

Annex III to the Open Call for Expression of Interest to select Financial Intermediaries under
the EFSI Equity Instrument

Investment Guidelines

For EFSI Early Stage window of the EFSI Equity Instrument:

InnovFin Equity deployed in the context of the EFSI Equity Instrument¹

Important Disclaimer

This document is for information purposes only. It is an outline of the principal operational guidelines for the product described herein, which are subject to change and non-exhaustive. It 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 (the “EIF”) and/or or 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.

For specific terms and conditions applicable to Innovfin Artificial Intelligence and Blockchain Technology (AI/BT) and InnovFin Space, in addition or complementary to the terms outlined in this Annex, please refer to the relevant Addendum to this Open Call for Expression of Interest:

- [Addendum introducing InnovFin AI/BT](#)
- [Addendum introducing InnovFin Space](#)

¹ In the context of the EFSI Equity Instrument, the InnovFin Equity will be deployed predominantly in EU Member States and observing the requirements and conditions set out by the EFSI. Notwithstanding, the InnovFin Equity will remain available to serve financial intermediaries, which do not meet the EFSI requirements, including the ones established or operating in all Horizon 2020 Participating Countries under terms and conditions set out in a separate document. Please refer to the Single EU Equity Instrument http://www.eif.org/what_we_do/equity/single_eu_equity_instrument/index.htm

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1. Definitions

Whenever used in these guidelines, the following terms shall have the meanings attributed to them. Any capitalised item not defined in this Annex has the meaning given to it in the Open Call for expression of Interest or as the case may be Annex II thereto.

BA Co-investment Fund	Means an InnovFin Financial (Sub-) Intermediary aiming at co-investing with Business Angels (including in collaboration with business angels networks) in enterprises (including Social Enterprises) at regional, national or cross-border level.
BA Fund	Means either a BA Managed Fund or a BA Co-Investment Fund.
BA Managed Fund	Means an InnovFin Financial (Sub-) Intermediary pooled by Business Angels, which aims to invest in enterprises (including Social Enterprises) at regional, national or cross-border level or any other cooperation with business angels.
Business Angel	Means a private individual or a non-institutional investor undertaking equity or equity type investments in enterprises, including Social Enterprises, primarily with its own money.
Early Stage	Means the early phase of development of an enterprise and includes Proof-of-Concept Stage, (Pre-) Seed-Stage, Start-Up Stage and Other Early Stage. For avoidance of doubt, this includes seed and series A financing rounds.
Final Recipient	Means either an InnovFin Final Recipient or an EFSI Final Recipient.
Financial Intermediary	InnovFin Financial Intermediary or EFSI Financial Intermediary.
Financial Sub-Intermediary²	InnovFin Financial Sub-Intermediary or EFSI Financial Sub-Intermediary.
Fund Agreement	Means either an InnovFin Fund Agreement or EFSI Fund Agreement, as appropriate. In the case of a Multi-Stage Financial Intermediary, any such single agreement where EIF commits in or alongside the Multi-Stage Financial Intermediary resources of both Early Stage and Expansion & Growth windows of the EFSI Equity Instrument.
Fund-of-Funds	Means a Financial Intermediary holding or targeting to build a portfolio of Financial Sub-Intermediaries rather than investing directly in Final Recipients.
ICT	ICT (information and communications technology - or technologies) is an umbrella term that includes any telecommunication component (internet and mobile systems and devices), computer, system, software, middleware, storage, and audio-visual system, enabling users to access, store, transmit, and manipulate information or digital content. ICT includes the various services and applications associated with those technologies. In the context of this pilot "ICT"

² In the case of fund-of funds, whenever this term is used in this Annex it refers both Financial Intermediaries (fund-of funds) and Financial Sub-Intermediaries (investee funds of the fund-of-fund).

