

ANNEX II – Underlying Fund Term Sheet

Capitalised expressions utilised herein shall have the meaning attributed to them in the Call for Expression of Interest, unless otherwise defined below or the context requires otherwise. Unless the contrary intention appears, words in the singular include the plural and words in the plural include the singular.

The terms of reference described below comprise of three parts: parts 1 and 2 refer to horizontal terms of reference that are applicable at all times; part 3 includes sets of additional terms of references that apply depending on the State Aid regime(s) to be applied by the Financial Intermediary and should be read in conjunction with Parts 1 and 2.

As regards Part 3, the applicable State Aid regime(s) will ultimately depend on the investment strategy proposed by the selected Financial Intermediary (-ies) and its (their) ability to source private financing.

This summary term sheet is for information purposes only. This document is an outline of the principal terms and conditions for the product described herein, which are subject to change and non-exhaustive.

Applicants are advised that any reference to legal and regulatory framework, including State Aid regime(s) shall be to the applicable version as amended, supplemented or replaced from time to time.

1. Policy Objective

The purpose of the Financial Instrument is to provide access to finance in the form of equity and quasi-equity for SMEs, mid-caps (companies with up to 3,000 employees), including start-ups, companies in early, advanced growth and expansion stages, and infrastructure projects focused, among others, on renewable energy and energy efficiency.

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2. Terms of reference

Financial Instrument	Romania Recovery Equity Fund of Funds (the “REF”)
Type of financing	Equity and / or quasi-equity
Commitment Agreement	means the agreement(s) (including, without limitation, the side letter) to be entered into by the EIF with the Underlying Funds and/or the Financial Intermediaries, as applicable, in order to provide them funding under the REF and to determine the terms and conditions of such investments
Underlying Funds or Funds	<p>The investment funds and investment vehicles (including dedicated vehicles) that are set up by the Financial Intermediaries to provide financing to Final Recipients</p> <p>The duration of Underlying Funds shall typically be 10 + 1 + 1 years (with extensions being subject to Funds’ investors or advisory committee approval).</p> <p>The investment period shall be in line with market practice, typically no longer than 5 + 1 years.</p>
Investment Strategy of Underlying Funds	<p>The Underlying Funds’ investment strategy is expected to primarily target SMEs and Midcaps, as well as Infrastructure Projects and/or Technology Transfer investments.</p> <p>Investments shall be in the form of equity or quasi-equity investments, as defined below:</p> <ul style="list-style-type: none"> • Equity is the provision of capital, invested directly or indirectly in return for total or partial ownership and where the equity investor may assume some management control of the firm and may share the firm's profits. • Quasi-equity, independent of its legal form, is the type of financing that, ranks between equity and debt, having a higher risk than senior debt and a lower risk than common equity. Quasi-equity investments can be structured as debt, typically unsecured and subordinated and in some cases convertible into equity, or as preferred equity. <p>Replacement capital (excluding strategies intended for asset stripping) may also be permitted (limitations apply in case of a State Aid regime different than Market Economy Operator Test, as per the state aid framework described in Section 3 of this document below).</p> <p>The Underlying Fund shall invest an amount at least equal to the total amount committed from the REF in Final Recipients that, at the time of first investment therein by the Underlying Fund, qualify as Target Recipients.</p> <p><i>The Investment strategy shall take into consideration the State Aid regime described in Part 3 below.</i></p>

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<p>Final Recipients</p>	<p>A legal person receiving financial support from an Underlying Fund.</p> <p>The amount invested in a single Final Recipient by an Underlying Fund shall be typically up to 15% at any point in time (possible Fund advisory committee approval in case that limit needs to be exceeded, however subject to a maximum of 20% of the Fund’s total commitments per Final Recipient).</p> <p>Investments may be made by Underlying Funds into Final Recipients through “Intermediary Holding Vehicles”, being special purpose vehicles and holding vehicles controlled directly or indirectly by the Underlying Fund. An investment into an Intermediary Holding Vehicle should be disregarded for the purpose of the investment limits, guidelines and restrictions and the underlying investments of the Intermediary Holding Vehicle should be treated as if they were direct investments made by the Underlying Fund.</p> <p>Financial Intermediaries shall target to build a portfolio of minimum number of Final Recipients throughout the investment period of the Fund, to be agreed with EIF in the Commitment Agreement.</p> <p>Investments in companies listed on the official list of a regulated market at the time of the first investment are not allowed, since the fact that they are listed on a regulated market demonstrates their ability to attract private financing otherwise. Undertakings in difficulty as defined by GBER 651/2014, as well as companies that received illegal aid and are subject to a recovery decision are also not eligible.</p> <p>Investments into Final Recipients shall be made in accordance with applicable state aid rules, as presented for information in part 3 below.</p> <p>For avoidance of doubt, Final Recipients include Target Recipients.</p>
<p>Target Recipient(s)</p>	<p>Final Recipient(s) complying with the following eligibility criteria:</p> <ul style="list-style-type: none"> (a) At the time of the first investment by the Underlying Fund, it <ul style="list-style-type: none"> (i) has an establishment in Romania, i.e. either headquarters or branch where the financed activity is undertaken, and (ii) has its main activities (i.e., the main portion of their activities based on headcount, assets or primary focus of the Final Recipient’s business activities) in Romania or is planning to expand the operations into Romania (whilst allowing the possibility to the Underlying Fund(s) to have a geographical target broader than Romania). For Final Recipients with expansion plans and early stage portfolio companies with insignificant operations, the assessment of their main activities shall be based on the Final Recipient’s business plan at the time of the first investment by the Fund.

