

# InvestEU Equity

## OPEN CALL FOR EXPRESSION OF INTEREST TO SELECT FINANCIAL INTERMEDIARIES

*Supporting risk capital for innovation, growth and social impact investments in Europe*

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*This Open Call for Expression of Interest (CEoI), launched by the European Investment Fund (EIF) in cooperation with the European Commission (EC), aims at selecting eligible financial intermediaries under the framework of InvestEU for providing equity investments in support of innovation, growth and social impact (InvestEU Equity).*

*All applications for an equity investment submitted by applicant financial intermediaries to the EIF shall conform to the terms of this CEoI and relevant Annexes. The CEoI shall remain open for applications until **30<sup>th</sup> June 2027** or any earlier date notified by EIF on the EIF website.*

*These documents and information are indicative, non-binding, published for information purposes and may be subject to change. None of the information contained herein constitutes a commitment from the EIF. All capitalised terms and expressions shall have the meaning attributed to them in this CEoI document, or as defined in the relevant Annexes hereto, as appropriate.*

# 1 InvestEU Equity

## *What is InvestEU Equity about and who is it for?*

On 24 March 2021, Regulation (EU) No 2021/523 of the European Parliament and of the Council, establishing the InvestEU Programme<sup>1</sup>, was adopted.

Pursuant to the legal agreement between the European Union (EU), the European Investment Bank (EIB) and the EIF dated 7 March 2022 (**InvestEU Agreement**), the EIF has been entrusted by the EU to implement part of the InvestEU Programme through various financial products, including equity products to improve access to finance for EU companies.

Sectorial programmes managed by the European Commission, including the Digital Europe Programme<sup>2</sup>, European Space Programme<sup>3</sup>, European Maritime Fisheries and Aquaculture Fund<sup>4</sup>, and the Creative Europe Media Programme<sup>5</sup>, have also contributed to InvestEU Equity as further set out in the section 2 below.

Under InvestEU Equity, the EIF will provide equity investments and co-investments to, or alongside, funds<sup>6</sup> in the areas of venture capital, private equity and private credit, that pursue generalist, specialised or mixed investment strategies.

Investments supported by InvestEU Equity aim to:

- a. address market gaps and suboptimal investment situations in the EU policy priority areas, **increase the availability of risk capital across all stages of company development**,
- b. prioritise investments supporting the **digital transition, climate action and environmental sustainability** as well as investments **increasing the European independence in strategic sectors**,
- c. contribute to post **COVID recovery** by diversifying the financing sources and strengthening the equity base of the European SMEs,
- d. accelerating **growth of European scale-ups** accompanying and supporting them in **accessing public markets**,
- e. increase the **gender balance** of the venture capital and private equity market operators and promote women entrepreneurship,
- f. catalyse the emergence and consolidation of **social enterprises** and **impact driven enterprises** in their efforts to scale up and create a conducive environment for risk capital in the **social impact investing** space.

Under InvestEU Equity, the EIF will make investments into or alongside financial intermediaries, broadly on the terms set out in the relevant **Annexes II, III, IV and V** to the CEoI.

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<sup>1</sup> [InvestEU | InvestEU \(europa.eu\)](https://european-council.europa.eu/media/e300197/1/162222main_en.pdf)

<sup>2</sup> [Digital Europe Programme | European Commission \(europa.eu\)](https://ec.europa.eu/digital-single-market/en/digital-europe-programme)

<sup>3</sup> [EU Space Programme \(europa.eu\)](https://ec.europa.eu/euspace/en/eu-space-programme)

<sup>4</sup> [EMFAF \(europa.eu\)](https://ec.europa.eu/eafsf/en/emfaf)

<sup>5</sup> [Creative Europe MEDIA strand | Culture and Creativity \(europa.eu\)](https://ec.europa.eu/culture/en/creative-europe-media-strand)

<sup>6</sup> Including funds-of-funds, business angels, special purpose vehicles, (co)-investment funds or (co)-investment schemes, funds managed or advised by the EIF, in any form (including managed accounts and other types of contractual arrangements).