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	includes activities in photonics, microelectronics, microsystems, robotics, and ICT-related creative industries.
InnovFin Final Recipient	Means an enterprise, a special purpose vehicle or another final recipient of the funding provided directly or indirectly by an InnovFin Financial (Sub-) Intermediary, including joint ventures, spin-offs, spin-outs, technology transfer projects or technology rights.
InnovFin Financial (Sub-) Intermediary	Means an entity ³ established or in formation but excluding entities targeting buy out or replacement capital intended for asset stripping, which: <ul style="list-style-type: none"> (a) undertakes risk capital investments by providing long term investments in equity, quasi-equity, Hybrid Debt-Equity and/or other mezzanine financing; and; (b) focusses on areas covered by the societal challenges and industrial leaderships of Horizon 2020 (such as life sciences, clean energy, space, ICT or technologies such as AI/BT), or otherwise targets technological, non-technological, organisational or social innovation by investing, inter alia, in enterprises (including Social Enterprises), which pursue any activity comprising the design, the creation, the renewal and enlargement of a range of products and services and their associated markets and/or the establishment of new methods of design, production, supply and distribution and/or the introduction of changes in management, work organisation, and working conditions as well as skills of the work force.
InnovFin Financial Intermediary	Means an InnovFin Financial (Sub-) Intermediary that has entered into an InnovFin Fund Agreement with the EIF and commits to invest directly (or indirectly through InnovFin Financial Sub-Intermediaries) in the Eligible InnovFin Final Recipients an aggregate amount equal to at least the Minimum Allocation.
InnovFin Financial Sub-Intermediary	Means an InnovFin Financial (Sub-) Intermediary that has entered into an investment with an InnovFin Financial Intermediary.
InnovFin Fund Agreement	Means, in relation to each InnovFin Investment, the agreement whereby the EIF commits to invest in an InnovFin Financial Intermediary and/or alongside an InnovFin Financial Intermediary.
InnovFin Investment	Means an investment, co-investment or any contractual arrangement entered into between the EIF and an InnovFin Financial Intermediary pursuant to an InnovFin Fund Agreement.
Minimum Allocation	A Financial Intermediary shall invest in Eligible InnovFin Final Recipients an amount of at least the Minimum Allocation, defined as the lower of: (i) 2 times of the aggregate amounts drawn down under the Fund Agreement for the purpose of investments in Final Recipients and (ii) two-thirds of the total amount drawn down by the Financial Intermediary from its investors for the purpose of investments provided that in case of co-investments, the relevant amounts invested in Eligible InnovFin Final Recipient(s) for the purpose of items i) and ii)

³ Including fund-of-funds, private equity funds, venture capital funds, technology transfer funds, business angel funds, funds managed or advised by EIF, social intermediaries or social sector intermediaries, special purpose vehicles, (co-) investment funds or schemes, in any form (including managed accounts and other types of contractual arrangements).

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	shall comprise the amounts invested by the InnovFin Financial Intermediary and its co-investors.
Multi-Stage Financial Intermediary	Means an InnovFin Financial Intermediary, that has entered into a Fund Agreement with the EIF and commits to invest directly (or indirectly through Financial Sub-Intermediaries) in Eligible InnovFin Final Recipients or Target Final Recipients at least an aggregate amount equal to the Minimum Allocation.
Non-Compliant Jurisdiction	means a jurisdiction (i) listed in the Annex I of the Council of the European Union conclusions on the revised European Union list of non-cooperative jurisdictions for tax purposes, adopted by the Council of the European Union at its meeting held on 18 February 2020, and/or (ii) listed in the Annex of the Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies, and/or (iii) rated as “partially compliant”, “provisionally partially compliant” or “non-compliant” by the Organisation for Economic Cooperation and Development and its Global Forum on Transparency and Exchange of Information for Tax Purposes and/or (iv) included in the Financial Action Task Force “Public Statement” (i.e. countries or jurisdictions with such serious strategic deficiencies that the Financial Action Task Force calls on its members and non-members to apply counter-measures or for which the Financial Action Task Force calls on its members to apply enhanced due diligence measures), and/or (v) included in the Financial Action Task Force statement “Improving Global AML/CFT Compliance: On-Going process”(i.e. countries or jurisdictions with strategic weaknesses in their AML/CFT measures but that have provided a high-level commitment to an action plan developed with the Financial Action Task Force), in each case as such statement, list, directive or annex may be amended and/or supplemented from time to time. Each Applicant may inquire about the status of a particular jurisdiction with EIF.
Other Early Stage	Means the phase of development of an enterprise that has completed the product development phase and needs further funding to initiate commercial manufacturing and/or sales.
(Pre-) Seed Stage	Means the stage of development of an enterprise that needs funding to research, assess and develop an initial concept before a business has reached the Start-Up Stage. This stage includes low scale pilot production, demonstration and/or development of associated business application of tested and validated products/technologies.
Proof-of-Concept Stage	Means the stage of development of an enterprise, which precedes its incorporation, where the assessment of the feasibility concept is made, viability of translating R&D results into innovative applications, validating if a certain product/technology/process may be used for commercialisation, including via licensing and sale of Intellectual property (IP) ⁴ . This includes investigation of technical feasibility, economic viability of research results, demonstration activities such as late stage clinical trials, prototyping and incubation.

