

**Capped Guarantee under the  
European Programme for Employment and Social Innovation ("EaSI")  
Indicative Term Sheet for the EaSI Social Entrepreneurship Guarantee**

*Important Disclaimer*

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.

This document is intended to provide a basis for discussions and does not constitute a recommendation, a solicitation, an offer or a binding commitment – either implicit or explicit – on the part of the European Investment Fund ("EIF") and/or of any other person to enter into one or more transaction(s). Any finance commitment by the EIF can only be made, inter alia, after appropriate approval, conclusion of legal due diligence and finalisation of the required legal documentation. The EIF does not act as adviser to you or owe you any fiduciary duty. The EIF does not make any representations or warranties (whether explicitly or implicitly) with respect to the information contained in this document. This document and any information contained therein may not be circulated and/or reproduced in part or in full without the prior written consent of EIF.

**Objectives of the EaSI Social Entrepreneurship Guarantee Instrument**

One of the aims of the European Programme for Employment and Social Innovation ("**EaSI**") is to support the development of the social investment market and facilitate access to finance for social enterprises by making equity, quasi-equity, loan instruments and grants up to EUR 500 000 available to social enterprises with either: (i) an annual turnover not exceeding EUR 30 million, or (ii) an annual balance sheet total not exceeding EUR 30 million, which are not themselves a collective investment undertaking.

EaSI shall, inter alia, be implemented through guarantees issued by EIF to Financial Intermediaries to cover partially the risk of portfolio of newly granted debt financing instruments (the "**Portfolio**") provided for the ultimate benefit of social enterprises (the "**EaSI Social Entrepreneurship Guarantees**") with the aim to encouraging Financial Intermediaries to provide loans with a nominal amount of up to and including EUR 500 000 (the "**Final Recipient Transaction**"). For this purpose, EIF will enter into Guarantee Agreements with Financial Intermediaries. The EaSI Social Entrepreneurship Guarantees are financed by the budget of the European Union and are issued by EIF in its own name, but on behalf of the European Union.

Intermediaries may apply to the Call provided that they are able to comply with the provisions, the selection criteria and eligibility criteria set out in the term sheet.

EIF provides partial credit risk protection on a portfolio of debt financing instruments deployed to eligible Final Recipients via a guarantee for the benefit of financial institutions, foundations, family offices, social investment funds or other institutions duly authorised to provide loans/guarantees or

risk-sharing structures according to the applicable legislation (the “Financial Intermediary”) providing debt financing directly to Final Recipients.

The origination, due diligence, documentation and servicing of the Final Recipient Transaction shall be performed by the Financial Intermediary in accordance with the agreed origination and servicing procedures.

### **Complementarity with other financial instruments**

- Financial Instruments providing liquidity: the guarantees provided under the EaSI Social Entrepreneurship Guarantee will provide partial credit risk protection for a portfolio of Final Recipient Transactions. If Financial Intermediaries deem it necessary and if available to them, e.g. through national or regional programmes or through other institutions, they may combine the credit risk protection provided under the EaSI Social Entrepreneurship Guarantee with pure liquidity financial instruments supported through other sources;
- Financial Instruments providing partial credit risk protection: as indicated above, guarantees issued under the EaSI Social Entrepreneurship Guarantee Instrument will provide partial credit risk protection. If Financial Intermediaries deem it necessary and if available to them, e.g. through national or regional programmes or through other institutions, they may combine the credit risk protection provided under the EaSI Social Entrepreneurship Guarantee with an additional credit-risk protection instrument for such portfolio, provided that the combined credit-risk protection does not exceed 80%, with the exception further outlines in the Structure section of this term sheet.

The terms outlined in this term sheet will apply *mutatis mutandis* to counter-guarantees. Due to the specifics of counter-guarantees, some additional requirements or adaptations of the terms of this direct guarantee term sheet (including in relation to the eligibility criteria and requirements applicable at the level of the Financial Sub-Intermediaries) will be added to the counter-guarantee agreement.

Indicative terms of the EaSI Social Entrepreneurship Guarantee

<p><b>EU Policy Objective</b></p>	<p>The EaSI Social Entrepreneurship Guarantee shall contribute to the objectives of EaSI, which include promoting employment and social inclusion by increasing the availability and accessibility of finance for social enterprises.</p> <p>EaSI also aims to:</p> <ul style="list-style-type: none"> <li>(i) pay particular attention to vulnerable groups, such as young people;</li> <li>(ii) promote equality between women and men, including through gender mainstreaming;</li> <li>(iii) combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation;</li> <li>(iv) promote a high level of quality and sustainable employment, guarantee adequate and decent social protection, combat long-term unemployment and fight against poverty and social exclusion.</li> </ul>
<p><b>Structure</b></p>	<p>First loss capped portfolio guarantee issued by EIF providing partial credit risk coverage to eligible Financial Intermediaries that enter into Final Recipient Transactions having a nominal value up to and including EUR 500 000.</p> <p>The EaSI Social Entrepreneurship Guarantee, provided by EIF but financed by the European Union, shall cover losses incurred by the Financial Intermediary at a guarantee rate of up to 80%. Losses covered by the EaSI Social Entrepreneurship Guarantee in respect of the portfolio of eligible Final Recipient Transactions shall in aggregate not exceed the cap amount stipulated in the Guarantee Agreement.</p> <p>In order to ensure alignment of interest:</p> <ul style="list-style-type: none"> <li>▪ The Financial Intermediary shall retain a material interest in the Portfolio which shall not be less than 20% of the outstanding principal amount of each Final Recipient Transaction included in the Portfolio; and</li> <li>▪ The Financial Intermediary shall not enter into any credit support, guarantee or other transfer of risk arrangements with respect to the above-mentioned relevant portion, provided that any collateral, security or guarantee payable to the Financial Intermediary that qualify as “recoveries” under the relevant Guarantee Agreement shall not be taken into account for this purpose,</li> </ul> <p>except, both in the above cases, in those jurisdictions in which due to the applicable laws and regulations only banks could enter into Final Recipient Transactions. In the latter case, EIF in its professional judgement will ensure that the purpose of alignment of interest is achieved in alternative ways.</p>

