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Call for Expression of Interest to select a Financial Intermediary targeting technology transfer projects in Slovenia and Croatia to be funded within the scope of the Slovene Equity Growth Investment Programme (SEGIP) and the Croatian Growth Investment Programme (CROGIP), managed by European Investment Fund (EIF) and co-financed by SID banka, d.d., Ljubljana (SID Banka) and the Croatian Bank for Reconstruction and Development (HBOR), respectively

Reference number: Call for EoI – CEETT 2021/01

Deadline for applications: 29 October 2021

The objective of this Call for Expression of Interest (the “CEoI”), launched by EIF in cooperation with SID Banka and HBOR, is to select one Financial Intermediary in order to support the commercialization of Slovene and Croatian research and to support the emergence and professionalization of technology transfer (“TT”) fund managers in Slovenia and Croatia.

All applications by Financial Intermediaries¹ for funding under this selection process should be submitted to EIF and comply with the terms of this CEoI.

Please be informed that alongside funding provided by SID Banka and HBOR, EIF anticipates using other funding sources under EIF’s management in respect of which the requirements applicable to such funding will apply in addition to those reflected in this CEoI. After pre-selection of the applicants (please see section 6 below for the description of the process), EIF will inform all applicants that passed the pre-selection process of such additional funding source(s) and of the relevant requirements.

¹ Unless specifically indicated in this call for expression of interest or its annexes, the reference to a Financial Intermediary is to be understood to refer to a fund, its manager/advisor or both, as relevant.

In this CEol, capitalised terms and expressions have the respective meanings attributed to them in this document or defined in relevant Investment Guidelines annexed hereto, as appropriate.

1. Slovene Equity Growth Investment Programme (SEGIP), Croatian Growth Investment Programme (CROGIP) and the Central and Eastern European Technology Transfer (CEETT) initiative

In November 2017, EIF and SID Banka launched the Slovene Equity Growth Investment Programme (SEGIP). The EUR 100m equity investment programme aims to support Slovene SMEs, small-midcaps and/or midcaps in their access to growth and expansion equity capital. Similarly, in January 2019, EIF and HBOR launched the Croatian Growth Investment Programme (CROGIP). The EUR 80m equity investment programme aims to support Croatian SMEs, small-midcaps and/or midcaps in their access to growth and expansion equity capital.

In July 2021, after a joint agreement among SID Banka, HBOR and EIF (the “Promoters”), the scope of SEGIP and CROGIP was expanded to include the support for business applications of Slovene and Croatian academic research via a commitment to a technology transfer fund (the “Fund”) operating in the two countries. The resulting joint initiative is the first investment programme under the Central and Eastern European Technology Transfer (CEETT) initiative, a family of investment programmes aimed at fostering commercialization of research across the region. For this purpose, SID Banka contributed additional EUR 10 million to SEGIP, HBOR contributed additional EUR 10m to CROGIP and EIF made additional EUR 20m available for investment in the Fund managed by a Financial Intermediary to be selected under this call. Any amounts committed to such Fund from SEGIP and CROGIP will be matched by other resources under EIF’s management at a 1:1 ratio.

The objective of the current selection process is thus to select a Financial Intermediary that meets the conditions stipulated below. The total available funding amount indicatively represents EUR 40 million, subject to the selected Financial Intermediary satisfying the eligibility requirements and complying with the terms of such funding. Applicants may express their interest for an investment of up to the referred amount.

Should additional funding become available under the CEETT initiative before the deadline of this CEol, EIF may expand the scope of this CEol and inform accordingly. Any terms and conditions in this CEol are indicative and may change subject to a joint agreement by the Promoters.

2. Description of the activities expected from the selected Financial Intermediary

In accordance with the procedure described below, EIF may select one Financial Intermediary. The selection of such Intermediary will be based on the Selection Criteria stipulated in Appendix 3.

Financial Intermediaries must comply with relevant standards and applicable legislation on the prevention of money laundering as well as the fight against terrorism and tax fraud, evasion or avoidance to which they may be subject. Financial Intermediaries must acknowledge the EIF Anti-Fraud Policy (http://www.eif.org/attachments/publications/about/Anti_Fraud_Policy.pdf) which sets out the policy of EIF for preventing and deterring corruption, fraud, collusion, coercion, obstruction, money laundering and terrorist financing, and shall take appropriate measures (as may be further specified in the contractual documents to be entered into with the Financial Intermediary and also the Final Beneficiaries) to facilitate the implementation of such policy.