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	<p>AND</p> <p>(b) it qualifies as one of the following:</p> <p>(i) an “SME” according to the EU definition (i.e. micro, small or medium-sized companies as defined in accordance with the Recommendation of the European Commission of 6 of May 2003 (EC/2003/361) as amended from time to time); or</p> <p>(ii) a midcap, being enterprises which, together with the enterprises they control and the enterprises (if any) which have direct or indirect control over them, have up to 3,000 employees on a full time equivalent basis and are not SMEs (“Midcap”); or</p> <p>(iii) Infrastructure Project i.e. requiring long term capital relating to the construction or development of physical assets in numerous sectors including, among others, energy, transport, communications, industrial and service facilities, housing, social developments and climate change technologies, or</p> <p>(iv) Technology Transfer project</p>
Infrastructure Project	A project requiring long term capital relating to the construction or development of physical assets in numerous sectors including, among others, energy, transport, communications, industrial and service facilities, housing, social developments and climate change technologies.
Technology Transfer	Technology Transfer refers to activities out by universities or other higher education institutes performing research and other research organisations aiming at (a) converting research, development, skills, knowledge, technologies or innovations into commercial applications, products, processes or services; and/or (b) fostering the application of existing technology to develop innovative products, processes or services for existing and new markets. Such activities may take any of the following forms: (i) demonstration and commercialisation (including, but not limited to, proof of concept, technology validation, technology demonstration, prototyping, market development, scaling up); and (ii) IP out-licensing, IP in-licensing, cross-licensing activities (including via project financing), sale of patents and/or other IP assets.
Financial Intermediary or Fund Manager	<p>A financial institution, fund management company or other legal entity selected by EIF to manage or advise the Underlying Fund(s) responsible for providing the resources made available from the REF to Final Recipients.</p> <p>The EIF will strive to select Financial Intermediaries that are independent and in a position to take the management and investment decisions independently, in particular without the influence of investors, sponsors or any other third party which is not integrated in the structure. In any case, the EIF can deviate from this condition on a case-by-case basis at its own discretion.</p>

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	<p>The Financial Intermediary will typically be comprised of a team of experienced professionals, acting with the diligence of a professional manager and in good faith, operating according to best industry practices, complying with professional standards issued by the Invest Europe, ILPA or other equivalent organisation.</p> <p>The selected Financial Intermediary will be expected to draw on their networks of relevant industry and market contacts to aid the development of their Final Recipients. For example, while not a pre-requisite, they may establish a formal or informal structure from which relevant industry experts could be engaged on an ad hoc basis by the Final Recipients (the form, size, industry concentration, commitment and incentivisation scheme of the structure would remain at the full discretion of the Financial Intermediary).</p> <p>EIF, in its sole discretion, may select one or more Financial Intermediaries (and, as a result, one or more Underlying Funds) as a result of the Call and subsequent selection process.</p> <p>For the avoidance of doubt, international team members or partnerships with international funds, as well as newly set up teams are eligible. There is no requirement to domicile either the Underlying Fund or Financial Intermediary in Romania.</p>
Fund Manager's commitment	<p>The Financial Intermediary shall contribute an adequate minimum percentage of the total size of the Underlying Fund (i.e., its total commitments). The required commitment size will be assessed against and aligned with the Underlying Fund economics and the broader financial position of the manager's team to provide a relevant alignment of financial interest with investors. A typical commitment may often be at least 2% of the total commitments. The EIF can deviate from this condition on a case-by-case basis at its own discretion.</p>
Underlying Fund manager's due diligence before investments into Final Recipient(s)	<p>The Financial Intermediary will make investment decisions aimed at profit-making, based on the Funds's commercial investment strategy, each investment's business plan, which should contain product description, turnover and profitability calculations and forecasts, previous assessment of project viability, as well as each investment's clear and real exit strategy and other necessary points (such as potential conflict of interest).</p>
Management fee	<p>Typically paid on the total commitments of the Underlying Fund during the investment period and on the invested capital (acquisition cost of the active portfolio of the Underlying Fund reduced by the acquisition costs of the Underlying Fund's investments that have been sold, written-off or written-down) thereafter. Alternatively, fixed-fee for the post investment period could be considered.</p>
Management fee and establishment costs cap	<p>The management fee and establishment costs cap shall be deemed to include any fees, expenses and costs necessary to set up, manage and wind-up the Underlying Fund including transaction costs, as applicable.</p> <p>The management fees to be paid will be negotiated with the EIF after analysis of Fund Manager's budget and should be proportional to the operational requirements of the Underlying Fund and the investment strategy,</p>