<b>Governing Law and Language</b>	Each Guarantee Agreement shall be in the English language and governed by English law.
<b>Final Recipient Transaction</b>	Means debt financing (including products such as mezzanine loans, subordinated debts, leases and profit-sharing loans) provided by a Financial Intermediary to a Final Recipient. Each Final Recipient may benefit from more than one Final Recipient Transaction guaranteed by a EaSI Social Entrepreneurship Guarantee, subject to the aggregate ceiling of up to and including EUR 500 000.
<b>EaSI Social Entrepreneurship Guarantee Currency</b>	<p>The EaSI Social Entrepreneurship Guarantee Agreement shall be expressed in the Base Currency. All amounts and payments made under the EaSI Social Entrepreneurship Guarantee Agreement by and to the EIF shall be in the Base Currency. If a Final Recipient Transaction is denominated in a currency other than the Base Currency, or a Loss has been incurred in a currency other than the Base Currency, or a Recovery is in a currency other than the Base Currency, the EaSI Social Entrepreneurship Guarantee Agreement shall specify an appropriate FX mechanism.</p> <p>The Financial Intermediary shall undertake to inform Final Recipients of the exchange risk if the Final Recipient Transaction is denominated in, or linked to, a currency other than that of the jurisdiction of the Final Recipient’s establishment.</p>
<b>Base Currency</b>	The Final Recipient Transaction can be denominated in EUR or other currencies. If the Portfolio consists of Final Recipient Transactions in currencies other than EUR, one of such non-EUR currencies shall be designated as the Base Currency.
<b>Availability period</b>	Unless otherwise specified in the EaSI Social Entrepreneurship Guarantee Agreement, the Availability Period starts within three (3) months from the date of signature of the Guarantee Agreement and could be up to sixty (60) months (subject to subsequent extension).
<b>Inclusion Period</b>	<p>Means a period starting on the same date as the Availability Period and ending on the day falling 6 months after the end of the Availability Period or on the Extraordinary Inclusion Period End Date.</p> <p>The inclusion of Final Recipient Transactions shall occur automatically upon receipt by EIF of an inclusion notice submitted by the Financial Intermediary on a semi-annual basis. For the avoidance of doubts, the Final Recipient Transactions so included shall be covered by the EaSI Social Entrepreneurship Guarantee from the date on which such Final Recipient Transactions have been entered into.</p> <p>Final Recipient Transactions approved by the Financial Intermediary before the end of the Availability Period may be included in the Portfolio provided that they are entered before the end of the Inclusion Period.</p> <p>Final Recipient Transactions approved and entered into prior the signature of the EaSI Social Entrepreneurship Guarantee Agreement may be included in the Portfolio provided that: (i) they were entered into during the Inclusion Period; and</p>

	(ii) they have been entered into with a view to being included in the Portfolio.
<b>Extraordinary Inclusion Period End Date</b>	<p>Unless stipulated otherwise in the Guarantee Agreement, means the earlier of:</p> <ul style="list-style-type: none"> <li>(i) the date on which the EIF is effectively notified by the Financial Intermediary with the request to terminate the Inclusion Period;</li> <li>(ii) the date on which a Trigger Event occurred (plus grace period to rectify);</li> <li>(iii) the Termination Date.</li> </ul>
<b>Financial Intermediaries</b>	<p>Any entity duly authorised to provide financing to Final Recipients and complying with the Financial Intermediary Selection Criteria.</p> <p>Such institutions shall comply with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud to which it may be subject and shall not (other as a result only of events or circumstances beyond the control of the Financial Intermediary) be established, and shall not maintain business relations which are covered by the EaSI Social Entrepreneurship Guarantee with entities incorporated, in territories whose jurisdictions do not co-operate with the Union in relation to the application of the internationally agreed tax standard, such jurisdictions being set out in the relevant OECD report as "jurisdictions that have not committed to the internationally agreed tax standard". Furthermore, in the case of cross-border Financial Instruments where the relevant support is not reserved for operations, projects or activities implemented in the same jurisdiction where the concerned Financial Intermediary is incorporated, Financial Intermediaries (and Sub-Intermediaries) shall not be incorporated in territories whose jurisdictions do not co-operate with the Union in relation to the application of the internationally agreed tax standard (of the Organisation for Economic Cooperation and Development (OECD) and its Global Forum on Transparency and Exchange for Tax Purposes).</p> <p>Each applying Financial Intermediary may inquire about the status of a particular jurisdiction with EIF.</p>
<b>Greenfield Financial Intermediary</b>	A Financial Intermediary having an operating history of less than 3 years.
<b>Term</b>	<p>The EaSI Social Entrepreneurship Guarantee shall cover defaults occurred within ten years (10) from the date of entering into, but not beyond the maturity or term, as applicable, of the Final Recipient Transactions included in the Portfolio.</p> <p>For the avoidance of doubt, the underlying Final Recipient Transactions may have maturities longer than ten (10) years.</p>
<b>EaSI Social Entrepreneurship Guarantee Rate</b>	The EaSI Social Entrepreneurship Guarantee Rate shall be up to and including 80% of each Loss covered by the EaSI Social Entrepreneurship Guarantee. The rate will be defined as a result of the risk assessment/due diligence of the portfolio to be covered, conducted by the EIF.