## 2 Investment strategies supported

### *How does InvestEU Equity support innovation, social impact and growth?*

Under InvestEU Equity, the EIF will make investments across a wide range of sectors, economic activities and technologies primarily addressing specific market gaps in research and innovation, scale-up, growth/expansion financing, social impact, within the following five **Thematic Strategies**:

1. **Capital Markets Union** promotes the development of capital markets and diversification of financing sources across Europe<sup>7</sup>. The EIF will allocate investments into late stage venture and growth funds, and lower mid-market funds that provide equity and quasi-equity financing. In addition, the EIF will also support diversified and non-diversified debt funds that provide private credit in the form of bespoke senior financing, subordinated, unitranche and mezzanine in hybrid debt equity financing solutions.
2. **Enabling Sectors** sustains the technological sovereignty of the EU by investing in deep tech, critical industries with a significant R&I base tackling unmet medical needs, securing semiconductor and/or hardware production and supply as part of the Chips Act<sup>8</sup>, strengthening the defence & security base of the EU, and accelerating and maturing the upstream and downstream space sector in partnership with the CASSINI initiative<sup>9</sup>, part of the European Space Programme.
3. **Climate and Environmental Solutions** fosters the development of environmental technologies and climate change solutions that contribute towards achieving the goals of the EU Green Deal<sup>10</sup> and the Paris Agreement<sup>11</sup>. In addition, dedicated focus will be directed towards investments in the Blue Economy in partnership with the EMFAF<sup>12</sup> and BlueInvest<sup>13</sup>.
4. **Digital and Cultural & Creative Sectors** contributes to strengthening the EU's digital independence and strategic autonomy with investments focusing on data, communication technologies, services and products that facilitate digital transition. Particular focus will go towards digital technologies central to the Digital Europe Programme<sup>14</sup> (such as artificial intelligence, blockchain, quantum technologies). The EIF will also support cultural and creative sectors, including audio-visual production and distribution in collaboration with Creative Europe MEDIA Programme<sup>15</sup> (MediaInvest).
5. **Social Impact** targets social and impact driven enterprises and creates a conducive environment for risk capital investments in the social impact investing space, including in the field of skills, education and training.

Under each of these Thematic Strategies a number of verticals have been identified as **Target Areas**. **Prospective financial intermediaries applying under this CEOI will be required to address in their investment strategies one or more of the following Target Areas**, defined in detail in the Annex II to this CEOI.

<sup>7</sup> [What is the capital markets union? | European Commission \(europa.eu\)](#) Public

<sup>8</sup> [European Chips Act: Communication, Regulation, Joint Undertaking and Recommendation | Shaping Europe's digital future \(europa.eu\)](#)

<sup>9</sup> [https://ec.europa.eu/defence-industry-space/eu-space-policy/space-research-and-innovation/cassini-space-entrepreneurship-initiative\\_en](https://ec.europa.eu/defence-industry-space/eu-space-policy/space-research-and-innovation/cassini-space-entrepreneurship-initiative_en)

<sup>10</sup> [https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/delivering-european-green-deal\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/delivering-european-green-deal_en)

<sup>11</sup> [The Paris Agreement | UNFCCC](#)

<sup>12</sup> European Maritime Fisheries and Aquaculture Fund

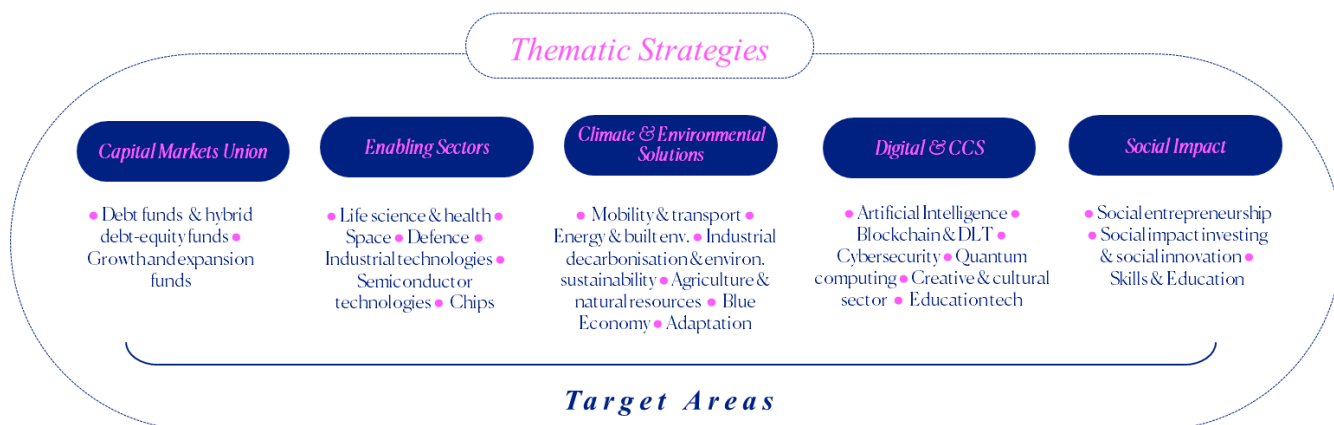
<sup>13</sup> [Maritime Forum \(europa.eu\)](#)