⁴ It comprises products/technologies with Technology Readiness Level maturity between TRL 3 to TRL 6 or the equivalent Innovation Readiness Level maturity between IRL 1 and IRL 2.

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<p>Social Enterprise⁵</p>	<p>Means an undertaking, regardless of its legal form, which:</p> <p>(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:</p> <ul style="list-style-type: none"> - provides services or goods which generate a social return; and/or - employs a method of production of goods or services that embodies its social objective; <p>(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</p> <p>(c) is managed in an entrepreneurial, accountable and transparent way, in particular by involving workers, customers and stakeholders affected by its business activities.</p>
<p>Start-Up Stage</p>	<p>Means the stage of development of an enterprise, which may be in the process of being set, up or may have been in business for a short time, but has not sold its product commercially, and needs further funding for product development and initial marketing.</p>
<p>Technology Transfer</p>	<p>Means activities carried out by universities or other higher education institutes performing research and other research organisations exploring:</p> <ul style="list-style-type: none"> - the viability of converting research, development, skills, knowledge, technologies or innovations into commercial applications, products, processes or services; and/or - the transfer of products, processes or services existing in developed markets, into non-developed ones where such activities are yet not currently explored, tested in, adapted to nor commercialised. <p>Such activities may take any of the following forms:</p> <ul style="list-style-type: none"> - Commercial demonstration and commercialisation (including but not limited to development, demonstration, prototyping, market development, scaling up, and support less developed technology transfer infrastructures). - IP out-licensing, IP in-licensing or optimisation thereof, cross-licensing activities (including via project financing), sale of patents. - Creation of new companies, including via spin-outs. - Business planning support, starting spin-offs or joint ventures, and building strategic alliances with other organizations. - Collaboration between universities, research organisations and industry notably via research/consulting contracts.

⁵ For further information on the Social Enterprise, please refer to the accompanying note "Guidance for Social Impact Investors"

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Technology Transfer Fund	<p>Means an InnovFin Financial (Sub-) Intermediary with an investment focus on Technology Transfer providing financing directly or indirectly to InnovFin Final Recipients in the Proof of Concept Stage and/or (Pre-) Seed Stage, including InnovFin Financial Intermediary affiliated or cooperating with:</p> <ul style="list-style-type: none">- Technology Transfer Offices (TTOs);- Research Organisations (ROs);- European Applied Research Universities;- Technology Transfer specialists.
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2. The terms of an InnovFin Investment

Nature	Equity investments in or alongside InnovFin Financial Intermediaries and Multi-stage Financial Intermediaries jointly with EFSI Expansion & Growth window.
Investor	The EIF in its own name with financing from the InnovFin Equity Facility.
Types of InnovFin Financial Intermediaries	InnovFin Financial Intermediaries focusing on Early Stage including Multi-Stage Financial Intermediaries. These will typically include venture capital funds, BA Funds, Technology Transfer Funds, Fund-of Funds, investment funds investing in the area of Social Impact.
Timing of InnovFin Investment	The EIF shall normally commit at the first closing of an InnovFin Financial Intermediary. EIF may invest in other closings if the policy fit and value added are duly demonstrated.

Size of InnovFin Investment	<p>Each InnovFin Investment shall represent:</p> <ul style="list-style-type: none"> • at least 7.5% of the commitments of the InnovFin Financial Intermediary raised in the closing of the InnovFin Investment (excluding any amount raised in the previous closings); • up to 25% of the total commitments to the InnovFin Financial Intermediary as at the date of an InnovFin Investment.
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Notwithstanding, the commitment under an InnovFin Investment may represent, at the date of the InnovFin Investment, up to 50% of the total commitment of the InnovFin Financial Intermediary, if:

- i. The InnovFin Financial Intermediary is a BA Fund, or
- ii. The InnovFin Financial Intermediary is a Technology Transfer Fund, or
- iii. The following conditions are met:
 - an InnovFin Investment is made at any closing other than the final closing, and
 - a policy fit of an InnovFin Investment in an intermediary is high as per EIF's assessment.