<b>Guaranteed Portfolio</b>	The actual volume, up to the Maximum Portfolio Volume, of the Portfolio multiplied by the Guarantee Rate.
<b>Guarantee Cap Rate</b>	A percentage of the portion of the Actual Portfolio Volume covered by the EaSI Social Entrepreneurship Guarantee and broadly in line with the expected cumulative loss rate (not exceeding 30%). It shall be determined by EIF after having performed its analysis/due diligence of the application and shall reflect EIF's estimation at that time of the expected losses of Final Recipient Transactions of the Portfolio to cover.
<b>EaSI Social Entrepreneurship Guarantee Cap Amount</b>	An amount, expressed in the Base Currency, set in the Guarantee Agreement, at which the obligation to pay under the EaSI Social Entrepreneurship Guarantee is capped, which is, at any time, the maximum liability under the EaSI Social Entrepreneurship Guarantee and is calculated at the Financial Intermediary level as the product of the i) lower of the Actual Portfolio Volume and the Maximum Portfolio Volume, ii) the EaSI Social Entrepreneurship Guarantee Rate, iii) the EaSI Social Entrepreneurship Guarantee Cap Rate.
<b>EaSI Social Entrepreneurship Guarantee Fee</b>	Other than a commitment fee, if applicable, no EaSI Social Entrepreneurship Guarantee Fee shall be charged to the Financial Intermediary.
<b>Commitment Fee</b>	<p>A Commitment Fee shall be charged to the Financial Intermediary if:</p> <ul style="list-style-type: none"> <li>(i) On a specified date during the Availability Period, the aggregate principal amount of the Final Recipient Transactions included in the Portfolio does not reach the Target Volume; and</li> <li>(ii) The aggregate principal amount of Final Recipient Transactions included in the Portfolio does not equal the Maximum Portfolio Volume at the end of the Availability Period.</li> </ul> <p>The calculation method of the Commitment Fee will be described in the Guarantee Agreement.</p>
<b>Portfolio</b>	Means the portfolio of Final Recipient Transactions covered by the Guarantee Agreement. The portfolio shall include newly entered Final Recipient Transactions provided for the ultimate benefit of eligible Final Recipients. As mentioned in the Inclusion Period section, Final Recipient Transactions approved and entered into prior to the signature of the Guarantee Agreement may be included in the Portfolio provided that: (i) they were entered into no more than 6 months before the signature date of the Guarantee Agreement and (ii) they have been entered into with a view to being included in the Portfolio.
<b>Maximum Portfolio Volume</b>	The maximum aggregate amount of principal amount of Final Recipient Transactions to be included in the Portfolio, as agreed in the Guarantee Agreement. The Maximum Portfolio Volume shall be denominated in the Base

	Currency.
<b>Actual Portfolio Volume</b>	<p>Expressed in the Base Currency, the aggregate amount of the principal committed to be made available under newly originated Final Recipient Transactions included in the Portfolio from time to time, provided that, for the avoidance of doubt:</p> <ul style="list-style-type: none"> <li>(i) if any underlying Final Recipient Transaction is prepaid and/or repaid, then this shall not reduce the Actual Portfolio Volume;</li> <li>(ii) if a Final Recipient Transaction is excluded from the Portfolio as a result of the exclusion process described below, then such Final Recipient Transaction shall not be taken into account for the calculation of the Actual Portfolio Volume; and</li> <li>(iii) The Actual Portfolio Volume may in no circumstances exceed the Maximum Portfolio Volume.</li> </ul> <p>In case the Portfolio is to consist of eligible Final Recipient Transactions denominated in EUR and non-EUR currencies, for the purpose of the calculation of Actual Portfolio Volume, Final Recipient Transactions denominated in non-EUR currencies will be converted into EUR at the relevant FX rate.</p> <p>Three (3) months after the last day of the Inclusion Period the Actual Portfolio Volume will be adjusted in order to reflect the aggregate principal amount drawn by the Final Recipient prior to this date.</p>
<b>Trigger Event</b>	Means any of the Jurisdiction Tax Trigger Event and the Portfolio Trigger Event.
<b>Jurisdiction Tax Trigger Event</b>	A trigger event shall occur if, during the Inclusion Period, the jurisdiction where the Financial Intermediary is established ceases to cooperate with the Union in relation to the application of internationally agreed tax standards, such jurisdictions being set out in the relevant OECD report as "jurisdictions that have not committed to the internationally agreed tax standard".
<b>Portfolio Trigger Event</b>	A trigger event shall occur if, on one or more specified date(s) during the Inclusion Period, the aggregate committed principal amount of Final Recipient Transactions in the portfolio does not exceed a pre-agreed level.
<b>Losses</b>	The EaSI Social Entrepreneurship Guarantee shall cover Losses at the EaSI Social Entrepreneurship Guarantee Rate incurred by the Financial Intermediary up to the EaSI Social Entrepreneurship Cap Amount. Losses mean any principal and interest amounts (but excluding late payment or default interest, capitalized interest, fees and other costs and expenses and excluding any interest amounts which accrued after a period of 90 days) under the terms of the covered Final Recipient Transaction following the occurrence of either a Transaction Default, Transaction Acceleration or a Transaction Restructuring.
<b>Transaction Default</b>	Means, in respect of a Final Recipient Transaction covered by the EaSI Social Entrepreneurship Guarantee and unless otherwise specified in the specific terms