<sup>14</sup> [Digital Programme | Shaping Europe's digital future \(europa.eu\)](#)

<sup>15</sup> [Creative Europe MEDIA | Shaping Europe's digital future \(europa.eu\)](#)

## InvestEU Equity

Investing in private equity, venture capital, debt funds to back start-ups, scale-ups, social organisations and projects through five Thematic Strategies



In addition to the applicant's focus on the Target Areas, financial intermediaries are requested to consider the following other policy priorities ("**Horizontal Priorities**") in the context of their application, as relevant in the context of their investment strategies and set-up:

- the willingness and ability of the prospective financial intermediary to adhere to **Gender Criteria** which support the Commission's Gender Smart Initiative,
- the extent to which the prospective financial intermediary investment strategy covers Member States classified according to the *European Innovation Scoreboard 2021* as **Modest and emerging innovator countries**<sup>16</sup>,
- the extent to which the prospective financial intermediaries' investment strategy supports the listing of European SMEs and Mid-caps on EU trading venues in line with the **InvestEU IPO Initiative**, as described in the Addendum IPO Initiative.
- the extent to which the prospective financial intermediary's investment strategy targets **Technology Transfer**, or
- whether the prospective financial intermediary is managed by **Business Angels** or pursues strategies that aim to systematically co-invest with business angels,

in each case as further described in the Annex II, IV and V to this CEoI.

The degree to which the financial intermediary's strategy contributes to one or more of the Horizontal Priorities and addresses the Target Areas, set out above where relevant, will determine the policy fit of the applicant, as further set out in section 9 of this CEoI.

<sup>16</sup> <https://ec.europa.eu/docsroom/documents/46013/attachments/1/translations/pt/conditions/native>

## 3 The forms of InvestEU Equity investment

### *How does InvestEU Equity invest in financial intermediaries?*

The EIF will implement the InvestEU Equity according to an intermediated model, entailing investments in or alongside selected financial intermediaries and providing equity investments either:

- a. Directly into a fund or a co-investment vehicle (alongside the fund) **always ranking *pari-passu*** (like-risk-like-reward) with other investors investing in the same risk class, *as further detailed in the Annex II*, or
- b. In the asymmetric form of a share class or fund unit of the fund (or its side fund) **benefitting from certain additional protections** (via ESCALAR) that reduces both EIF's investment risk and the EIF's expected return, compared to other (riskier) share classes or fund units in the fund while **providing higher upside return** for such other share classes. Such investments can be made to funds supporting scale-ups *as further detailed in Addendum to Annex II*.

## 4 Eligible financial intermediaries

### *Who is InvestEU Equity for?*

This CEoI is addressed and restricted to interested parties, including but not limited to, private equity, venture capital funds, fund-of-funds, cross-over funds<sup>17</sup>, (co-)investment schemes, special purpose vehicles in any form that undertake long term risk capital investments in the form of equity, preferred equity, hybrid debt-equity instruments, tailor-made debt financing, other type of mezzanine financing, Payment-by-Results investment schemes and/or social impact bonds investment schemes, excluding entities targeting buy-out (or replacement capital) intended for asset stripping. Such parties may qualify to become financial intermediaries as further specified in the Annex II to V to the CEoI.

In order to be considered for InvestEU Equity selection, all financial intermediaries, including the managers thereof, shall:

- a) represent that **they are not in any of the Exclusion Situations**, as further described in the relevant Annexes;
- b) **comply with relevant international and EU standards and legislation**, as applicable, on the prevention of money laundering, the fight against terrorism, tax fraud, tax evasion and artificial arrangements aiming at tax avoidance and shall not perform any illegal activities, and
- c) **not be established in a Non-Compliant Jurisdiction** unless the operation is physically implemented in the relevant Non-Compliant Jurisdiction and does not present any indication that it supports actions that contribute to Targeted Activities under the EIB Group NCJ Policy<sup>18</sup>.
- d) not be subject to Restrictive Measures as defined in the relevant Annexes.

<sup>17</sup> For the purpose of this document, cross-over funds are to be understood as funds that invest in pre-IPO, at IPO and post-IPO.

<sup>18</sup> 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).