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Additional features of the Fund Manager	<p>The Financial Intermediary will manage the Underlying Fund based on commercial principles.</p> <p>Investors’ representatives shall be appointed on appropriate advisory committee structures to review, inter alia, conflicts of interest.</p> <p>In the management of the Underlying Fund, the Financial Intermediary shall apply best practices, inter alia considering guidelines developed by Invest Europe and ILPA, and shall perform controls as required by the public nature of the Underlying Fund’s investment.</p>
Data Protection Statement	<p>Means EIF’s Data Protection Statement on the processing of personal data of Applicants and Financial Intermediaries, as published on the EIF website: eif_data_protection_statement_financial_intermediaries_due_diligence_en.pdf</p>
Addressing Climate Action and Environmental Sustainability	<p>The contribution of Financial Intermediary transactions to Climate Action and Environmental Sustainability (“CA&ES” or “green”) objectives shall be determined, if applicable/relevant/indicated by the EIF, in accordance with the latest EIF Climate Action and Environmental Sustainability Guidelines¹ published in EIF’s website and applicable at the time of commitment.</p>
Targeted Activities under the EIB Group NCJ Policy	<p>means (i) criminal activities such as money laundering, financing of terrorism, tax crimes (i.e. tax fraud and tax evasion) and (ii) tax avoidance practices (i.e. wholly artificial arrangements aimed at tax avoidance).</p>
Non-Compliant Jurisdictions (NCJ)	<p>means a jurisdiction:</p> <ul style="list-style-type: none"> a) listed in Annex I of the European Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes; b) included in the OECD/G20 list of jurisdictions that have not satisfactorily implemented the tax transparency standards; c) listed in the Annex of the Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies; d) rated as “partially compliant” or “non-compliant”, including corresponding provisional ratings, by the Organisation for Economic Cooperation and Development and its Global Forum on Transparency and Exchange of Information for Tax Purposes against the international standard on exchange of information on request;

¹ [Guideline on the EIF’s criteria for Climate Action and Environmental Sustainability \(CA&ES\)](#)

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	<p>e) included in the Financial Action Task Force statement “High risk Jurisdictions subject to a Call for Action”); and/or</p> <p>f) included in the Financial Action Task Force statement “Jurisdictions under Increased Monitoring”,</p> <p>in each case as such statement, list, directive or annex may be amended and/or supplemented from time to time.</p> <p>Please refer to the EIB’s website² for an FAQ containing the most updated reference lists of NCJs or enquire with the EIF for confirmation of NCJ status.</p> <p>The Financial Intermediary shall not be established in a NCJ, unless the operation is physically implemented in the relevant NCJ and does not present any indication that it supports actions that contribute to Targeted Activities under the EIB Group NCJ Policy.</p>
Restrictive Measures	Means, without limitation, restrictive measures adopted pursuant to the Treaty on European Union (TEU) or to the Treaty on the Functioning of the European Union (TFEU).
Independent Private Investors	Independent Private investors are deemed to be any private investors which are economically and structurally independent from the portfolio companies where an investment is made, to the extent that they bear the full risk in respect of their investment, in accordance with Article 2.3, para. 35 (19) of the Guidelines on State aid to promote risk finance investments ³ and Article 2 (72) of GBER 651/2014 ⁴ . Upon the creation of a new company, private investors, including the founders, are considered to be independent from that company.
Reporting	<p>The Financial Intermediary shall provide EIF with periodical information in a standardised form and scope as per Invest Europe guidelines for reporting to be specified in the Commitment Agreement.</p> <p>The Financial Intermediary will be also requested to regularly send information on the companies or persons that receive equity financing (Ultimate Beneficial Owners information) directly to the responsible authority of Romania, notably in order to comply with the Government’s reporting requirements under the RRF Regulation; details will be defined in the Fund documentation.</p> <p>For the purpose of audit and control, the Financial Intermediaries will collect and ensure access to the following standardised categories of data:</p>

² <https://www.eib.org/en/about/compliance/tax-good-governance/faq>

³ Communication from the Commission – Guidelines on State Aid to promote risk finance investments, OJ C 508, 16.12.2021, p. 1, [EUR-Lex - 52021XC1216\(04\) - EN - EUR-Lex \(europa.eu\)](#)

⁴ [EUR-Lex - 02014R0651-20210801 - EN - EUR-Lex \(europa.eu\)](#)

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	<ul style="list-style-type: none"> i. name of the final recipient of funds; ii. first name(s), last name(s) and date of birth of beneficial owner(s) of the recipient of funds or contractor, as defined in point 6 of Article 3 of Directive (EU) 2015/849 of the European Parliament and of the Council (26); iii. a list of any measures for the implementation of investment projects under the recovery and resilience plan with the total amount of public funding of those measures and indicating the amount of funds paid under the Facility and under other Union funds. <p>The Financial Intermediary will take all the measure for avoidance of double funding.</p> <p>Finally, it is important to note that RRF and State Aid reporting rules will require Financial Intermediaries to provide new data points which typically are not being tracked and a higher granularity of data. Furthermore, the Fund Manager should report any additional data that may derive from future changes to the RRF or State Aid regulations. More detailed reporting requirements will be set out in the Fund documentation.</p>
Monitoring and Audit	<p>The Financial Intermediaries and the Final Recipients shall agree to keep records and to allow and provide access to documents related to the Financial Instrument for the representatives of the European Commission (including the European Anti-Fraud Office (OLAF), the Court of Auditors of the European Communities, the EIF, the EIB, Government of Romania and any other authorised bodies duly empowered by applicable law to carry out audit and/or control activities. The Financial Intermediary and the Final Recipients shall enable these bodies to discharge their duties with respect to monitoring, control and auditing of the correct use of the Investments. These controls may include on-the-spot controls of the Financial Intermediaries and the Final Recipients. To that effect, appropriate provisions shall be included in each Commitment Agreement.</p>
Visibility	<p>The Financial Intermediary, in line with applicable law and RRF rules, shall carry out adequate marketing and publicity campaigns aimed at making the public contribution known, as to be specified through the Commitment Agreement. To this respect, the Financial Intermediary shall:</p> <ul style="list-style-type: none"> i. explicitly inform the portfolio companies that financing is made possible through the support of the Fund with the financial backing of the Government of Romania. Such information needs to be prominently included either in the contractual documentation and/or in an accompanying cover letter; ii. ensure the visibility of European Union funding, by informing Final Recipients and the public of the support received from the RRF and by displaying in Commitment Agreements and relevant publicity materials, if applicable, (brochures, website, banners, social media, billboards, posters etc.) the European Union flag and the statement ‘funded by the European Union – NextGenerationEU’, and other publicity obligations for publicity of