	<p>of the Guarantee Agreement that:</p> <ul style="list-style-type: none"> <li>(i) the Financial Intermediary considers at any time (acting reasonably in accordance with its internal procedures) that a Final Recipient is unlikely to meet its payment obligations under such Final Recipient Transaction (without recourse by the Financial Intermediary to action such as realisation of security); or</li> <li>(ii) a Final Recipient has failed to meet any payment obligation under the relevant Final Recipient Transaction which has continued for at least 90 consecutive calendar days.</li> </ul> <p>To cure a Transaction Default, the terms of the Final Recipient Transactions may be amended.</p>
<p><b>Transaction Acceleration</b></p>	<p>Means, in respect of a Final Recipient Transaction covered by the EaSI Social Entrepreneurship Guarantee and unless otherwise specified in the specific terms of the Guarantee Agreement, the occurrence of an event of default (howsoever defined) under such EaSI Social Entrepreneurship Guarantee which has entitled the Financial Intermediary to accelerate payment of any amounts owed to it and the Financial Intermediary has exercised such right of acceleration (or is prevented from exercising such rights of acceleration solely by application of mandatory laws and regulations preventing or staying the exercise of such right).</p>
<p><b>Transaction Restructuring</b></p>	<p>Means, in respect of a Final Recipient Transaction covered by the EaSI Social Entrepreneurship Guarantee and unless otherwise specified in the specific terms of the Guarantee Agreement, that the Financial Intermediary, acting in a commercially reasonable manner and in accordance with its standard internal procedures, agrees to the restructuring of such Final Recipient Transaction such that the amount of principal scheduled to be paid, and/or any interest amount due, by the relevant Final Recipient is reduced, in order to improve the collectability of the claims arising from the relevant Final Recipient Transaction.</p>
<p><b>Payment Demand</b></p>	<p>Payment Demands shall only be valid if they are:</p> <ul style="list-style-type: none"> <li>(i) relating to Losses under one or more covered Final Recipient Transactions paid by the Financial Intermediary in respect of Defaulted, Restructured or Accelerated Final Recipient Transactions, which default, restructuring or acceleration has occurred no later than a period of six years after the date of the document evidencing the relevant Final Recipient Transaction;</li> <li>(ii) sent during the Payment Demand Period.</li> </ul>
<p><b>Payment Demand Period</b></p>	<p>Means the period starting on the first day of the Availability Period to (and including) the Termination Date.</p>
<p><b>Payment Demand Date</b></p>	<p>Subject to receiving valid Payment Demands, the EIF shall pay any amounts claimed thereunder within 60 calendar days of the relevant Payment Demand Date (i.e. the relevant Report Date, provided that the last Payment Demand Date</p>



	shall be the Final Payment Demand Date).
<b>Final Payment Demand Date</b>	Means 60 calendar days after the first Report Date following the Termination Date (except that, in case of Early Termination Date it shall be 1 month after the Early Termination Date).
<b>Events of Default under the EaSI Social Entrepreneurship Guarantee</b>	The Guarantee Agreement contains certain standard events of default, including non-payment, breach of obligation, insolvency, unlawfulness and misrepresentation. The occurrence of an event of default, if it has not been remedied within the relevant grace period (if any), may result in the early termination of the Guarantee Agreement (such event, an "Early Termination"). Upon Early Termination all amounts due by the EIF and/or the Financial Intermediary would be calculated in accordance with the terms of the Guarantee Agreement based on the reported data as of the Report Date immediately preceding the Early Termination.
<b>Termination Date</b>	The EaSI Social Entrepreneurship Guarantee shall terminate on the earlier of: <ul style="list-style-type: none"> <li>(i) the tenth anniversary of the termination date of the Inclusion Period;</li> <li>(ii) the date on which an Early Termination (if any) has occurred;</li> <li>(iii) the date (if any) on which the EIF is no longer liable to effect further payments to the Financial Intermediary and has no further claims under the Guarantee Agreement;</li> <li>(iv) 31 December 2032.</li> </ul>
<b>Interest rate</b>	The interest rates, offered by the Financial Intermediaries for the Final Recipient Transaction, shall reflect the benefit for the support under EaSI and shall be justifiable with regard to underlying risks and the actual cost of funding related to a credit. Assessment of the interest rate will be based on EIF's professional judgement as to what is seen as affordable and fair in various markets based upon a Financial Intermediary's profile.
<b>Collateral</b>	Preference shall be given to the use of personal guarantees or other types of soft collateral. In case collateral is required, it shall reflect the benefit for the support under EaSI and shall be justifiable with regard to underlying risks. Assessment of collateral requirements will be based on EIF's professional judgement as to what is seen as affordable and fair in various markets based upon a Financial Intermediary's profile.
<b>Leverage</b>	A minimum leverage of 5.5 is to be achieved by the Financial Intermediary in the guaranteed portfolio.