Without prejudice to the above condition, when an InnovFin Intermediary is a co-investment fund or scheme, the total commitment to the InnovFin Financial Intermediary may represent, at the closing the InnovFin Investment is made, up to 100% of the total commitment to such co-investment fund or scheme, provided that the co-investment ratio of such co-investment fund or scheme in any final recipient does not exceed 50% (excluding follow on investments)

Furthermore, the commitment under an InnovFin Operation may represent, at the date of the IFE Operation, more than 50% of the total commitments of the Innovfin Financial Intermediary, if the Innovfin Financial Intermediary is a TT Financial (Sub-) Intermediary whose investment strategy targets primarily

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InnovFin Final Recipients that qualify as “Moderate or Modest Innovators” under the European Innovation Scoreboard 2019⁶.

In any event, the maximum size of the single InnovFin Investment shall not exceed EUR 50 million or equivalent.

Duration of InnovFin Investment

InnovFin Investments shall usually be concluded for 5 to 15 years (except for Technology Transfer or Funds-of-Funds, where InnovFin Investments shall not exceed 20 years), plus up to 3 years extension.

Investor Base of InnovFin Financial Intermediary

In order to catalyse private sector investments, the majority of the capital committed to any InnovFin Financial Intermediary shall be provided by investors that pass the market economy operator test⁷.

When calculating the portion of capital invested in any one InnovFin Financial Intermediary by investors that pass the market economy operator test, no account shall be taken of the capital committed or proposed to be committed to an InnovFin Financial Intermediary under the InnovFin Investment.

No single investor shall account, directly or indirectly, for more than 50% of the total commitments to any InnovFin Financial Intermediary, except for co-investment funds or schemes where any single investor may account for up to 100% total commitments, provided that the co-investment ratio of such co-investment fund or scheme in any final recipient does not exceed 50% (excluding follow on investments).

Furthermore, each InnovFin Financial Intermediary, other than a co-investment fund or scheme or a TT Financial (Sub-) Intermediary or a Financial Intermediary targeting Social Enterprises and Social Sector Organisations, shall have at least 30% of its total commitments at the time of EIF’s closing, and including earlier closings if such have taken place, coming from independent private investors, whereby the following categories of investors shall be considered independent private investment sources:

- EIF/EIB own resources, invested at own risk and excluding public part of mandates
- Banks, investing at own risk and from own resources
- Private endowments & foundations
- Family offices & Business Angels (including joint investment vehicles set-up by/with Business Angels);
- Corporate investors
- Insurance companies
- Pension funds
- Private individuals
- Academic Institutions (including universities and public and private research institutions)
- NPBs investing their own resources, for their own risk, and on commercial terms
- other categories of investors may also be considered private investment sources (e.g. sovereign wealth funds or fund-of-funds). In

⁶ Subject to EIF’s analysis. Other conditions may apply.

⁷ Communication from the Commission: Guidelines on State Aid to promote risk finance investments of 15 January 2014 (http://ec.europa.eu/competition/state_aid/modernisation/risk_finance_guidelines_en.pdf)

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the case of sovereign wealth funds, they shall be considered independent private investment sources if the money invested is generated by commercial activities and is invested on commercial terms.

Fund-of-funds shall be considered as independent private investment sources provided that they invest in an InnovFin Financial Intermediary exclusively on commercial terms and are managed or advised by a privately held asset manager. Any fund-of-funds fully funded by state budget resources shall not be considered an independent private investment source⁸.

For the purpose of the above requirements, state budget resources shall include European Structural and Investment Funds (for e.g. Jeremie initiative).

In assessing compliance with the above requirements the EIF may require a declaration, representation or undertaking from the InnovFin Financial Intermediary.

Ranking of InnovFin Investments

InnovFin Investments shall rank at least *pari-passu* (i.e. like risk, like reward) with other investors in the InnovFin Financial Intermediary. The relevant constitutional documents of the InnovFin Financial Intermediary (including, where relevant, any side letter entered into by the EIF) shall reflect such requirement.

This requirement shall apply, *mutatis mutandis*, to the InnovFin Financial Sub-Intermediaries.

Governance of InnovFin Financial (Sub-) Intermediaries

a) The EIF shall be represented in advisory boards or similar investor representation bodies.