3. Expression of Interest

The Expression of Interest shall include the identification of the person(s) applying for the funding (the “Applicant”) and the Project Description, as stipulated in the attachments to this CEol respectively under Appendix 1 and Appendix 2, including any supporting documents deemed necessary for the assessment of the proposal.

No later than 15 September 2021, the Applicants may request clarifications regarding this CEol. Such requests shall be submitted in English via e-mail to ceett@eif.org.

Requests for clarifications from Applicants shall not receive individual replies. Instead, answers to all requests for clarifications received within the relevant deadline will be published together in a Clarification Document to be posted on the dedicated webpage of the CEol at www.eif.org by 30 September 2021.

Should EIF discover any errors, inaccuracies, omissions or any other type of clerical defect in the text of this CEol before the deadline, EIF will correct the text and inform accordingly.

4. Language

The Expressions of Interest, including the supporting documents, shall be in English only.

5. Financial Intermediaries

Applicants including the managers thereof shall (i) comply with relevant international and EU standards and legislation, where applicable, on the prevention of money laundering, the fight against terrorism, tax fraud, tax evasion and artificial arrangements aiming at tax avoidance and (ii) 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.

“Non-Compliant Jurisdiction” means a jurisdiction:

- (i) listed in the Annex I of the European Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes;
- (ii) included in the OECD/G20 list of jurisdictions that have not satisfactorily implemented the tax transparency standards;
- (iii) 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;
- (iv) rated as “partially compliant” or “non-compliant”, including corresponding provisional ratings, by the Organisation for Economic Cooperation and Development and its Global Forum on Transparency and Exchange of Information for Tax Purposes against the international standard on exchange of information on request;
- (v) included in the Financial Action Task Force statement “High risk Jurisdictions subject to a Call for Action”); and/or
- (vi) included in the Financial Action Task Force statement “Jurisdictions under Increased Monitoring”,

in each case as such statement, list, directive or annex may be amended and/or supplemented from time to time.

“Targeted Activities” 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).

The EIF Anti-Fraud Policy, the EIB Group Policy towards Weakly Regulated, Non-transparent and Noncooperative Jurisdictions and Tax Good Governance, EIB Group Anti-Money Laundering and Combating Financing of Terrorism Framework, the EIF Transparency Policy and the Guidelines on EIF Restricted Sectors, shall apply to all Agreements under the Facility. For further information please refer to:

https://www.eif.org/attachments/publications/about/Anti_Fraud_Policy.pdf

https://www.eib.org/attachments/strategies/eib_group_ncj_policy_en.pdf

<https://www.eib.org/en/publications/eib-group-anti-money-laundering-policy-and-combating-finance-of-terrorism-framework>

https://www.eif.org/news_centre/publications/eif-transparency_policy_01022016.pdf

https://www.eif.org/attachments/publications/about/2010_Guidelines_on_restricted_sectors.pdf

The criteria set out above shall apply mutatis mutandis to the Financial Sub-Intermediaries, if applicable.

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 Framework 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. The enhanced vigilance 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) UBOs (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 at the following site:

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

6. Submission of the Expression of Interest

The Expressions of Interest shall be submitted on or before the deadline set forth in the next paragraph by (i) e-mail and/or (ii) registered mail or professional courier service. The Expressions of Interest sent by registered mail or professional courier service shall consist of a closed single package, and shall contain the Expression of Interest, together with its attachments, in paper form.

The deadline for the submission of Expressions of Interest is 29 October 2021 (the “Deadline”).

The Deadline applies (i) in case of e-mails, to the reception by EIF and (ii) in case of registered mail or professional courier service, to the date of dispatch proven by the post office stamp or a dispatch receipt.