## 5 Compliance and integrity principles

### *Policies and guidelines to consider when submitting an application for InvestEU Equity*

The EIB Group Anti-Fraud Policy<sup>19</sup>, the EIB Group Policy towards Weakly Regulated, Non-transparent and Non-cooperative Jurisdictions and Tax Good Governance<sup>20</sup> (EIB Group NCJ Policy), the EIB Group Anti-Money Laundering and Combating Financing of Terrorism Policy<sup>21</sup> (EIB Group AML-CFT Policy), the EIF Transparency Policy<sup>22</sup>, the Guidelines on EIF Restricted Sectors<sup>23</sup>, the EIF Environmental, Social and Corporate Governance (ESG) Principles<sup>24</sup> and the EIB Group Whistleblowing Policy<sup>25</sup>, shall apply to the investments made in the context of InvestEU.

The EIB Group is committed to continue maintaining a stringent policy against tax fraud, tax evasion, tax avoidance as well as money laundering and terrorism financing.

All EIF Operations are assessed in line with the standards of the due diligence process promoted by the EIB Group AML-CFT Policy and the EIB Group NCJ Policy. Operations with NCJ links are subject to enhanced due diligence to determine whether:

- (i) the levels of transparency and integrity of the relevant operation are satisfactory to the EIB Group (in particular the contracting counterparty/ies and their beneficial owners must be clearly identified),
- (ii) the contracting counterparty/ies can provide plausible justifications for the NCJ location link, or
- (iii) there is a risk that the operation is (or may be) misused for Targeted Activities under the EIB Group NCJ Policy<sup>26</sup>.

The enhanced due diligence may consider, on a risk-sensitive basis and as applicable, relevant elements of the Anti-Tax Avoidance Toolbox in Appendix 1 to the EIB Group NCJ Policy.

All applicants are therefore hereby notified that in the course of the EIF tax integrity due diligence process, information on contracting counterparty's full ownership diagram, including all direct/indirect 10% (or more) Ultimate Beneficial Owners (or deemed controlling), may be requested and that additional questions may arise as part of this process.

For more information, please refer to the FAQ on the EIB Group NCJ Policy<sup>27</sup>.

## 6 Application process

### *What and how to submit your Expression of Interest for an InvestEU Equity investment?*

Interested applicants shall submit **before 30 June 2027** a formal Expression of Interest via the EIF InvestEU Equity webpage<sup>28</sup>. The deadline applies to the reception of the application by the EIF. For the avoidance of doubt, the EIF does not accept paper applications.

<sup>19</sup> <https://www.eib.org/en/publications/anti-fraud-policy>

Public

<sup>20</sup> <https://www.eib.org/en/publications/eib-policy-towards-weakly-regulated-non-transparent-and-uncooperative-jurisdictions>

<sup>21</sup> <https://www.eib.org/en/publications/eib-group-anti-money-laundering-and-combating-the-financing-of-terrorism-policy>

<sup>22</sup> [https://www.eif.org/news\\_centre/publications/EIF\\_Transparency\\_policy](https://www.eif.org/news_centre/publications/EIF_Transparency_policy)

<sup>23</sup> [https://www.eif.org/attachments/publications/about/2010\\_Guidelines\\_on\\_restricted\\_sectors.pdf](https://www.eif.org/attachments/publications/about/2010_Guidelines_on_restricted_sectors.pdf)

<sup>24</sup> [https://www.eif.org/news\\_centre/publications/esg-principles.htm](https://www.eif.org/news_centre/publications/esg-principles.htm)

<sup>25</sup> <https://www.eib.org/en/publications/eib-group-whistleblowing-policy>

<sup>26</sup> Ibid footnote 18

<sup>27</sup> <https://www.eib.org/en/about/compliance/tax-good-governance/faq>

<sup>28</sup> [https://www.eif.org/InvestEU/equity\\_products\\_calls/index.htm](https://www.eif.org/InvestEU/equity_products_calls/index.htm)

The Expression of Interest shall be submitted to the EIF in the form of Annex I to the CEoI published in the call documentation. The selection of financial intermediaries will be made by the EIF based on its internal procedures for investments into or alongside funds, and also according to certain selection criteria described further down in *section 9 Assessment Criteria*.

An acknowledgement of receipt shall be sent to the relevant applicant by the EIF, which shall confirm that the Expression of Interest was received. Such acknowledgement of receipt shall not be construed as a declaration of completeness of the Expression of Interest and the documents submitted therewith, nor any kind of assessment or acceptance of the same.

The expressions of interest submitted via [InvestEU Equity webpage](#) shall:

1. contain the **Annex I Expression of Interest** duly dated and signed,
2. include the **minimum information required** and any additional documentation (e.g. private placement memorandum, slide deck) – as described further below,
3. be prepared in English.