The requirement to seek participation in the investor representation bodies of the InnovFin Financial Sub-Intermediary shall apply, *mutatis mutandis*, to the manager or the advisor of a Fund-of-Funds.

b) The InnovFin Financial Intermediary shall have a governance structure that allows for decisions concerning investments, divestments and risk diversification to be made in accordance with the applicable legal documentation and in line with the relevant market practice. This requirement shall also apply where a professional investment advisor provides investment-related advice to the InnovFin Financial Intermediary or to the InnovFin Financial Intermediary's management team.

This requirement shall apply, *mutatis mutandis*, to the InnovFin Financial Sub-Intermediaries.

c) The legal documentation governing the rights and obligations of the investors and of the InnovFin Financial Intermediary shall include provisions relating, in particular, to the following principles:

⁸ Where a fund-of-funds is partially funded by state budget resources, the investment made by such a fund-of-funds into an InnovFin Financial Intermediary shall not be considered as an independent private investment to the extent the fund-of-funds is directly funded by state budget resources.

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- i. changes to the fundamental nature of the InnovFin Financial Intermediary, including material changes to the investment strategy that have a material impact on the eligibility criteria and requirements of the InnovFin Equity, shall require prior consent from the EIF.
 - ii. possibility for investors to remove the management team for cause and without cause.
- d) The EIF will expect the InnovFin Financial Intermediary to put in place appropriate measures to avoid conflicts of interests and align the interests of the InnovFin Financial Intermediary, its managers and its investors, such measures to be in line with market practices. Such measures shall be transparent to the InnovFin Financial Intermediary's investors.

This requirement shall apply, *mutatis mutandis*, to the InnovFin Financial Sub-Intermediary.

- e) The remuneration of the InnovFin Financial Intermediary's manager shall be transparent to the InnovFin Financial Intermediary's investors. Management fees shall be at a level that covers operational and management costs in a sustainable way without disturbing the alignment of interests aimed for. Then level of management fees shall allow for the execution of the InnovFin Financial Intermediary's strategy.

This requirement shall apply, *mutatis mutandis*, to the InnovFin Financial Sub-Intermediary.

Borrowing and lending by InnovFin Financial Intermediaries

Borrowing by InnovFin Financial Intermediary should typically be limited in amount and short term in nature. Notwithstanding the foregoing, long term borrowings may be allowed in specific cases if:

- provided by the investors in such InnovFin Financial Intermediary alongside their equity only in their role as investors; or
- in case of InnovFin Financial Intermediary pursuing Hybrid Debt/Equity investments, provided by third parties and limited at any time to a debt-equity ratio of 1:1 per Fund.

Lending by InnovFin Financial Intermediary should only be made alongside or for the preparation of equity investments and should be limited to a maximum of 20% of the aggregate commitments at any point in time.

Special attention will be paid to the economic terms of the debt financing extended rather than its legal structure. Lending structures used by a Fund (e.g. a mezzanine fund) to make an investment carrying equity or mezzanine risk, such funding will be considered as equity or mezzanine irrespective of its legal form (convertible bonds/loans, loan with warrants, etc.).

InnovFin Signing Period

In the context of EFSI Equity Instrument, the EIF will enter into InnovFin Fund Agreements with InnovFin Financial Intermediaries until 31 December 2022 provided that the EIF, in accordance with its internal decision making process, has approved the InnovFin Investment on or before 31 December 2020.

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- iii. any activity which would make such an InnovFin Investment not compatible with the Guidelines on the EIF Restricted Sectors¹² as amended from time to time; and/or
- iii. the manager of the InnovFin Financial (Sub-)Intermediary shall be established or operating in any of the Horizon 2020 Participating Countries applicable at date of the Fund Agreement;
- iv. the Financial Intermediary should be established in the EU¹³ and shall include in its investment strategy to invest more than 50%¹⁴ of its invested amounts, directly or indirectly, in eligible InnovFin Final Recipients (Eligible InnovFin Final recipients or Target Final Recipients in the case of Multi-Stage Financial Intermediaries);
- v. the Financial Intermediary, other than a Technology Transfer Fund or a BA Fund, shall be managed by entities which are controlled by individuals or privately held entities;
- vi. the Financial Intermediary shall 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. The EIF will provide relevant arrangements in order for the Financial Intermediary to transpose this requirement at the level of the Sub-Intermediaries or the Final Recipients, as applicable.
- vii. The Financial Intermediary shall undertake to comply with the relevant EU and international standards and legislation, where applicable, on the prevention of money laundering, the fight against terrorism, tax fraud, tax evasion and artificial arrangements aimed at tax avoidance. The EIF will provide relevant arrangements in order for the Financial Intermediaries to transpose this requirement at the level of the Sub-Intermediaries or the Final Recipients, as applicable.
- viii. the InnovFin Financial Intermediary shall accept that the EIF may not be required to participate (subject to applicable law), fully or partially, in an investment in the Final Recipient, if that investment would result in a irremediable breach of the Minimum Allocation in eligible InnovFin Final Recipients (Eligible InnovFin Final Recipients or Target Final Recipients in the case of Multi-Stage Financial Intermediaries) as agreed with the Financial Intermediary at the time of the Fund Agreement¹⁵.