The Expressions of Interest shall indicate the reference “CEETT 2021/01 Selection Process” and the name of the Applicant and shall be sent to:

E-mail Address:

ceett@eif.org

Postal Address:

European Investment Fund
Mandate Management – Equity
Attention: Ms Maria Rodriguez Redaelli
37B, J.F. Kennedy
L-2968 Luxembourg
LUXEMBOURG

The outer envelope (package) shall indicate the following:
“Expression of Interest – CEETT 2021/01 Selection Process – Not to be opened by the
reception – To be passed without opening to Mandate Management – Equity”

The Applicants may withdraw their Expressions of Interest at any time by sending (i) an email and/or (ii) a letter to the above mentioned addresses.

An acknowledgement of receipt will be sent by EIF to the relevant Applicants via e-mail, which shall confirm that the Expression of Interest was received before the Deadline.

The 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 of the same.

7. Selection process

The Financial Intermediary shall be selected on the basis of EIF’s policies, rules, procedures and statutes and in conformity with the best practices through an open, transparent, proportionate, non-discriminatory and objective selection procedure. EIF reserves the right to begin its assessment of any received Expression of Interest immediately after its receipt, even before the Deadline.

In addition, the Expressions of Interests will be examined by the EIF on the basis of the Project Description and the Selection Criteria detailed respectively in Appendix 2 and Appendix 3.

Following the receipt of the Expression(s) of Interest, EIF shall assess the application(s) pursuant to the selection process outlined herewith. The received application(s) may be reviewed by all the Promoters. This process comprises:

1. Pre-selection

When assessing the Expressions of Interest, EIF will use its professional analysis and judgment. Following the receipt of an Expression of Interest and after having obtained any additional information or clarifications from the Applicant, if and as needed, the EIF will perform the quality assessment of the Expression of Interest.

2. Due diligence

Based on EIF's qualitative assessment, the Expression of Interest may be followed by a due diligence process, carried out in accordance with EIF's internal rules and procedures, where financial and operational matters relating to the financial instrument implementation shall be analysed in further detail.

3. Selection

Based on the pre-selection outcome and the outcome of the due diligence, EIF will decide:

- 1) To select the Applicant;
- 2) To put the Applicant on a reserve list; or
- 3) To reject the proposal from the Applicant.

Applicants' selection will be subject to the completion of (i) successful commercial and legal negotiations, and (ii) EIF's internal approval of the transaction according to EIF's own rules and procedures.

The negotiation process shall not be considered concluded until the signature of the subscription agreement with the Financial Intermediary, in accordance with EIF's internal rules and procedures, and is in any case not concluded until EIF and the relevant Applicant have agreed on all relevant terms and conditions, at EIF's full discretion.

Applicants who are not initially considered for contractual negotiations may, subject to EIF's discretion, be included on a reserve list, which unless cancelled or extended in writing by EIF, shall be valid up to 30 June 2022 (the "Reserve List"). Relevant Applicants shall be notified by EIF of their inclusion in the Reserve List.

Those Applicants whose Expression of Interest is rejected shall have the right to submit a written complaint about the selection process. Any complaints shall be submitted and will be addressed within the framework of and in accordance with the EIB Group complaints policy (for further information, visit:

<https://www.eib.org/en/publications/complaints-mechanism-policy.htm>).

Any personal data provided by the Applicants shall be processed by EIF in compliance with its Data Protection Statement (EIF statement on the processing operations of Applicants and Financial Intermediaries' 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 the free movement of such data, as amended from time to time. For further information visit:

http://www.eif.org/attachments/eif_data_protection_statement_financial_intermediaries_due_diligence_en.pdf

In any phase of the selection process, EIF reserves full discretion over the selection process and no Applicant or participating entity may have any claim or other right or may expect to be ultimately selected as Financial Intermediary. 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.

Appendix 1

APPLICANT IDENTIFICATION

1.1. Applicant identification

INFORMATION REQUIRED	
APPLICANT FULL LEGAL NAME	
CONTACT DETAILS	Address: Telephone: Fax: E-mail:
LEGAL FORM (if applicable)	
COMMERCIAL REGISTER , ETC. – REGISTRATION DETAILS (if applicable)	Denomination of register: Date of registration: Country of registration: Standard identification code / registration number, if applicable:
VAT (if applicable)	Registration number or Statement of exemption issued by the national VAT authority dated.....enclosed under reference..... Issued by.....