**Eligibility Criteria**

<p><b>Final Recipient</b></p>	<p>Means a Social Enterprise.</p> <p>Note: To be considered eligible as a Final Recipient, each Social Enterprise will be required to (i) sign a social enterprise declaration and have it approved by the relevant corporate body, as may be further detailed in the guarantee agreement and (ii) comply with the eligibility criteria as detailed in section “Selection Criteria and Eligibility Criteria”. In addition to the undertaking’s articles of association, statutes or other legal document by which it is established, the compliance with item (a) below (cf. "Social Enterprise" definition) can be proven on the basis of a social enterprise declaration signed and approved by the undertaking as further detailed in the Guarantee Agreement.</p>
<p><b>Social Enterprise</b></p>	<p>Means an undertaking, regardless of its legal form, which:</p> <ul style="list-style-type: none"> <li>(a) in accordance with its articles of association, statutes or with any other legal document by which it is established, has as its primary objective the achievement of measurable, positive social impacts rather than generating profit for its owners, members and shareholders, and which: <ul style="list-style-type: none"> <li>a. provides services or goods which generate a social return and/or</li> <li>b. employs a method of production of goods or services that embodies its social objective;</li> </ul> </li> <li>(b) uses its profits first and foremost to achieve its primary objective and has predefined procedures and rules covering any distribution of profits to shareholders and owners that ensure that such distribution does not undermine the primary objective; and</li> <li>(c) is managed in an entrepreneurial, accountable and transparent way, in particular by involving workers, customers and stakeholders affected by its business activities.</li> </ul>
<p><b>Revolving Final Recipient Transaction</b></p>	<p>Means a Final Recipient Transaction in the form of a loan (which shall include an overdraft line of credit and exclude any credit or loan resulting from utilisation of credit card limits or in the form of purchase of receivables, whether on a recourse or non-recourse basis) to a Final Recipient that can use, on a revolving basis, the financing available for a specified period through one or more drawdowns and repayments up to the Credit Limit Amount, including by settling obligations arising from a letter of credit.</p>
<p><b>Credit Limit Amount</b></p>	<p>Means the maximum principal amount that a Financial Intermediary commits under a Revolving Final Recipient Transaction without any repayments by the Financial Recipient.</p>
<p><b>Selection Criteria and Eligibility criteria</b></p>	<p>The Eligibility Criteria and Selection Criteria shall comprise the Financial Intermediary Selection Criteria, the Final Recipient Eligibility Criteria and the Final Recipient Transaction Eligibility Criteria.</p> <p><b>1. Financial Intermediary Selection Criteria</b></p>

- (i) The Financial Intermediary shall be established and operating in one or more of the Participating Countries;
- (ii) The Financial Intermediary shall not, to its knowledge, be in an exclusion situation as outlined in the Annex 1 to the call for expression of interest;
- (iii) The Financial Intermediary shall be authorised to carry out its business under the applicable regulatory framework.

The EIF shall check compliance on the basis of representations or undertakings by the Financial Intermediary.

## 2. Final Recipient Eligibility Criteria

- (i) the Final Recipient shall not be to its knowledge in an Exclusion Situation<sup>1</sup>, except if it is a natural person;
- (ii) the Final Recipient shall be a Social Enterprise which meets all of the following criteria:
  - a. which has either an annual turnover not exceeding EUR 30 million or an annual balance sheet total not exceeding EUR 30 million; and
  - b. which is not itself a collective investment undertaking; and
  - c. which does not distribute any profit to its shareholders, members or owners except if:
    - the Social Enterprise has achieved a substantial part or all of the ex-ante defined impact; and
    - the distribution is in accordance with the Social Enterprise's predefined procedures and rules; and
    - such distribution does not cause the rolling average distribution during the last 3 years to exceed one third of profits over such period;
  - d. which confirms on the date of the signature of the Final Recipient Transaction that it will comply with the following requirements:
    - as part of its proposal for entering into Final Recipient Transactions, to present an explanation of outcomes and impact being targeted, for whom, and how they will

<sup>1</sup> Exclusion Situations are outlined in Annex I to the Open Call for Expression of Interest