To the extent not already held by the EIF investment teams prior to submission of [Annex I](#), the applicant financial intermediary shall make available to the EIF the relevant documents<sup>29</sup>, covering the points listed below, which are considered the **minimum information required** for the selection process:

- |                                                                                     |                                     |
|-------------------------------------------------------------------------------------|-------------------------------------|
| - <b>Management team</b>                                                            | - <b>Geographical scope</b>         |
| - <b>Composition of the investment committee of the fund/Senior investment team</b> | - <b>Fund size</b>                  |
| - <b>Investment and exit strategy</b>                                               | - <b>Legal/governance structure</b> |
| - <b>Track record</b>                                                               | - <b>Proposed terms</b>             |
| - <b>Target market</b>                                                              | - <b>Expected returns</b>           |
| - <b>Deal flow</b>                                                                  | - <b>Other investor(s)</b>          |
| - <b>Target sectors (incl. Targeted Areas and Horizontal Priorities)</b>            | - <b>Timing of fund raising</b>     |
|                                                                                     | - <b>Exit strategy</b>              |

The EIF reserves the right at any time to request clarifications or the submission of additional or supplementary information in respect of an application, verify with any applicant or with a third party any information set out in any submission.

The EIF shall analyse and may provide answer in a form of direct response to the applicants and/or by publishing the resulting answers in the form of **Frequently Asked Questions (FAQ)** in the [InvestEU Equity webpage](#). The EIF reserves the right to update the FAQ document from time to time as and when it regards appropriate.

The EIF reserves the right, at any time to:

- make changes to the CEoI, the selection process or associated terms, dates and deadlines,
- replace the CEoI with another call for expression of interest,
- cancel the CEoI in its entirety.

The applicants may withdraw their expression of interest at any stage of the selection process and may send questions regarding the CEoI to the address provided in the **Acknowledgement of Receipt email (AoR)** received upon submission of the application.

<sup>29</sup> Information may be covered by a PPM (private placement memorandum, slide deck, etc).



## 7 Applications where investment is also requested from Other Implementing Partners

The EIB Group (comprised of the EIB and EIF) – being the main InvestEU implementing partner – will manage 75% of the EU budgetary guarantee under the InvestEU Programme and the same share of the advisory budget under the InvestEU Advisory Hub.

In addition to the EIB and EIF, other international financial institutions active in Europe and national promotional banks and institutions are also implementing InvestEU (25% in total) to support investment schemes and projects in dedicated regions/countries (such entities “Other Implementing Partners”). The list of Other Implementing Partners can be consulted at the following [link](#)<sup>30</sup>.

When applying under this CEoI, the prospective financial intermediaries shall indicate in their Expression of Interest ([Annex I](#) to the CEoI) whether they have solicited or intend to solicit investments by one or more Other Implementing Partners.

Prospective financial intermediaries that intend to seek Invest EU support from Other Implementing Partners must contact them directly and inform such Other Implementing Partners about their application to EIF.

Under this CEoI EIF does not make any assessment on behalf of Other Implementing Partners. The documentation that is submitted by prospective financial intermediaries under this CEoI is assessed by EIF solely in the context of EIF’s potential investment and is not transferred to Other Implementing Partners.

## 8 Selection process

### *What are the steps and considerations of the EIF selection process?*

The applicant financial intermediaries will be selected with due consideration to the general principles of transparency, equal treatment and non-discrimination while avoiding conflict of interests, in compliance with EIF’s policies, rules, procedures and statutes, and in conformity with best business and market practices.

The EIF shall assess applications on a continuous basis over the implementation period and on a first-come first-serve basis, using professional analysis and judgment, taking into account the terms set out in the relevant Term Sheet of the CEoI, and following the general steps below:

1. screening (pre-selection),
2. due diligence, subject to section 10 below,
3. assessment and approval in accordance with InvestEU governance, the EIF’s internal assessment and decision making rules,
4. legal negotiations, and
5. signature.

The selection process includes a) an **EIF commercial assessment** (as set out in Section 9.2), and b) a **policy fit** of the applicant (as set out in Section 9.1) of this CEoI.

Any personal data provided by the applicants shall be processed by the EIF in compliance with its Data Protection Statement (EIF statement on the processing operations of applicants and investment funds’ personal data, as published on the EIF’s website) and Regulation (EU) 2018/1725 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on

<sup>30</sup> [InvestEU Implementing Partners | InvestEU \(europa.eu\)](#)



the free movement of such data, as amended from time to time. For further information visit [Data Protection Statement](#)<sup>31</sup>.