4. InnovFin Final Recipients

InnovFin Financial (Sub-)Intermediaries shall select InnovFin Final Recipients according to their internal rules and procedures taking due account of the economic viability of projects of InnovFin Final Recipients.

¹² http://www.eif.org/news_centre/publications/2010_Guidelines_for_Restricted_Sectors.htm

¹³ Establishment of the Financial Intermediary in jurisdictions outside EU may be considered on case by case basis based on EIF's professional assessment of the investment proposal and any guidance in this matters received from the European Commission. Additional conditions may apply.

¹⁴ In the case the InnovFin Financial Intermediary is allowed to be established outside EU this quotient shall be set at 75%.

¹⁵ In the case of fund-of funds this provision does not apply. However, the fund-of-funds shall demonstrate appropriate policies and procedures to monitor and adhere to the InnovFin Allocation on the portfolio basis.

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Excluded InnovFin Final Recipients	<p>InnovFin Financial (Sub-)Intermediaries shall not be entitled to invest in InnovFin Final Recipients, which at the time of the envisaged first investment:</p> <ul style="list-style-type: none"> a) are in one of the situation of exclusion as listed in Annex I (or do not provide the InnovFin Financial (Sub-)Intermediaries with analogous representations as per Annex I); b) are incorporated in Non-Compliant Jurisdictions, 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. c) include in their business activity any of the activities referred to below: <ul style="list-style-type: none"> ▪ illegal activities according to the applicable legislation; ▪ the activities excluded as referred to in Article 19 of the Regulation (EU) No 1291/2013 of the European Parliament and of the Council establishing Horizon 2020: <ul style="list-style-type: none"> i. research activity aiming at human cloning for reproductive purposes; ii. research activity intended to modify the genetic heritage of human beings which could make such changes heritable (excluding research relating to cancer treatment of the gonads); iii. research activities intended to create human embryos solely for the purpose of research or for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer; ▪ any activity which, should an investment be made by an InnovFin Financial Intermediary in that entity, would make such investment not compatible with the Guidelines on the EIF Restricted Sectors¹⁶ as amended from time to time.
Eligible InnovFin Final Recipients	<p>InnovFin Final Recipients which are not Excluded InnovFin Final Recipients and which satisfy all of the following eligibility criteria:</p> <ul style="list-style-type: none"> a) are established or operating in the EU at the time of first investment; b) are in Early Stage at the time of first investment; c) any additional eligibility criteria that may be specified in the InnovFin Fund Agreement.

5. Miscellaneous

¹⁶ The guidelines can be accessed on the following webpage:
http://www.eif.org/news_centre/publications/2010_Guidelines_for_Restricted_Sectors.htm.