	<p>be achieved (e.g. “theory of change”);</p> <ul style="list-style-type: none"> <li>▪ to submit to the Financial Intermediary a proposal for the measurement of the achievement of those outcomes (and that impact), unless such proposal is made by the Financial Intermediary or Financial Sub-Intermediary;</li> <li>▪ to provide regular reports (preferably annually, but at least every two years) to the Financial Intermediary of outcomes and impact achieved, using the measurement frameworks and indicators agreed with the Financial Intermediary;</li> <li>▪ to agree with the Financial Intermediary any changes, if any, after reconsidering, regularly, whether the measurement framework and indicators are appropriate;</li> </ul> <p>(iii) the Final Recipients shall not be subject to insolvency proceedings nor fulfil the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditor;</p> <p>(iv) the Final Recipient shall be established and operating in or, for natural persons, be a resident of a Participating Country;</p> <p>(v) the Final Recipient shall not include in its business activities any illegal activities according to the applicable legislation in the country of establishment of the Final Recipient; and</p> <p>(vi) the Final Recipient shall not have a substantial focus on one or more <a href="#">EIF Restricted Sectors</a> (which determination shall be made by the Financial Intermediary or Financial Sub-Intermediary in its discretion based, without limitation, on the proportionate importance of such sector on revenues, turnover or client base of the relevant Final Recipient).</p> <p>Compliance with the eligibility criteria may be verified by Financial Intermediaries on the basis of a representation by the Final Recipient.</p> <p><b>3. Final Recipient Transaction Eligibility Criteria</b></p> <p>(i) the Final Recipient Transaction shall be newly originated;</p> <p>(ii) the Final Recipient Transaction shall be entered into by the implementation period end date;</p> <p>(iii) the Final Recipient Transaction and the Revolving Final Recipient Transaction shall provide financing for the purpose of setting up or developing a Social Enterprise, such as investment financing, working capital, including the acquisition of licences and other start-up costs for</p>
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	<p>Social-Enterprises (established or to be established);</p> <p>(iv) the principal amount of the Final Recipient Transaction shall not exceed EUR 500 000 (or equivalent amount in local currency); for the avoidance of doubt, the limit will apply to a single entity;</p> <p>(v) the Final Recipient Transaction shall not cause the sum of the outstanding principal amount of all Final Recipient Transactions in the Portfolio entered into with the same Final Recipient, to exceed EUR 500 000 (or equivalent amount in local currency);</p> <p>(vi) the minimum contractual maturity of the Final Recipient Transaction shall be three (3) months;</p> <p>(vii) the Final Recipient Transaction shall have a fixed repayment schedule (including a bullet or amortising repayment schedule) or be a Revolving Final Recipient Transaction;</p> <p>(viii) the Final Recipient Transaction shall not replace equivalent guarantees received by the respective Financial Intermediaries for the same purpose under existing European, national and regional financial instruments;</p> <p>(ix) the Final Recipient Transaction shall enhance access to or availability of finance by meeting the following condition:</p> <ul style="list-style-type: none"><li>a. the Final Recipient Transaction shall, for the purpose of reflecting the benefit of the EaSI Social Entrepreneurship Guarantee, have more favourable features for the Final Recipient than it would have without the EaSI Social Entrepreneurship Guarantee (for instance (X) increased maturity, (Y) reduction of the interest rate of the Final Recipient Transaction<sup>2</sup>, or (Z) reduction of the collateral requirements applicable to the Final Recipient Transactions<sup>3</sup>.</li></ul> <p>In addition, additional conditions might be taken into account:</p> <ul style="list-style-type: none"><li>b. the Final Recipient Transaction shall cover categories of Final Recipients which could not be served without the EaSI Social Entrepreneurship Guarantee (e.g. for risk considerations); or</li><li>c. the Final Recipient Transaction shall be entered into with a Final Recipient that is established in a geographical area which have not been served previously by the Financial Intermediary; or</li><li>d. the Final Recipient Transaction shall be a type of debt financing that was not offered previously by the Financial Intermediary (e.g. subordinated loans) or a new product designed by the Financial Intermediary specifically for the purposes of serving Final</li></ul>
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<sup>2</sup> The interest rate shall be justifiable with regard to underlying risks and the actual cost of funding related to a credit

<sup>3</sup> The collateral requirements shall be justifiable with regard to underlying risks

	<p>Recipients eligible under EaSI Guarantees; or</p> <p>e. the Final Recipient Transactions shall be provided by a Financial Intermediary, which is a Greenfield Financial Intermediary and which can demonstrate a catalytic effect generated by the EaSI Guarantee, e.g. in attracting other investors or funders.</p> <p>According to EIF's professional judgment, if no benchmark is available for the criteria specified in paragraph (a) above, the enhanced access to finance conditions may be deemed to be complied with if at least one of the criteria listed in paragraph (b), (c), (d) or (e) above is complied with.</p> <p>EIF may include additional Final Recipient eligibility criteria, Final Recipient Transaction eligibility criteria as well as Portfolio eligibility criteria in the relevant Guarantee Agreement.</p>
<p><b>Restricted Sectors</b></p>	<p>The <a href="#">list of restricted sectors</a> can be found on the EIF website. The binding list of Restricted Sectors shall be set as of the date of the Guarantee Agreement.</p>
<p><b>Exclusion Process</b></p>	<p>At any time, EIF may (but shall not be obliged to) verify whether a Final Recipient Transaction included in the Portfolio is an eligible Final Recipient Transaction and whether its inclusion in the Portfolio is in compliance with the terms of the Guarantee Agreement.</p> <p>If an Intermediary becomes aware that a Final Recipient Transaction is or becomes a non-eligible Final Recipient Transaction or that any other undertakings, requirements or requests of the Guarantee Agreement are not complied with or satisfied in connection with such Final Recipient Transaction, the Intermediary shall include such information in the immediately following report delivered to the EIF and such Final Recipient Transaction shall be deemed to be excluded from the Portfolio as of the date on which it became a non-eligible Final Recipient Transaction.</p> <p>However if a Final Recipient Transaction included in the Portfolio is or becomes a non-eligible Final Recipient Transaction, as a result of any event or circumstance beyond the control of the Intermediary, after a payment demand relating to the Final Recipient Transaction covered by such EaSI Social Entrepreneurship Guarantee was served by the Intermediary, such Final Recipient Transaction shall be deemed to be covered by the EaSI Social Entrepreneurship Guarantee for the part actually paid by the Financial Intermediary.</p> <p>Similarly if a Final Recipient Transaction included in the Portfolio becomes a non-eligible Final Recipient Transaction, as a result of any event or circumstance beyond the control of the Intermediary, but before a payment demand relating to the Final Recipient Transaction covered by such EaSI Social Entrepreneurship Guarantee was served by the Intermediary, then such Final Recipient Transaction</p>