In any phase of the selection process, the EIF reserves full discretion over the selection process and no applicant may have any claim or other right or may expect to be ultimately selected. The start of a due diligence process or the negotiation of terms and conditions does not entail any obligation for EIF to enter into an agreement with the relevant applicant. The selection of an applicant will depend, inter alia, on the budget available for the InvestEU Equity and other considerations made by EIF such as, without limitation, outcome of the due diligence and result of negotiations with the applicant.

## 9 Assessment criteria

### *Policy and commercial assessment criteria applicable to InvestEU Equity applications*

When submitting the proposal in response to the InvestEU Equity CEoI, applicants are asked to provide an outline of their investment proposal. Financial intermediaries' applications will be assessed on the basis of a *policy fit assessment and a commercial assessment*. The sections 9.1 and 9.2 below list the criteria that will be taken into consideration during the evaluation of the application by the EIF.

The *commercial assessment* and the *policy fit assessment* criteria set out in this section 9 are assessed at the discretion of EIF, which means that the pre-selection process does not give specific weight to any one of these criteria.

Based on the *policy fit assessment* EIF may assess an application as “High”, “Medium” or “Low”. Applications assessed as “Low” are not to be considered further under this CEoI. In such case, the investment proposal may be supported by EIF under other available mandates or investment framework, at EIF's discretion, as communicated by EIF to an applicant or it may be rejected. Applications assessed at least “Medium” will be considered for selection, subject to the outcome of the commercial assessment.

Based on a *commercial assessment*, at any stage of the selection process, the EIF will determine whether the investment proposal is investable or not by the EIF. In case the application is assessed as non-investable, the application is rejected and is not further considered by the EIF.

In any phase of the selection process until and prior to entering into a fund agreement with an applicant, the EIF reserves full discretion as to whether to consider or not consider an applicant, and no applicant shall have any claim or other right or may expect to be ultimately selected as a financial intermediary. Any negotiation of terms and conditions of the fund agreement by no means entail any obligation for the EIF to enter into such fund agreement with the relevant applicant.

At any stage of process, the EIF may communicate, via e-mail, to the relevant applicant whether their Expression of Interest has been taken forward, put on a reserve list or rejected.

Those applicants, whose Expression of Interest is rejected at any stage of the selection process, shall have the right to submit a written complaint by e-mail to [complaints@eib.org](mailto:complaints@eib.org), within thirty (30) days of receipt of the rejection notice. Any complaints will be dealt within the framework of and in accordance with the EIB Group complaints Mechanism Policy<sup>32</sup>.

<sup>31</sup> [http://www.eif.org/attachments/eif\\_data\\_protection\\_statement\\_financial\\_intermediaries\\_due\\_diligence\\_en.pdf](http://www.eif.org/attachments/eif_data_protection_statement_financial_intermediaries_due_diligence_en.pdf)

<sup>32</sup> [EIB Group Complaints Mechanism Policy](#)

## 9.1 Policy fit

The EIF will take into consideration the following points when examining the policy fit of the proposal:

- a) the extent to which proposed investment strategy covers final recipients **established and operating in an EU Member State or in an OCT**<sup>33</sup>,
- b) the extent to which proposed investment strategy covers **Primary Investments and Eligible Secondary Investments**,
- c) the relevance of the proposed investment strategy and the extent of coverage of one or more of **Target Areas** as described in this CEoI by the proposed investment strategy,
- d) the relevance and the extent to which the application addresses one or more of the **Horizontal Priorities**,
- e) the extent to which the investment proposal addresses **unmet or underserved needs in the targeted markets or uses alternative investment mechanisms or channels** addressing such market needs, including but not limited to by exploiting **partnerships and systemic collaboration** in the Target Areas covered by the proposed investment strategy,
- f) the extent of participation of **other investors** in the fund or alongside the fund (in the context of co-investment funds or schemes), in particular of Benchmark Investors, as defined in the relevant termsheets.