1.2. Person authorised to submit the Expression of Interest on behalf of the Applicant and appropriate evidence of such authorisation

INFORMATION REQUIRED	
TITLE	Mr/Ms/Dr/other (delete or complete as appropriate)
NAME	Surname: Forename(s):
FUNCTION	

CONTACT DETAILS	Address: Telephone: Fax: E-mail:
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1.3. Contact person (if different from 1.2)

TITLE	Mr/Ms/Dr/other (delete or complete as appropriate)
NAME	Surname: Forename(s):
FUNCTION	
CONTACT DETAILS	Address: Telephone: Fax: E-mail:

Appendix 2

PROJECT DESCRIPTION

Applicants are asked to provide an outline of their investment proposal (the “Project Description”) in relation to the Fund. The Project Description should provide concise information on the following items:

Market

- Detailed description of the targeted market segment(s);
- Detailed description of the competitors in targeted market segment(s), including other sources of financing;
- Differentiation vis-à-vis competitors.

Investment strategy

- Fund focus, including stage and sector (indicating the focus on research projects taking place in and companies established or operating in Slovenia and Croatia);
- Details of envisaged cooperation with research organizations, including a draft of envisaged legal agreement(s) or envisaged terms of such cooperation;
- Fund size, indicative breakdown of funds allocation to research projects and companies established or operating in Slovenia and Croatia (including follow-on investment rounds);
- Expected portfolio models (including number and amount of investments, timing and expected size (volume and reserve) of follow-on investments) at minimum, target and maximum fund size;²
- Financial instruments which the Financial Intermediary expects to use (e.g. equity, quasi-equity, hybrid debt-equity) and expected returns;
- Existing or planned links and partnerships with research institutions, strategy for generation of dealflow, value-add to investee projects and companies, post-investment and exit strategy;
- Detailed description of existing pipeline of investment opportunities (including project-type/Proof of Concept/pre-enterprise).

Fundraising

- Expected timing for first and final closings;
- Description (detailed list of names, amounts if available and stage of discussion) of the types of other investors envisaged and strategy of attracting co-investors, including potential letters of intent (even if unbinding) from such investors, if any;
- Details of any sponsor or potential investor receiving any special right with regard to the Fund or the Financial Intermediary (economic or related to governance), if any.

Management

- Fund manager team profile with indications of full/part-time dedication to the Fund, including location of each team member;
- Disclosure of fund manager’s ultimate beneficial owners as per the European AML regulation;

² It is expected that the portfolio model will demonstrate a primary focus of the proposed Fund on project-type/Proof of Concept/pre-company investments.

- Relevant team members' CVs (outlining main academic, professional and other relevant experience and in particular TT experience, if any);
- Relevant team members' track record in venture capital and/or private equity transactions (incl. name of investee company, type of investment/transaction, role played in the transaction (e.g. lead, co-investment, advisor etc.), country of operation, date of investment/divestment, investment size, proceeds to date, current valuation, exit multiple, gross IRR, references), highlighting experience with technology transfer or related transactions;
- Description of the joint experience of the team members;
- Description of presence in Slovenia and Croatia (i.e. description of team members (investment professionals) located or to be located in Slovenia and Croatia, and of their ability to communicate in English, Slovenian and Croatian; presence of registered offices in Slovenia and Croatia, if any, or timeline to establish such office);
- Description of existing/established networks and relationships in Slovenia and Croatia, particularly with research institutions;
- Detailed description of the legal structure(s) foreseen, including an adequate justification of all cross-border elements of the structure;
- Description of the governance structure that allows for decisions concerning investments, divestments and risk diversification to be made in accordance with applicable legal documentation and in line with relevant market practice;
- Information on members of the advisory and investment committees to be established (including, inter alia, involvement and decision making process, with particular focus on the independence of the management team as regards investment decisions);
- Applicant's risk management methodology, procedures and systems;
- Details of the shareholder base/ownership of the Applicant and the envisaged shareholder base for the fund management company, if it is planned to set up a new entity as a fund manager and details of potential conflict of interests;
- Details of the planned carried interest split among the team members of the Financial Intermediary;
- 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;
- Description of appropriate measures to avoid conflicts of interests and align the interests of the Financial Intermediary, its managers and its investors, such measures to be in line with market practices.
- 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).