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	<p>the Romanian National Recovery and Resilience Plan (RRP or PNRR), in accordance with a text to be included in the commitment agreement;</p> <p>iii. include in any press release or other marketing action that the Financial Intermediary may choose to make with regard to the operation that the Financial Intermediary has benefited from the support of the REF.</p> <p>More detailed visibility requirements may be set out in the Fund documentation.</p>
Transfer	<p>Under the Funding Agreement, EIF may be substituted in its role as REF manager. In the event of such substitution, the Government of Romania, or the entity appointed by the Government of Romania as new REF manager, will assume the full discretion and responsibility to perform the tasks of the REF and to implement the REF operations in Romania, and may take over the Financial Instrument(s). The Commitment Agreement will provide for the possible substitution of EIF, in order to allow the transfer of the Commitment Agreements to the successor entity.</p>
General requirements	<p>The Financial Intermediary shall ensure compliance with applicable law, including but without limitation rules covering the RRF and all relevant national law and regulations, State Aid and money laundering, the fight against terrorism and tax fraud, as applicable. The Financial Intermediary, may, in line with its internal rules and procedures and particularly in the cases where fraudulent behaviour is suspected, be required to perform monitoring checks at the level of the Final Recipients.</p> <p>The Fund documentation may also include provisions in terms of the Underlying Fund's cash flow management, as deemed necessary.</p> <p>The Underlying Fund shall not be established in a NCJ unless the operation is physically implemented in the relevant NCJ and does not present any indication that it supports actions that contribute to Targeted Activities under the EIB Group NCJ Policy⁵.</p> <p>The Commitment Agreements will include provisions, the objective of which will be to provide appropriate remedies for protecting EIF's and REF's interest in Underlying Funds in case an investment does not comply or no longer complies with the agreed eligibility criteria. The Underlying Fund may be required to return amounts invested in Final Recipients which do not meet the eligibility criteria and/or which are found to be in an exclusion situation not duly disclosed or supervened (in the event that cannot be cured). In these cases, the Fund may be required to apply all applicable contractual and legal measures with due diligence for the purpose of recovering the relevant amounts.</p>

⁵ Targeted Activities under the EIB Group NCJ Policy, which means (i) criminal activities such as money laundering, financing of terrorism, tax crimes (i.e. tax fraud and tax evasion) and (ii) tax avoidance practices (i.e. wholly artificial arrangements aimed at tax avoidance)

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	<p>Financial Intermediaries and Final Recipients:</p> <ul style="list-style-type: none"> • shall not use any investment under REF to support any of the excluded activities as described in section 4 of this document, • shall not be established in a NCJ unless the operation is physically implemented in the relevant NCJ and does not present any indication that it supports actions that contribute to Targeted Activities under the EIB Group NCJ Policy⁵, • shall undertake to comply with all applicable laws and regulations and the relevant applicable international and European Union standards and legislation on the prevention of money laundering, the fight against terrorism, tax fraud, tax evasion and artificial arrangements aimed at tax avoidance; and, therefore, not support actions that contribute to tax evasion or finance artificial arrangements aimed at tax avoidance, • shall acknowledge the EIB Group Anti-Fraud Policy^{Error! Bookmark not defined.} which sets out the policy of EIF for preventing and deterring corruption, fraud, collusion, coercion, obstruction, money laundering and terrorist financing as amended from time to time, and shall take appropriate measures (as may be further specified in the relevant agreement) to (i) facilitate implementation of such policy as well as to (ii) undertake to support investigations performed by the EIF or the European Investment Bank, the European Public Prosecutor's Office (EPPO), or the European Anti-Fraud Office (OLAF), or the European Court of Auditors (ECA) in connection with actual or suspected prohibited conduct, • shall ensure via contractual provisions that no funds or economic resources are made available directly or indirectly to, or for the benefit of, persons or entities designated by Restrictive Measures⁶.
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⁶ As part of its due diligence process, EIF will analyse and exclude any applicant if it or any of its ultimate beneficial owners/key persons are subject to UN/EU/OFAC/UK restrictive measures (sanctions) in relation to Russia as well as the non-government controlled territories of Ukraine.