## 9.2 Commercial assessment

The EIF's commercial assessment of the application may consider, inter alia, the following criteria:

### Management Team

- a) Relevant experience;
- b) Composition of the team, track record, balance of skills and stability;
- c) Composition of the investment committee of the fund;
- d) Ability to provide relevant added value;
- e) Ability to provide adequate commitment for the life of the fund;
- f) Decision making and governance;
- g) Screening of management team members in accordance with standard market practice and with specific attention to issue related to corrupt, fraudulent, coercive or collusive practices or criminal convictions concerning their professional conduct;
- h) Disclosure of fund manager's key people and ultimate beneficial owners and their respective tax domiciles as per the European AML regulation and the EIB Group AML-CFT Framework and Policy towards weakly regulated, non-transparent and non-cooperative jurisdictions and tax good governance;
- i) Details of the planned carried interest split among the team members of the fund;
- j) Details of the history of the applicant and its previous/existing business activities, particularly describing any activity having potential of conflicts of interest in relation to the fund;
- k) Description of appropriate measures to avoid conflicts of interests and align the interests of the fund, its managers and its investors, such measures to be in line with market practices;
- l) Description of potential conflicts of interest between fund manager and any entity to which the fund manager has outsourced or will outsource any services (including, for the avoidance of doubt, evaluation of investments).

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<sup>33</sup> means an overseas country or territory linked to a Member State as set out in Annex II to the Treaty on the Functioning of the European Union. [Overseas Countries and Territories | International Partnerships \(europa.eu\)](#).

## Market

- a) Targeted market segment(s) and market needs;
- b) Feasibility of origination, and strategy given track record;
- c) Competitors in targeted market segment(s), including other sources of financing;
- d) Differentiation vis-à-vis competitors and unique selling proposition.

## Deal Flow

- a) Track record of access to deals;
- b) Volume of deal flow;
- c) Quality of deals and relevance of deal flow to strategy;
- d) Sources of deal flow;
- e) Credibility of plans to develop deal flow.

## Investment Strategy

- a) Fund stage, sector and geographical focus;
- b) Number of targeted investments and portfolio / capital allocation model;
- c) Appropriateness of the investment strategy to the market, including the average holding period;
- d) Risk management methodology;
- e) Identification of suitable and achievable exit routes for targeted investments.

## Fund size

- a) Fund size (minimum, target and maximum);
- b) Balance between fund size, strategy and expected deal flow;
- c) Adequacy of provision for follow on investments.

## Proposed terms

- a) Main economic terms, including all management or similar fees, establishment costs, hurdle rate/preferred return, carried interest, catch-up, policy on any monitoring, transaction and similar fees and respective offset with the management fee;
- b) Operational budget of the fund;
- c) Indicative investment from the fund management company and/or the management team into the fund;
- d) Indicative capital commitments from other investors at the level of the fund;
- e) Legal and tax structure.

## Expected returns<sup>34</sup>

- a) Evidence that the fund is to be run on a commercial basis and that it can be expected to be financially viable.

## Investor base

- a) Pari-passu ranking (i.e. like risk, like reward) or asymmetric ranking (i.e. share class or fund unit of the fund benefitting from certain additional protections that reduce investment risk) of market-oriented investors<sup>35</sup>;
- b) Evidence of support from other investors;
- c) Co-investment strategy and rationale;

<sup>34</sup> It is being understood that social impact funds are not run with a sole objective of financial sustainability but also focus on delivering social impact and achievement of their social mission.

<sup>35</sup> Market oriented investors mean investors operating in circumstances corresponding to the market economy investor principles, irrespective of the legal nature and ownership structure of these investors, being so-called normal economic operators in market economies

- d) Screening and monitoring of co-investors to the extent the information is made available to the EIF and in accordance with standard market practice;
- e) Expected timing of first and final closing.

EIF will also request information, in the form of a questionnaire, on how Environmental, Social, Governance (“ESG”) factors form part of the financial intermediary’s investment decisions and monitoring of investments in order to verify that applied procedures are proportionate to the fund’s sustainability risk profile.

## 10 Pre-Screening and due diligence

### *How is the EIF due diligence process conducted?*

The selection of the applicants starts with a pre-screening of the applications received. This is generally based on the material submitted with the Expression of Interest, as indicated in Section 6. Pre-selected applicants will progress to the due diligence process, which will be carried out in accordance with the EIF’s internal rules and procedures.

The aim of the pre-screening and due diligence is to assess the applicant in detail taking into account the criteria for policy fit and commercial assessment set out in section 9 above. The due diligence may comprise, *inter alia*, an on-site visit, meeting with the applicant’s team members, existing investees, referencing, all of which shall be at the discretion of the EIF and in accordance with its internal procedures.

## 11 Approval process

### *How is the EIF and InvestEU approval process conducted?*

Following positive outcome of the due diligence (and prior to entering into a fund agreement with a financial intermediary), the proposal to be supported under InvestEU shall be submitted by the EIF to its relevant decision making bodies for approval.

