal Environmental Foundation falls under the state aid laws of the EU. Therefore, the Funding Guidelines have been notified by the European Commission. In practice, the classification of the funding as state aid means that the eligibility of project proposals must first be evaluated on the basis of European state aid law.

In accordance with EU law, research and development projects must be evaluated on the basis of the Community Framework for State Aid for Research and Development and Innovation. According to the Community Framework, projects may be financed as follows based on the type of project:

- 100 % for fundamental research
- 50 % for industrial research
- 25 % for experimental development

In terms of aid intensity, the rule is that the more relevant the project is to the market, the lower the available funding quota. Purely fundamental research projects are generally not eligible for funding from the German Federal Environmental Foundation.

At the aid intensities specified above, depending on the project constellation, supplemental funds of up to 10 %, for example, are possible if the SME criteria are met or if the project is to be carried out in a regional area of focus. If projects involve different levels of R&D work, a mixed funding quota may be possible. Expenditure-based funding may be offered to universities and certain research institutions.

In terms of funding in accordance with the Community Guidelines on State Aid for Environmental Protection, additional costs

required to reduce or eliminate pollution or dangerous emissions or for the corresponding adaptation of manufacturing processes and products are eligible for funding.

In this area, projects exceeding the current state of the art or currently binding environmental standards are relevant for the DBU for reasons of non-profit law. The funding quota is limited to 30 % with an additional 10 % possible for SMEs.

If a funding amount of **EUR 200,000** is not exceeded within three years, the Commission does not consider this to be a significant impact on trade and competition in the Member States and therefore allows so-called "**de-minimis aid**" under certain conditions. The "de minimis" rule applies regardless of the size of the company receiving funding.

The definition of **small- and medium-sized enterprises (SMEs)** laid out in the Community Framework for State Aid has an influence on determining the amount of the funding quota. In accordance with this Community Framework, a company is an SME if all of the following criteria are met:

- It employs fewer than 250 people.
- It has an annual turnover of less than EUR 50 million or an annual balance sheet total of less than EUR 43 million.
- The company is independent, i.e. companies in which less than 25 % of the company's capital or voting shares are held by one or more companies and that have no other affiliated or partner companies that fail to meet the definition of an SME.

The question of whether or not a project is eligible for aid is evaluated and determined by the German Federal Environmental Foundation in the process of the project application assessment. If applicants are faced with questions pertaining to EU law, the German Federal Environmental Foundation offers its support.