EIF has compiled below a list of some of the most commonly asked questions for the Sustainability Portfolio Guarantee Product ("Sustainability Guarantee"). The questions are categorised by eligibility criteria numbers as per the Use Case Document.

Unless defined otherwise in this FAQ, all capitalized expressions used in this document shall have the meaning attributed to them in the above-mentioned Call for Expression of Interest.

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Contents

1| Sustainable enterprise criteria 3
   1.1| Prize and/or Public support previously received 3
   1.4| Sustainable/Green business/supply chain 3
   1.5| Sustainable/Green Business model & impact 3

2| Investments for climate change mitigation 4
   2.2| Green and energy efficient certified buildings – commercial 4
   2.3| Green and energy efficient buildings – residential 4
   2.4| Industrial energy efficiency 4

4| Investments related to transition to circular economy, waste prevention and recycling 5
   4.3| Product as a service, reuse and sharing models that enable circular economy strategies 5
   4.4| Green ICT enabling circular economy business models 5

Other 6
1| Sustainable enterprise criteria

1.1| Prize and/or Public support previously received

1) Could you please clarify whether only Final Recipients that were awarded a clean-tech or “green” prize are eligible or do Final Recipients who received honourable mention (but were not awarded a prize) also qualify as eligible under this eligibility criterion?

Only those awarded with a clean-tech or “green” prize, listed in the Appendix I of the Use Case Document, are eligible under this criterion.

1.4| Sustainable/Green business/supply chain

2) For the purpose of checking the most recent 12-month period, would either of the following be acceptable:

- the latest available financial statements, for the case where the last calendar year accounting information is not available?
- the corporate tax declaration of the last year, i.e. reflecting the financial data of year n-1?

Yes, both sets of financial information could be acceptable for the purpose of this criterion:

- The assessment of the potential Final Recipient Transaction eligibility should be performed either based on the available accounting information or via an external accountant confirmation of the percentage of “green” activities revenues in the most recent 12-month period for which financial information is available.
- This assessment can also be done including by way of the latest tax declaration, provided that the tax declaration provides sufficient granularity to make the assessment under the eligibility criterion 1.4 (about the "green" activities).

3) In case of companies that are pre-revenue, such as start-ups, can the assessment of “green” turnover be made based on forecasts/projections?

No, this eligibility criterion is not forward looking, hence start-ups with no track record cannot be considered eligible under this criterion.

1.5| Sustainable/Green Business model & impact

4) How should “over the period of the last 5 years” be interpreted for the purpose of this eligibility criterion?

A 20% reduction in any of the 4 indicators of the eligibility criterion 1.5 needs to be achieved over a period of the last 5 years.

“Over a period of the last 5 years” should be interpreted as either:

a. 5 previous complete calendar years, or
b. Other 5 year-period ending within 12 months of the loan application date.

5) **Should the greenhouse gas (“GHG”) emissions reduction of 20% be calculated per unit of output or per total revenue? What happens if one of the measures is met and the other not?**

This criterion is considered met when the reduction is achieved either per unit of output OR per total revenue, i.e. it is not a requirement to achieve the reduction of 20% both in terms of per unit output AND per total revenue.

For example, for sectors where the output can be measured in units (e.g. manufacturing), it may be simpler to identify the GHG reduction by unit, whereas for sectors which do not produce units (e.g. services), it may be simpler to calculate based on revenue.

2| **Investments for climate change mitigation**

2.2| Green and energy efficient certified buildings – commercial

2.3| Green and energy efficient buildings – residential

2.4| Industrial energy efficiency

6) **Can the eligibility criterion 2.2. be applied to all types of commercial buildings? Are individual spaces inside of a major commercial building (such as offices, restaurants, etc.) also considered under the criterion?**

The criterion applies to all types of commercial buildings not having a residential use, e.g. industrial, agricultural, etc. Also, individual spaces inside a major commercial building are eligible provided that the general eligibility criteria are complied with as per the Use Case Document.

7) **In case of the eligibility criterion 2.2, do the investments need to comply with the Energy Performance Building Directive (EPBD)?**

When it comes to standardised measures for insulation and heating/cooling measures, such measures need to either be compliant with EPBD and European Ecodesign Directive, or compliant with the minimum thresholds as set out in the Use Case Document. EIF encourages the Financial Intermediaries to consult the EIF InvestEU Sustainability Guarantee Tool for more information ([https://sustainabilityguarantee.eif.org/](https://sustainabilityguarantee.eif.org/)).
For simplicity, please see the chart below:

**List of pre-defined standardised building renovation measures/eligible equipment**

<table>
<thead>
<tr>
<th>INSULATION MEASURES</th>
<th>HEATING/Cooling MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Walls, roofs, lofts,</td>
<td>✓ Heating</td>
</tr>
<tr>
<td>✓ EE Doors</td>
<td>✓ Ventilation</td>
</tr>
<tr>
<td>✓ EE Windows</td>
<td>✓ Air conditioning equipment</td>
</tr>
<tr>
<td>✓ Heating</td>
<td>✓ Thermostats and heat metering</td>
</tr>
</tbody>
</table>

Either
- Compliant with EPBD directive and Eco-design Directive, **or**
- Compliant with the minimum thresholds set-out in Use Case document

8) **In case of the purchase and the renovation of commercial, residential or industrial buildings, are both the purchase and the renovation of such buildings eligible under eligibility criteria 2.2, 2.3 or 2.4?**

Only investments in the renovation of commercial/residential/industrial buildings, which contribute to energy efficiency improvements and its ancillary works in compliance with the eligibility criteria 2.2, 2.3 or 2.4, would be eligible. The purchase of such buildings is not supported under the Sustainability Guarantee.

4| Investments related to transition to circular economy, waste prevention and recycling

4.3| Product as a service, reuse and sharing models that enable circular economy strategies

9) **Could you please elaborate on the eligibility criterion 4.3 (C) and provide some concrete examples of businesses that would be deemed eligible?**

The eligibility criterion 4.3 is linked to business models where businesses sell the use of a product and not ownership of the product itself. In this case, the Sustainability Guarantee supports investments made by the suppliers providing such services.

Examples include:
- Tyre company selling “tires as a service” where customers are charged per km travelled.
- Energy efficient printers where the customers are charged per pages printed.
- Energy efficient washing machines where the customers are charged per wash.

4.4| Green ICT enabling circular economy business models
10) The development and deployment costs of digital software and solutions can include employee or contractor/developer wage costs. Would such costs be eligible under the Sustainability Guarantee if such costs are included in the company’s investment or business plan?

Yes, such costs would be eligible under the criterion 4.4.

Other

11) Is biomass (in any of its forms, e.g. wood pellets, manure) or biogas production, storage or distribution eligible under the Sustainability Guarantee?

No, the production, storage or distribution of biomass/biogas is not eligible under the Sustainability Guarantee.

12) Can you please elaborate on what legal covenants should be included in the legal documentation for debt financing transactions supported under the Sustainability Guarantee?

The Individual (Counter-) Guarantee Agreement and Use Case Document contain, without limitation, references to covenants or other binding undertakings to be obtained from potential Final Recipients. In particular, the Use Case Document contains references to “Control of Use of Funds together with legal covenants”. Financial Intermediaries should determine, in accordance with their standard practice, how to transpose such obligations, in a legally binding manner, within their standard debt financing documentation in order to comply with the provisions of the Individual (Counter-) Guarantee Agreement and use case document. In the case of the control of funds, they should require, among others, the potential Final Recipients to use the funds provided under the debt financing transaction for the purpose specified in the relevant eligibility criterion, as applicable.