3. State Aid framework

Given that REF / PNRR resources are State resources, compliance with State Aid rules is required at all levels of the instrument: Financial Intermediaries, funds, co-investors and Final Recipients.

3.a. at the level of Financial Intermediaries (including the equity fund)

There is no state aid present at this level when fund managers are chosen through a competitive, transparent, non-discriminatory and unconditional selection procedure, as is the case of the EIF selection process including the CEOI, as the remuneration further to the competitive process will be in line with market rates. The underlying fund is a vehicle for the transfer of financing to the target enterprises in which the investment is made (not a beneficiary of aid in its own right).

3.b. at the level of co-investors in the Underlying Fund

For (co-)investors there is no advantage (and therefore no State aid) if an investment is made *pari passu* between public and private investors.

An investment is considered *pari passu* when effected in line with the relevant provisions of the Commission Notice on the notion of State Aid⁷.

- it is made under the same terms and conditions by public and private investors (public and private investors share the same risks and rewards and hold the same level of subordination in the same risk class in case of a layered funding structure), and
- both categories of operators intervene simultaneously (the investment of public and private investor is made by way of the same investment transaction), and
- the intervention of the private investor is of real economic significance (the minimum at 30%).
- in case investments are made in companies in which fund investors have invested previously, the fund manager shall perform an analysis before investing into companies in which either the private or the public investors have previously invested, ensuring to maintain the profit-making purpose.

⁷ Commission Notice on the notion of State Aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union C/2016/2946, [EUR-Lex - 52016XC0719\(05\) - EN - EUR-Lex \(europa.eu\)](#) as well as [UPDATED Guidance on State Aid in European Structural and Investment \(ESI\) Funds Financial instruments in the 2014-2020 programming period](#) as of March 2021, considering a 30% private investors participation as economically significant.

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3.c. at the level of Final Recipients

The table below summarizes the state aid options at the level of Final Recipients (undertakings).

Applicants are advised that the below represents an informative summary. As part of implementation, Financial Intermediaries will be required to comply with the national state aid framework issued by the Government of Romania on the basis of the above-mentioned European regulations, including written instructions on the application of the Market Economy Operator Test and/or state aid scheme(s).

Applicants are further advised that the GBER 651/2014 is currently undergoing an amendment and certain provisions may change, therefore the final State aid requirements will be reflected in the relevant scheme.

Type of aid	Relevant European regulatory provisions	Eligible Final Recipients	Minimum % private participation	Investment amount per Recipient ceiling Final	Other conditions
No state aid present when investment made according to Market Economy Operator Principle	Risk Finance Guidelines ⁸ Communication on the Notion of State aid ⁹	All (SMEs, midcaps, infrastructure projects etc.)	Pari passu investments, i.e. under the same terms and conditions by public and private investors through the fund, with both types of operators intervening simultaneously, and the intervention of the private investor having a real economic significance (at least 30% of the value of the investment). Public and private investors participate pari passu to the investments in the transactions with beneficiaries, thus: • They share the same risks and rewards and have the same level of subordination in the same risk class;	No investment ceiling per undertaking	No restrictions on replacement capital or buy-outs.

⁸ Communication from the Commission – Guidelines on State aid to promote risk finance investments C/2021/8712, [EUR-Lex - 52021XC1216\(04\) - EN - EUR-Lex \(europa.eu\)](#)

⁹ Commission Notice on the notion of State Aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union C/2016/2946, [EUR-Lex - 52016XC0719\(05\) - EN - EUR-Lex \(europa.eu\)](#)

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			<ul style="list-style-type: none"> • They invest simultaneously, i.e. through payments made within the same investment round; • Private investors shall participate in each transaction with a beneficiary (directly and/or indirectly through their proportion of participation into the equity fund) with at least 30%, such intervention of private investors being considered as a significant economic contribution. In case the private investors in an equity fund hold at least 30% of the fund's capital, and they participate pari passu in each investment, this condition is fulfilled. <p>The fund manager shall perform an additional economic analysis before investing into companies in which either the private or the public investors have previously invested. In relation to this, it is emphasized that investments are made through the investment fund, based on a commercial investment strategy established in the contract with the fund manager, for the purpose of obtaining profit – the investors (public or private) being unable to intervene in the fund manager's decision to invest in individual companies. The conditions apply to all investors and the investors' interest is a common one, namely to obtain a profit and market returns, in all financing rounds. The fund managers shall not invest in companies that are not viable.</p>		
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State aid in the form of risk finance	GBER 651/2014 ¹⁰ art.21	SMEs	<p>Additional finance from independent private investors at the level of the Underlying Fund or the eligible undertakings (Final Recipients), so as to achieve an aggregate private participation rate reaching the following minimum thresholds:</p> <p>(a) 10 % of the risk finance provided to the eligible undertakings prior to their first commercial sale on any market;</p> <p>(b) 40 % of the risk finance provided to the eligible undertakings referred to in art. 21 para. 5(b) of GBER;</p> <p>(c) 60 % of the risk finance for investment provided to eligible undertakings mentioned art. 21 para. 5(c) of GBER and for follow-on investments in eligible undertakings after the 7-year period mentioned in art. 21 para. 5(b) of GBER.</p>	Investments cannot exceed EUR 15 million per Final Recipient. This refers to the entire investment of the fund.	Replacement capital is eligible only when combined with new capital representing at least 50 % of each investment round into the eligible undertakings (Final Recipients).
Start-up aid	GBER 651/2014 ¹¹ art.22	Unlisted small enterprises up to five years following their registration, which have not yet distributed profits and have not been formed through a merger. For eligible undertakings that are not subject to registration the five years eligibility period may be considered to start from the moment when the enterprise either starts its economic activity	No minimum level of private participation is required.	Investment ceiling per eligible undertaking (Final Recipient) is between 0.4-0.8m EUR depending on location (e.g. assisted area). For small and innovative enterprises, the maximum	