Terms and conditions

- Main economic terms, including management fee calculation, 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;
- Operational budget of the Financial Intermediary;
- Indicative investment from the fund management company and/or the management team into the Fund;
- Indicative capital commitments from other investors at the level of the Fund.

Appendix 3

INVESTMENT GUIDELINES AND SELECTION CRITERIA

This section describes some non-exhaustive guiding principles of the activities of the Financial Intermediary and the Fund, and indicative terms applicable under SEGIP and CROGIP.

As stated above, alongside funding from SID Banka and HBOR, EIF anticipates using other funding sources under EIF's management in respect of which the requirements applicable to such funding will apply in addition to those reflected in the CEol. After pre-selection of the Applicants (please see section 6 of the CEol for the description on the process), EIF will inform selected Applicants of such additional funding source and of the relevant requirements.

<i>Category</i>	<i>Requirement</i>
<i>Target Investees</i>	<p>The Fund shall invest at least an amount equal to 37.5% of the amounts drawn down from EIF in Target Investees located in Slovenia and at least an amount equal to 37.5% of the amounts drawn down from EIF in Target Investees located in Croatia, with the remaining amounts (from all investors) to be used for management fees and costs and invested in Target Investees in either of the two countries. Investments outside Slovenia and Croatia may be permitted on an exceptional basis subject to a prior written approval by EIF.</p> <p>For the above purpose, in order to qualify as a Target Investee, the projects (including technology transfer projects and technology rights) or companies must satisfy all of the following requirements, at the time of each investment by the Fund into the Target Investee:</p> <ol style="list-style-type: none"> 1. With respect to a project, it must: <ol style="list-style-type: none"> (i) take place at a Slovenian or Croatian university or higher education institute performing research or other research centre, and (ii) be in the Proof of Concept stage, defined as the stage of development of an company which precedes its incorporation, where the assessment of the feasibility concept is made, assessing viability of translating R&D results into innovative applications and validating if a certain product/technology/ process may be used for commercialisation, including via licensing and sale of intellectual property (IP). This includes investigation of technical feasibility, economic viability of research results, demonstration activities such as late stage clinical trials, prototyping and incubation. Indicatively, this includes a TRL of 3 or higher. 2. With respect to an company, it must: <ol style="list-style-type: none"> (i) have originated from a Slovenian or Croatian university or higher education institution performing research or other research centre and have a registered office and its main operations in Slovenia or in Croatia, and (ii) be in the Seed, Start-up or Later Stage Venture investment stage as defined by Invest Europe (as may be updated from time to time). 3. With respect to the activities of the company or under the project: <ol style="list-style-type: none"> (i) no operations take place in economic sectors referred to as the "EIF Restricted Sectors" in the Guidelines on the EIF Restricted Sectors³, and (ii) operations do not primarily take place in any of the bellow listed sectors/areas: <ol style="list-style-type: none"> a) financial services as per Sector code 57 EVCA "Financial services" (excluding financial technology companies) or b) real estate as per Sector code 58 of EVCA "Real Estate",

³ http://www.eif.org/news_centre/publications/2010_Guidelines_for_Restricted_Sectors.htm