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Monitoring and audit	<p>The InnovFin Financial Intermediaries must agree (and must agree to cause the InnovFin Financial Sub-Intermediaries InnovFin Final Recipients to agree) to allow the Commission's agents, the EIF, the European Court of Auditors and the EPPO¹⁷ as applicable to have access to adequate information to enable them to discharge their duties with respect to monitoring, control and auditing of the correct use of the InnovFin Investment, including the promotion, visibility and transparency requirements specified in this Annex in this section. These controls may include on-the-spot controls of the InnovFin Financial Intermediaries, InnovFin Financial Sub-Intermediaries, and the InnovFin Final Recipients.</p>
Reporting	<p>Financial Intermediaries shall provide EIF semi-annual and annual reporting prepared in accordance with the reporting guidelines published or endorsed by Invest Europe (formerly known as European Private Equity and Venture Capital Association "EVCA") from time to time which on date of this Call endorses the International Private Equity and Venture Capital Investor ("IPEV") Valuation Guidelines. The indicative list of information that each Financial Intermediary shall provide to the EIF is specified in the Annex IV to this Call. InnovFin Financial Intermediaries shall also provide annual audited financial statements in accordance with applicable laws. The valuation of risk capital investments in InnovFin Final Recipients shall be made in accordance with the valuation principles published or endorsed by IPEV.</p>
Other Information	<p>Financial Intermediaries may be requested to provide, from time to time, further information related to the Final Recipients covered by Horizon 2020 and EFSI programmes in the context of programme evaluations and employment and growth reports to be prepared by EIF based on data available as of 31 December 2017 and 31 December 2019. To this end, the Financial (Sub-)Intermediaries shall require the Final Recipients to provide certain information on the basis of a template provided by the EIF. The provision of such information by Final Recipients shall (i) be subject to applicable laws, including without limitation in relation to data protection and banking secrecy, and (ii) not be mandatory requirement nor constitute a condition precedent to the relevant transaction or any eligibility criteria.</p>
Visibility	<p>Each InnovFin Financial Intermediary shall¹⁸:</p> <ol style="list-style-type: none">i. ensure that in the contractual documentation with the InnovFin Final Recipients contain the statement that the financing is made possible through the support of the InnovFin Equity with the financial backing of the EFSI and European Union under Horizon 2020 Financial Instruments;ii. cooperate with EIF in carrying out marketing and publicity campaigns, including through its website or on social media, aimed at making InnovFin Equity known to potential Final Beneficiaries in the relevant jurisdiction;iii. include in any press release that the InnovFin Financial

¹⁷ Means European Public Prosecutor's Office in respect of those Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office (OJ L 283, 31.10.2017, p.1).

¹⁸ The InnovFin Financial Intermediaries shall transpose same visibility requirements in their contractual documentation with the InnovFin Financial (Sub-) Intermediaries.

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Intermediary may choose to make with regard to the InnovFin Investment and on a dedicated information page of the type of finance offered referred to in (ii) above on its website a reference, in the relevant language, that the InnovFin Financial Intermediary has benefited from the support of the European Union under the EFSI and Horizon 2020 programme. This shall include the Union Emblem of at least equal prominence to the logo of the EIF. Instead of issuing a press release, the InnovFin Financial Intermediary may choose alternative ways of communication, in which case the same visibility requirements shall apply;

- iv. follow the rules and conventions¹⁹ when displaying the Union Emblem;
- v. provide the EIF with an assistance to identify “show cases” of Final Recipient having benefited from an InnovFin Investment and providing information on these to the EIF using the templates provided by EIF.

Publication

EIF will publish on its website each year:

- a) a list of InnovFin Financial (Sub-)Intermediaries, containing for each InnovFin Financial (Sub-)Intermediary the name and address of the Financial (Sub-)Intermediary, as well as the amount of InnovFin Investment by the EIF into the InnovFin Financial Intermediary, an indication of InnovFin Financial (Sub-)Intermediary investment focus (i.e. sector specific, generalist).
- b) a list of eligible InnovFin Final Recipients, containing for each eligible InnovFin Final Recipient the name and address and the type of finance received under the InnovFin Equity.

Any InnovFin Financial (Sub-)Intermediary, or eligible InnovFin Final Recipient may, prior to receiving financial support under the InnovFin Equity, declare in writing (including by a representation in the relevant agreement) that the publication requirements set out above risks harming its commercial interests or risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union. In addition such publication shall not be required if: (i) it would be illegal under the applicable laws and regulations, or (ii) the eligible InnovFin Final Recipient is a natural person.

Record Keeping

The InnovFin Financial Intermediary shall maintain and be able to produce all the documentation related to the implementation of the InnovFin Fund Agreement for a period of five (5) years following the termination of the InnovFin Fund Agreement. The InnovFin Financial Intermediary shall require each InnovFin Final Recipient and each InnovFin Financial Sub-Intermediary to maintain and be able to produce all documentation related to the investment for a period of five (5) years following the termination of the investment in such Final Recipient or the InnovFin Financial (Sub-)Intermediary (as applicable).

¹⁹ As set out in <http://europa.eu/about-eu/basic-information/symbols/flag/>

**Annex III to the Open Call for Expression of Interest to select Financial Intermediaries under
the EFSI Equity Instrument**

**Protection of personal
data**

EFSI Financial Intermediaries shall comply with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (OJ L 119, 4.5.2016, p. 1)