	<p>shall be deemed to be covered by the EaSI Social Entrepreneurship Guarantee if the Financial Intermediary accelerated payment of all amounts owed to it under such Final Recipient Transaction no later than 30 days after the end of the calendar quarter immediately following the date on which it became aware of the same. However if the Financial Intermediary does not proceed to the acceleration of such Final Recipient Transaction within the timeframe specified above then the relating EaSI Social Entrepreneurship Guarantee covering such Social Entrepreneurship Final Recipient Transaction shall be excluded from the Portfolio as of the date on which it became a non-eligible Final Recipient Transaction.</p> <p>The Actual Portfolio Volume shall be reduced following an exclusion from the Portfolio by the aggregate committed principal amount of the Final Recipient Transaction so excluded.</p>
<b>Right of Clawback by EIF</b>	EIF will be entitled to be repaid by the Financial Intermediary certain amounts in specified circumstances, including any amounts paid under the EaSI Social Entrepreneurship Guarantee by EIF in excess of the Loss, in excess of the Cap Amount, and any excess amount paid by EIF as a result of an exclusion of a Final Recipient Transaction from the Portfolio.

Miscellaneous

<p><b>Operational and Impact Reporting</b></p>	<p>Each Intermediary shall provide EIF twice a year with information as and when required in the relevant Guarantee Agreement (“Report Date”).</p> <p>Indicative report templates are attached in the Annex 1 of this Term Sheet:</p> <p>(i) table 1 refers to a set of <b>operational data</b> to be provided by the Financial Intermediaries per Final Recipient Transactions;</p> <p>(ii) table 2 refers to a set of data to be provided on the <b>Portfolio</b> of Final Recipient Transactions;</p> <p>(iii) table 3 refers to <b>impact data</b> to be provided by the Financial Intermediary per Final Recipient.</p> <p>With regards to the impact data as highlighted in the table 3 of the Annex 1, the information provided by the Final Recipient shall be: (i) subject to applicable laws, including without limitation in relation to data protection and banking secrecy; (ii) not be mandatory requirements nor constitute a condition precedent to the relevant Final Recipient Transaction or any eligibility criteria. Any failure to provide information shall not affect the Final Recipient Transaction granted or require the EIF or any Financial Intermediary to take any further steps. Neither the EIF nor the Financial Intermediary nor the Final Recipient or any of their employees, officers or agents shall be liable for the correctness of information or completeness of data provided.</p>
<p><b>Additional Information on Reporting</b></p>	<p>Financial Intermediaries may also be requested to provide, from time to time, further information on the Final Recipients included in the Portfolio in the context of programme evaluation and impact reports.</p> <p><b>1. Programme Evaluation.</b> The European Commission is obliged to carry out three evaluations on whole the EaSI programme:</p> <ul style="list-style-type: none"> <li>(i) A mid-term evaluation by 1 July 2017;</li> <li>(ii) A final evaluation by 31 December 2022;</li> <li>(iii) An evaluation on the EaSI Financial Instruments no later than one year after the termination of the agreement between the European Commission and the EIF.</li> </ul> <p>In the context of these evaluation, parties involved in the EaSI programme may be contacted/interviewed on a sample basis (either by the European Commission itself or by a contractor acting on behalf of the European Commission) and it shall be an obligation for the Financial Intermediary, in case they are sampled for participation, to respond on a best effort basis to any requests reasonably made by the entity carrying on the evaluation exercise.</p> <p>In this respect, Financial Intermediaries shall request an agreement from the Final</p>



	<p>Recipients, at the moment of signing the Final Recipient Transaction, that their contact details may be provided to the European Commission and/or the EIF. Natural person cannot be obliged to agree to share their contact details and to be contacted for monitoring and evaluation purposes.</p> <p><b>2. Ex-post impact report.</b> The EIF will provide to the European Commission with an ex-post impact report four times during the life of the programme, in order to monitor the impact of the implementation of the EaSI Social Entrepreneurship Guarantee.</p> <p>The reports will be established on a sampling basis and shall be (i) subject to applicable laws, including without limitation in relation to data protection and banking secrecy; (ii) not be mandatory requirements nor constitute a condition precedent to the relevant Final Recipient Transaction or any eligibility criteria. Any failure to provide information shall not affect the Final Recipient Transaction granted or require the EIF or any Financial Intermediary to take any further steps. Neither the EIF nor the Financial Intermediary nor the Final Recipient or any of their employees, officers or agents shall be liable for the correctness of information or completeness of data provided.</p>
<p><b>Monitoring and audit</b></p>	<p>Financial Intermediaries and the relevant Final Recipients covered by the EaSI Social Entrepreneurship Guarantee shall agree to allow and to provide access to documents and premises related to the relevant Guarantee for the representatives of the European Commission, agents of the European Commission (including the European Anti-Fraud Office (OLAF)), the European Court of Auditors, the EIF, agents of the EIF, the EIB, any other European Union Institution or European Union body which is entitled to verify the use of the Guarantee in the context of the EaSI Social Entrepreneurship Guarantee Instrument and any other duly authorized bodies under applicable law to carry out audit or control activities. To that effect, the Financial Intermediaries shall also include appropriate provisions in each agreement with Final Recipients.</p>
<p><b>Visibility requirements</b></p>	<p>Financial Intermediaries are encouraged to actively promote the EaSI Social Entrepreneurship Guarantee.</p> <p>Each Financial Intermediary is required to :</p> <ul style="list-style-type: none"> <li>(i) Explicitly inform the Final Recipient that “the operation is funded by the European Union under the Programme for Employment and Social Innovation (“EaSI”)”;</li> <li>(ii) Ensure the visibility of the European Union in all its promotion material specifically produced for operations supported under the EaSI Social Entrepreneurship Guarantee (including flyers, presentations, etc.) as a minimum through the inclusion of the European Union’s Emblem and a statement that the operation is (co-)funded by the European Union under the EaSI programme;</li> </ul>