¹⁰ Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, as amended from time to time, [EUR-Lex - 02014R0651-20210801 - EN - EUR-Lex \(europa.eu\)](#),

¹¹ Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, as amended from time to time, [EUR-Lex - 02014R0651-20210801 - EN - EUR-Lex \(europa.eu\)](#),

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		<p>or is liable to tax for its economic activity.</p> <p>A small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million</p>		<p>amounts may be doubled.</p> <p>Innovative companies are as defined by GBER 651/2014.</p>	
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4. Restricted sectors of activity

The **EIF Restricted Sectors** (“Restricted Sectors”) are published on the EIF’s website¹² and/or may be amended from time to time by the EIF. The list of Restricted Sectors in force as at the date of this Call are the following:

Financial Intermediaries and Underlying Funds shall not invest, guarantee or otherwise provide financial or other support, directly or indirectly, to companies or other entities:

- a) whose business activity consists of an illegal economic activity (i.e., any production, trade or other activity which is illegal under the laws or regulations applicable to the Underlying Funds or the relevant company or entity, including, without limitation, human cloning for reproduction purposes);
- b) which substantially focus on:
 - i. the production of and trade in tobacco and distilled alcoholic beverages and related products;
 - ii. the financing of the production of and trade in weapons and ammunition of any kind, it being understood that this restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies;
 - iii. casinos and equivalent enterprises;
 - iv. the research, development or technical applications relating to electronic data programmes or solutions, which:
 1. aim specifically at:
 - a. supporting any activity included in the EIF Restricted Sectors referred to above;
 - b. internet gambling and online casinos; or
 - c. pornography,
 - or which:
 2. are intended to enable anyone to illegally:
 - a. enter into electronic data networks; or

¹² [2010 EIF Guidelines on Restricted Sectors](#)

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- b. download electronic data;
- v. fossil fuel-based energy production and related activities, as follows:
 - a. Coal mining, processing, transport and storage;
 - b. Oil exploration & production, refining, transport, distribution and storage;
 - c. Natural gas exploration & production, liquefaction, regasification, transport, distribution and storage;
 - d. Electric power generation exceeding the Emissions Performance Standard (i.e., 250 grams of CO₂e per kWh of electricity) applicable to fossil fuel-fired power and cogeneration plants, and geothermal and hydropower plants with large reservoirs;
- vi. energy-intensive and/or high CO₂-emitting industries, as follows:
 - a. the manufacture of other inorganic basic chemicals (NACE 20.13)
 - b. the manufacture of other organic basic chemicals (NACE 20.14)
 - c. the manufacture of fertilisers and nitrogen compounds (NACE 20.15)
 - d. the manufacture of plastics in primary forms (NACE 20.16)
 - e. the manufacture of cement (NACE 23.51)
 - f. the manufacture of basic iron and steel and of ferro-alloys (NACE 24.10)
 - g. the manufacture of tubes, pipes, hollow profiles and related fittings, with steel (NACE 24.20)
 - h. the manufacture of other products of first processing of steel (NACE 24.30, incl. 24.31-24.34)
 - i. the production of aluminium (NACE 24.42)
 - j. the manufacture of conventionally-fuelled aircraft and related machinery (sub-activity of NACE 30.30)
 - k. conventionally-fuelled air transport and airports and service activities incidental to conventionally-fuelled air transportation (sub-activities of NACE 51.10, 51.21 and 52.23).

Substantial focus definition:

The EIF considers that an EIF Counterparty or Final Recipient has a “substantial focus” on a sector or business activity if such sector or activity is identified as being an essential part of business activity of the EIF Counterparty or Final Recipient respectively. This assessment is based, in particular, on the proportionate importance of such restricted sector or activity in relation to the gross revenue, profit or client base of the respective EIF counterpart or Final Recipient, in such

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a way that could affect the financial sustainability/going-concern of the EIF Counterparty or Final Recipient should such restricted activity cease. The proportionate importance of the restricted sector or activity shall, in any case, not exceed 50% of the gross revenue.

Notwithstanding the above, investments in sectors mentioned under limb vi. items a) – k) above shall be allowed if the Financial Intermediary confirms that the specific investment either (i) qualifies as environmentally sustainable investment as defined in the “EU taxonomy for sustainable activities” (Regulation (EU) 2020/852, as amended from time to time, and as supplemented by the technical criteria established under the “EU Taxonomy Delegated Acts” (Commission delegated Regulations (EU) supplementing Regulation (EU) 2020/852 or upcoming Taxonomy Delegated Acts, as amended from time to time, respectively), or (ii) is eligible under the EIF’s Climate Action & Environmental Sustainability (CA&ES) criteria for green financing, as applicable.