EIF has no obligation to enter into a fund agreement with a selected applicant. The participation of any institution will depend, *inter alia*, on the budget available and other considerations made by the EIF such as result of the contractual negotiations with the applicant. Furthermore, the EIF can only enter into operations which have received a favourable decision from the EC in the context of the policy check process, and have been approved by the InvestEU Investment Committee.

## 12 Negotiation and signature

### *Reaching the signature stage of your application*

Subject to and following positive conclusion of the EIF and InvestEU approval process and the finalisation of the contractual documentation with the applicant, the appropriate fund agreement(s) shall be signed between the applicant financial intermediary and the EIF.

## 13 Advisory support

### *Providing expertise and capacity building to financial intermediaries benefiting from InvestEU Equity alongside financial support on an opt-in basis*

Advisory support may be offered by the EIF - in cooperation with EIB Advisory Services - to eligible Financial Intermediaries requiring such support for specific InvestEU Equity Thematic Strategies.

The respective Advisory Support activities with the terms and conditions of participation will be made available gradually by the EIF<sup>36</sup> and be posted on a dedicated EIF InvestEU webpage.

## 14 Climate Action & Environmental Sustainability goals

### *InvestEU Equity contributing towards Climate and Environment*

InvestEU Equity will be a key contributor in reaching the ambitious climate targets set by the EU. For that purpose, for the InvestEU support for the Target Areas under the Climate and Environmental Solutions Thematic Strategy<sup>37</sup>, the EIF will implement under InvestEU Equity a climate and environmental tracking framework to account for those investments supported by InvestEU Equity and contributing to Climate Action and Environmental Sustainability, as defined in section 2 of Annex II and V.

Applicants applying for InvestEU Equity support under the Target Areas of the Climate and Environmental Solutions Thematic Strategy are expected to make a contribution to Climate Action and Environmental Sustainability based on the tracking system further specified in Annex II and V.

## 15 Sustainability proofing

### *Delivering impact and having proof of it*

The InvestEU Equity implementation will incorporate sustainability proofing provisions to address potential significant impacts that final recipients might have on the dimensions of climate, environment and social.

EIF will assess the applicant's environmental, climate and social risk management procedures – including the presence of an Environmental and Social Management System (ESMS) and the capacity to screen, assess and manage environmental, climate and social risks associated with its business activity - by means of the “ESG” questionnaire mentioned under section 9 in order to verify that applied procedures are proportionate to the fund's sustainability risk profile.

In addition, certain provisions will apply as set out in the relevant Annexes, further complemented by the excluded activities/sectors of InvestEU Equity support, and the exclusion areas reflected in the Paris Agreement alignment commitment.

<sup>36</sup> Subject to the conclusion of the contractual arrangements between EIB and EIF in respect of InvestEU Advisory.

<sup>37</sup> Without prejudice of financial intermediaries applying to InvestEU Equity support to other Target Areas proposing to contribute as well to Climate Action and Environmental Sustainability.

## 16 Publication of information

### *On the EIF and EU Access to Finance websites*

The EIF and the EC shall publish on their websites each year a list of financial intermediaries and final recipients supported by InvestEU Equity, which shall include:

- a) for each financial intermediary, the name, address, the financing form; and
- b) a list of final recipients that received total investment from EIF supported fund exceeding EUR 500,000 containing, for each company, its name, the financing form and the location of the final recipient (meaning the address when the final recipient is a legal person and the region on NUTS 2 level when the final recipient is a natural person).

Publication shall not be required if any financial (sub-)intermediary, prior to signing the fund agreement, declares in writing to the EIF or to the financial intermediary as applicable (including by a representation in the relevant agreement) that the publication requirements set out in this section 16 risk harming its commercial interests or risk threatening the rights and freedoms of the persons or entities concerned as protected by the Charter of Fundamental Rights of the European Union.

Similarly, publication related to the final recipient shall not be required if the final recipient declares in writing to the financial (sub-)intermediary prior to signing a financing agreement governing the final recipients (including by a representation in the relevant agreement) that the publication requirements set out in this section 16 risk harming its commercial interests or risk threatening the rights and freedoms of the persons or entities concerned as protected by the Charter of Fundamental Rights of the European Union.

In addition, such publication shall not be required if it would be illegal under the applicable laws and regulations. As far as natural persons are concerned, the publication shall comply with the requirements set out in Articles 4 and 5 of Regulation (EU) 2018/1725, as amended from time to time.

## 17 Language and execution

The Expression of Interest shall be prepared in English.

Applicants acknowledge that they may be requested to use a digital signature for the purpose of signing the subscription agreement with the EIF.