	<p>with such companies and projects referred to as Excluded Final Recipients.</p> <p>It is expected that project-type (pre-company, also referred to as pre-seed) Target Investees will, in terms of the number of investments, represent a majority (with a target of 70% or more) of the Fund's investments, with a due focus on such Target Investees by the Financial Intermediary.</p>
<i>Fund size and duration</i>	<p>The Fund should have a minimum fund size of at least EUR 40-44 million. For the avoidance of doubt, EIF expects to commit the full amount of up to EUR 40 million to the Fund.</p> <p>The duration of the Fund shall not exceed 10 years from the date of the first closing, excluding any additional permitted extensions. Maximum cumulative extensions shall not exceed 4 years. Any one time extension should not exceed 1 year.</p> <p>The Fund must be denominated in EUR.</p>
<i>Support of the market in Slovenia and Croatia</i>	<p>With the objective of supporting the emergence and professionalization of TT investment activity and capacity building in Slovenia and Croatia and ensuring appropriate monitoring of the investments, the Financial Intermediary shall have significant presence in Slovenia and Croatia by having a registered office in each country and sufficient staffing with personnel, including at least one investment professional present in each country, to dedicate a substantial amount of their time (preferably full-time) and effort to activities in the countries throughout the entire duration of the Fund that is able to operate in Slovenian and Croatian business environment (including appropriate language skills). For avoidance of doubt, an investment professional must be of personnel that would commonly be referred to as at least a senior investment professional.</p>
<i>Investment strategy</i>	<p>The Fund must have, with respect to its asset class and size, an appropriate duration and risk diversification strategy, as per best market practice and as agreed with EIF.</p> <p>At least 70% of the provided financing must be provided in the form of equity and/or instruments having equity-like characteristics.</p> <p>The Fund shall be focused on technology transfer activities across various fields, i.e. activities exploring 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 not yet currently explored, tested, adapted or commercialised. 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 of less developed technology transfer infrastructures); • IP licensing (including via project financing), sale of patents; • Creation of new companies, including via spin-offs⁴; • Business planning support, launch of spin-offs or joint ventures, staffing support (such as in bringing in a CEO or CFO, setting up a sales/marketing team, etc., as the case may require) and building of strategic alliances with other organizations; • Collaboration between universities, research organisations and industry notably via research/consulting contracts. <p>The Fund shall thus focus on providing financing primarily to university and research centre spin-offs and to projects at the proof-of-concept stage, also providing follow-on financing to these projects at a later stage⁵.</p> <p>For this purpose, the Fund shall be affiliated or cooperating with:</p> <ul style="list-style-type: none"> • Technology Transfer Offices (TTOs) • Research Organisations (ROs)

⁴ A spin-off is any company created via the support of the Fund which includes the right to use any intellectual property pertaining to the public research organization under a relevant license agreement, whether in return for payment or free of charge, without such public organization having a stake in such company, as well as any such company established exclusively or in partnership with third parties (the Fund included) by a public research organization.

⁵ In general, pre-seed financing shall refer to supporting projects while still at the early stage at the public research organization, seed financing shall refer to providing incorporation capital (for spin-offs) and later stage financing shall commonly refer to series A/series B and later rounds of financing.

	<ul style="list-style-type: none"> • Applied Research Universities • Technology Transfer specialists • University Incubators • Industry experts <p>The Financial Intermediary must not use leverage at the level of the Fund.</p> <p>The Fund may not invest in derivatives. Notwithstanding the foregoing, the Fund may utilize derivatives for protective hedging purposes exclusively.</p> <p>The Fund shall not invest in any Excluded Final Recipients.</p> <p>If the Fund’s contractual documents foresee the right of the Financial Intermediary to recall any distributions from investors, such right must be limited in amount and in time, as deemed appropriate by EIF.</p>
<p><i>Structure, governance and economic terms</i></p>	<p>The Financial Intermediary and the Fund must be established in an EU member state and must be authorised or registered in an EU member state under the applicable national law.</p> <p>The Fund shall be managed by an independent management team⁶ combining the appropriate mix of skills and experience to demonstrate the necessary capability and credibility to manage a technology transfer fund⁷ and which, during the due diligence process, demonstrated to the EIF that they (i) have a clear strategy to make a sufficient number of investments into the Target Investees, create adequate dealflow and establish appropriate exit strategies and (ii) will apply good market practice in areas such as legal structure, investment principles, reporting and evaluation.</p> <p>The Fund shall be managed by entities which are controlled by individuals or privately held entities. Control in this regard shall mean the power to direct the management of the entity which is controlled whether through the ownership of voting capital, by contract or otherwise, or the ability to exercise (whether directly or indirectly) more than 50% of the voting capital or similar rights of ownership in respect of such controlled entity or the contractual right to appoint or remove the management of such entity or a majority of the members of such entity’s executive bodies.</p> <p>The EIF shall be represented in an advisory board or similar investor representation bodies of the Fund.</p> <p>The management fee, hurdle rate/preferred return and carried interest shall be in line with the market practice.</p>
<p><i>Monitoring and audit</i></p>	<p>The Financial Intermediary must agree (and must agree to cause the portfolio projects and companies to agree in the contractual documentation between the Financial Intermediary and the respective project/companies) to allow the EIF, any person designated by EIF, the European Court of Auditors and OLAF/EPPO 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 invested amounts, including the promotion, visibility and transparency requirements specified in this section. These controls may include on-the-spot controls of the Financial Intermediary, the Fund and the portfolio projects and companies.</p> <p>In order to allow for SID Banka and HBOR to carry out their monitoring activities, the Financial Intermediary will be requested to:</p> <ul style="list-style-type: none"> (i) invite SID Banka and HBOR as observers to events open to all investors, such as the annual general meeting (if any) of the Fund; (ii) invite SID Banka and HBOR as observers at the meetings of the advisory board (if any) or other similar governance body of the Fund. For the avoidance of doubt, such body does not refer to the investment committee or similar body making investment or management decisions.