	<p>(iii) Create a dedicated section on its website, if available, which provides information, or a clear link to this information, regarding the type of finance offered, name of the product supported a description of the key eligibility criteria, the investment focus and information of the application procedure.</p> <p>The EIF will include visibility guidelines in the Guarantee Agreement.</p>
<b>Fraud</b>	Fraud includes, without limitation, what it is set out in Article 1 in the Convention drawn up on the basis of Article K.3 of the Treaty on European Union, on the protection of the European Communities' financial interests (OJ C 316, 27.11.1995, p.49), and affecting European Union's financial interests.
<b>Irregularity</b>	Shall have the meaning as set out in Article 1.2 in Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p.1)
<b>Compliance with Laws</b>	The Intermediary shall comply in all respects with all laws and regulations (whether national laws and regulations or laws of the European Union) to which it may be subject and, the breach of which may (i) adversely impact the performance of the Guarantee Agreement or (ii) adversely prejudice the interests of, inter alia, the EIF or the European Commission under the Guarantee Agreement.
<b>Transfer</b>	The Financial Intermediary shall not be entitled to transfer any or all its rights and obligations under the EaSI Social Entrepreneurship Guarantee without the consent of the EIF.
<b>Record Keeping</b>	The Financial Intermediary shall maintain or be able to produce all the documentation related to the implementation of the Guarantee Agreement for a period of seven (7) years following the Termination of the Guarantee Agreement.
<b>Additional Requirements</b>	The EaSI Social Entrepreneurship Guarantee is funded by EU funds and it is therefore subject to regulation and requirements, some of which have already been presented in this document. It should be noted, however, that more detailed information or actions necessary to ensure compliance of operations linked to this Financial Instrument with all requirements will be provided to, and discussed with, the selected Financial Intermediary during the contractual negotiation process.
<b>State Aid</b>	The EaSI Social Entrepreneurship Guarantee shall be considered as consistent with State Aid rules.

## Appendix 1

Table 1 - Operational data (semi-annual)

## PART A - NEW OPERATIONS

## A1\_Borrowers

A.1.1. Borrower ID	A.1.2. Region	A.1.3. Country	A.1.4. Date of Establishment	A.1.5. Sector (Nace Code)	A.1.7. Current number of employees	A.1.6. Annual Turnover	A.1.8. Total assets	A.1.9 Comments
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## A2\_Loans

A.1.1. Borrower ID	A.2.1. Loan reference ID	A.2.2. Currency	A.2.3. Loan amount	A.2.4. Loan maturity (months)	A.2.5 Loan signature date	A.2.6 First disbursement date	A.2.7 Product	A.2.8 Comments
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## PART B - LIST OF INCLUDED OPERATIONS

A.1.1. Borrower ID	A.2.1. Loan reference ID	A.2.2. Currency	B.1. Nominal Loan amount	B.2. Total disbursed amount	B.3. Outstanding loan amount	B.4. End of Disbursement period
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## PART C - LIST OF Guarantee Calls

A.1.1. Borrower ID	A.2.1. Loan reference	C.1. Defaulted date	C.2. Currency	C.3. Principal defaulted amount	C.4. Interest accrued
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## PART D - EXPIRED LOANS

A.1.1. Borrower ID	A.2.1. Loan reference	D.1. Repayment date
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## PART E - CANCELLED LOANS

A.1.1. Borrower ID	A.2.1. Loan reference	E.1 Type
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## PART F - MODIFICATIONS

## 1. Loan maturity extension

A.1.1. Borrower ID	A.2.1. Loan reference	F.1.1 New loan maturity
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## 2. Change of Borrower ID

A.1.1. Borrower ID	A.2.1. Loan reference	F.2.1 New borrower ID
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## 3. Change of loan ID

A.1.1. Borrower ID	A.2.1. Loan reference	F.3.1 New loan ID
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## 4. Change loan amount

A.1.1. Borrower ID	A.2.1. Loan reference	F.4.1 New loan amount
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Table 2 – Portfolio data (semi-annual)

PORTFOLIO LEVEL

To be provided as broad estimate for the Portfolio			
P.1	P.2	P.3	P.4
Rejection rate of Final Recipient (in %)	Annual interest rate (in %)	Charges of Final Recipients (in %)	Collateral requirements (personal guarantee, hard collateral, % of the loan amount)

Table 3 – Impact data (semi-annual)

IMPACT

S.2.1	S.2.2	S.2.3	S.2.4	S.2.4.1 <i>if yes</i>	S.2.5	S.2.6	S.2.7	S.2.8	S.2.9	S.2.10	S.2.10.1	S.2.11	S.2.12	S.2.13	S.2.14
Final Recipient ("FR") ID	Legal form of the social enterprise	Legal form in national language	Is the social enterprise a "hybrid structure" (i.e. fully or partially owned by another company)?	fully or partially owned by another entity	Gender of the person who signed the agreement	Age of the person who signed the agreement	Number of volunteers	Number of full-time employees	Number of part-time employees	Annual turnover of the business (in EUR)	How much of it derived from non-market sources such as grants, donations, sponsoring? (in %)	Area of activity	Profit/surplus as reinvestment in the delivery of the social aim within the social enterprise	Profit/surplus as donation to charities or other organisations that are aligned with the mission of the social enterprise	Profit/surplus as reinvestment as distribution to members/owners/shareholders