As per its internal policy, the EIF applies additional restrictions to Underlying Funds with debt/loan strategies which envisage the issuing of loans to finance specifically identified assets.

In addition, when providing support to the financing of the research, development or technical applications relating to:

- (a) human cloning for research or therapeutic purposes; and
- (b) Genetically Modified Organisms (“**GMOs**”),

the EIF will require from Financial Intermediaries appropriate, specific assurance on the control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.

Furthermore, in accordance with Article 19(3), point (d), of and Annex V, criterion 2.4, to Regulation (EU) 2021/241, the RRP is expected to ensure that no measure for the implementation of reforms and investments projects included in the RRP does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council (“the Taxonomy Regulation”) (the principle of ‘do no significant harm’).

APPLICATION OF “DO NO SIGNIFICANT HARM” (“DNSH”) PRINCIPLE

DNSH Requirement for Equity instrument RRF Romania as per Council Implementing Decision¹³	Corresponding eligibility criteria
<p>1. require the application of the Commission’s technical guidance on sustainability proofing for the InvestEU Fund</p>	<p>1. The instrument shall be implemented in accordance with Commission Notice (2021/C 280/01) on Technical guidance on sustainability proofing for the InvestEU Funds, in particular Chapter 3 on Sustainability proofing approach for indirect financing operations.</p> <p>In order to comply with the sustainability proofing requirements set out in the Annex to the Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Romania regarding equity instruments (12319/21), the Financial Intermediary shall require that:</p> <ul style="list-style-type: none"> a. for any Final Recipient whose activities include anaerobic digestion of bio-waste, landfill gas capture and utilisation, a monitoring plan for methane leakage of these activities must be in place, b. for any Final Recipient whose activities include transport of CO2 and underground permanent geological storage of CO2, a detailed monitoring plan in line with the provisions of the CCS Directive 2009/31/EC and EU ETS Directive 2018/410 must be in place, c. no Final Recipient Transaction covers the financing of vessels, vehicles or rolling stock specifically dedicated to transport fossil fuels, d. the Financial Intermediary and Final Recipient shall comply with the national environmental, climate and social laws and regulations to which they are subject; e. for Final Recipients whose activities or projects require an environmental impact assessment - as per the national legislation - that the assessments, permits and authorisations are in place.
<p>2. exclude the following list of activities and assets from eligibility:</p> <p>(i) activities and assets related to fossil fuels, including downstream use <i>(Except projects under this measure in power and/or heat generation, as well as related transmission and distribution</i></p>	<p>2.</p> <p>The Financial Intermediaries shall not invest in activities excluded for Invest EU support, as described under the InvestEU Regulation 2021/523, annex V, point B.</p> <p>The financial intermediaries shall not invest in final recipients:</p>

¹³ https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CONSIL:ST_12319_2021_ADD_1&from=EN , page 284

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<p><i>infrastructure, using natural gas, that are compliant with the conditions set out in Annex III of the ‘Do no significant harm’ Technical Guidance (2021/C58/01).</i></p>	<ul style="list-style-type: none"> - engaging in activities restricted or excluded under EIF’s Guidelines on Restricted Sectors¹⁴, subject to updates from time to time, and - with a substantial focus on activities falling under EIF’s restrictions stemming from the EIB Group Paris alignment framework, as follows: <ul style="list-style-type: none"> (i) Fossil fuel-based energy production and related activities, as follows: <ul style="list-style-type: none"> a) Coal mining, processing, transport and storage; b) Oil exploration & production, refining, transport, distribution and storage; c) Natural gas exploration & production, liquefaction, regasification, transport, distribution and storage; d) Electric power generation, exceeding the Emissions Performance Standard of 250 grams of CO₂e per kWh of electricity, applicable to fossil fuel-fired power and cogeneration plants, geothermal and hydropower plants with large reservoirs. (ii) Energy-intensive and/or high CO₂-emitting industries, as follows: <ul style="list-style-type: none"> a) Manufacture of other inorganic basic chemicals (NACE 20.13) b) Manufacture of other organic basic chemicals (NACE 20.14) c) Manufacture of fertilisers and nitrogen compounds (NACE 20.15) d) Manufacture of plastics in primary forms (NACE 20.16) e) Manufacture of cement (NACE 23.51) f) Manufacture of basic iron and steel and of ferro-alloys (NACE 24.10) g) Manufacture of tubes, pipes, hollow profiles and related fittings, of steel (NACE 24.20) h) Manufacture of other products of first processing of steel(NACE 24.30, incl. 24.31-24.34) i) Aluminium production (NACE 24.42) j) Manufacture of conventionally-fuelled aircraft and related machinery (sub-activity of NACE 30.30) k) Conventionally-fuelled air transport and airports and service activities incidental to conventionally-fuelled air transportation (sub-activities of NACE 51.10, 51.21 and 52.23).
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¹⁴ https://www.eif.org/news_centre/publications/2010_Guidelines_for_Restricted_Sectors.htm