⁶ Independent management teams include teams operating within a corporate or university structure provided that the operation of the fund management business has a high degree of independence in making investment decisions from the parent company/organization.

⁷ The individual members of the management teams are not required to have prior direct experience of fund management provided that they can otherwise demonstrate appropriate capabilities within the team to manage the Fund, whereby the management team as a whole will be evaluated and this criterion does not have to be fulfilled by each individual member of the management team.

<i>Non-Compliant Jurisdiction</i>	The Financial Intermediary and the Fund shall not be established in a Non-Compliant Jurisdiction and must abide by the EIB Group Policy Towards Weakly Regulated, Non-transparent and Non-Cooperative Jurisdictions and Tax Good Governance (“EIB Groups NCJ Policy”), which may be reviewed, supplemented or amended from time to time and which is intended to address the issues of money laundering, terrorism financing, tax avoidance, tax fraud or tax evasion which are mentioned in amended Article 22 of the EFSI Regulation (EU) 2017/2396.
<i>Reporting</i>	The Financial Intermediary shall provide the EIF with quarterly and annual reporting in English prepared in accordance with the reporting guidelines published or endorsed by Invest Europe (formerly known as European Private Equity and Venture Capital Association) from time to time. The Financial Intermediary shall also provide annual audited financial statements in accordance with applicable laws. The valuation of risk capital investments in portfolio projects and companies shall be made in accordance with the valuation principles published or endorsed by Invest Europe.
<i>Visibility</i>	<p>The Financial Intermediary shall explicitly inform portfolio projects and companies, that the financial instrument is being co-financed by SID banka, d.d., Ljubljana and the Croatian Bank for Reconstruction and Development (HBOR), and supported by other resources under EIF’s management as the case may be.</p> <p>The first publication of the Financial Intermediary on the EIF’s commitment to the Fund is to be coordinated with EIF, and should feature the role of the EIF, SID Banka and HBOR as co-funding the financial instrument. The first publication of a Target Investee on the investment from the Fund should feature the role of the EIF, SID Banka and HBOR in funding the investment. Further publications by the Financial Intermediary shall also mention that the Fund is supported by a joint initiative of the EIF, SID Banka and HBOR.</p> <p>The Financial Intermediary shall ensure that the EIF, SID Banka and HBOR are featured as the most prominent partners of the Fund in all of its activities providing visibility to investors or other supporters of the Fund.</p>
<i>Record keeping</i>	The Financial Intermediary shall maintain or be able to produce all the documentation related to the implementation of the Fund for a period of seven (7) years following the termination of the fund agreement. The Financial Intermediary shall require each portfolio project and company to maintain and be able to produce all documentation related to the investment for a period of seven (7) years following the termination of the investment in such portfolio project or company or the Financial Intermediary (as applicable).
<i>Transfer rights</i>	EIF must have the right to transfer part of its investment to SID Banka and/or HBOR or persons designated by SID Banka and/or HBOR in case of termination of the relevant funding agreement of EIF with SID Banka and/or HBOR.
<i>Additional representations</i>	The Financial Intermediary may be required by the EIF to provide additional representations related to SEGIP and/or CROGIP and other funding resources, as the case may be, that are being contemplated for co-financing the financial instrument.