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	<p>Notwithstanding the above, investments in sectors mentioned in section (ii) items a) – k) included, shall be allowed if the fund manager confirms that the specific final recipient transaction qualifies as environmentally sustainable investments as defined in the “EU taxonomy for sustainable activities” (Regulation (EU) 2020/852, as amended from time to time) as supplemented by the technical screening criteria established under the “EU Taxonomy Delegated Acts” (Commission delegated Regulations (EU) supplementing Regulation (EU) 2020/852 or upcoming Taxonomy Delegated Acts, as amended from time to time, respectively).</p> <p>Restrictions related to polluting vehicles:</p> <p>The EIF shall request the financial intermediaries to ensure that the Final Recipients with a ‘substantial focus’ on the production, rental or sale of ‘polluting vehicles’ are excluded by the eligibility under this instrument, or - alternatively - are required to adopt and publish green transition plans.</p> <p>Substantial focus¹⁵: The EIF considers that an EIF Counterparty or Final Recipient has a “substantial focus” on a sector or business activity if the Final Recipient derives more than 50% of their revenues during the preceding financial year from activities and/or assets related to production, rental or sale of polluting vehicles.</p> <p>Production, rental or sale [of polluting vehicles]: The EIF considers the “production, rental or sale of polluting vehicles” any activity that concerns the:</p> <ol style="list-style-type: none"> a. Manufacture of combustion engine vehicles (sub-activity of NACE 29.10 Manufacture of motor vehicles) b. Wholesale and retail trade of polluting vehicles (sub-activities of NACE codes 45.11 Sale of cars and light motor vehicles, 45.19 Sale of other motor vehicles) c. Rental and leasing of polluting vehicles (sub-activities of NACE 77.11 Renting and leasing of cars and light motor vehicles, 77.12 Renting and leasing of trucks) <p>Polluting vehicles: “Polluting vehicles” are defined as:</p>
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¹⁵ This substantial focus definition applies only in the context of this particular restriction on ‘polluting vehicles’. To be noted that EIF might apply more stringent requirements based on its policy (e.g. the EIF Policy on Exclusions and Restrictions)

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<p>(ii) activities and assets under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks (<i>Where the activity supported achieves projected greenhouse gas emissions that are not significantly lower than the relevant benchmarks an explanation of the reasons why this is not possible should be provided. Benchmarks established for free allocation for activities falling within the scope of the Emissions Trading System, as</i></p>	<ul style="list-style-type: none"> - Vehicles exceeding the threshold of 50g CO₂/km (M1 passenger cars and N1 light-duty vehicles). - Trucks and other heavy duty vehicles e.g. tractors (i.e. categories N2 and N3) - only zero-emission, low-emission (as defined in Article 3(12) of Regulation (EU) 2019/1242: with CO₂ emissions of less than half of the reference CO₂ emissions of all vehicles in the vehicle sub-group; reference values differ depending on the type of truck). - Buses: <ul style="list-style-type: none"> ▪ ‘low-floor’ buses (M2 and M3 categories, typically urban and suburban buses running on short distances within an agglomeration). Only electric and plug-in hybrid buses would be DNSH-compliant. ▪ ‘high-floor’ buses (M2 and M3 categories, typically inter-urban coaches): all coaches that comply with the latest step with respect to pollutant emissions from heavy-duty vehicles under EURO VI (EURO VI-E) would be DNSH compliant. <p>Where not listed under point 2.ii), financial Intermediaries shall be required to exclude support to final recipients, to whose activities the Directive 2003/87/EC applies (the “Emission Trading System Directive”, or “ETSD”), as per the Annex I of the ETSD.</p>
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set out in the Commission Implementing Regulation (EU) 2021/447);

(iii) activities and assets related to waste landfills, incinerators (*this exclusion does not apply to actions under this measure in plants exclusively dedicated to treating non-recyclable hazardous waste, and to existing plants, where the actions under this measure are for the purpose of increasing energy efficiency, capturing exhaust gases for storage or use or recovering materials from incineration ashes, provided such actions under this measure do not result in an increase of the plants' waste processing capacity or in an extension of the lifetime of the plants; for which evidence is provided at plant level*) and mechanical biological treatment plants (*This exclusion does not apply to actions under this measure in existing mechanical biological treatment plants, where the actions under this measure are for the purpose of increasing energy efficiency or retrofitting to recycling operations*

of separated waste to compost bio-waste and anaerobic digestion of bio-waste, provided such actions under this measure do not result in an increase of the plants' waste processing capacity or in an extension of the lifetime of the plants; for which evidence is provided at plant level)

and

Financial Intermediaries shall be required to exclude support to final recipients, whose activities include:

- Waste collection (NACE 38.1x)
- Waste treatment and disposal (NACE 38.2x)
- Processing of nuclear fuel (NACE 24.46)
- Production of nuclear energy (sub-activity of NACE 35.11)

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(iv) activities and assets where the long-term disposal of waste may cause harm to the environment	
3. require companies that derived more than 50% of their revenues during the preceding financial year from activities and/or assets that are covered by the exclusion list to adopt and publish green transition plans;	3. As this is an intermediated Equity instrument to finance SME and mid-caps, the threshold rule will always apply since financing is provided for the purchase of the whole or significant share of the company. Thus, potential investee companies with business activities in the sectors listed above will not be financed, as per above.
4. require the verification of legal compliance with the relevant EU and national environmental legislation of the beneficiary by the EIF for all transactions, including those exempted from sustainability proofing.	4. The “compliance with environmental legislation” requirements will be implemented through the InvestEU Sustainability Proofing requirements as per item 1 above.