



## ANNEX III – VC & Acceleration Fund Term Sheet

Capitalised expressions utilised herein shall have the meaning attributed to them in the Call for Expression of Interest, unless otherwise defined below or the context requires otherwise. Unless the contrary intention appears, words in the singular include the plural and words in the plural include the singular.

This summary term sheet is for information purposes only. This document is an outline of the principal terms and conditions for the product described herein, which are subject to change and non-exhaustive.

Any reference to legal and regulatory framework, including State aid regime(s), shall be to the applicable version as amended, supplemented or replaced from time to time.

### 1. Rationale

The purpose of the Call is to identify (a) Financial Intermediary(ies) and its / their Fund(s) to support SMEs by providing funding in the form of either equity or quasi-equity in Croatia. For this purpose and building on the experience of the predecessor programme, the Croatian Venture Capital Initiative launched in 2018, each selected VC & Acceleration Fund may consist of a combination of an Acceleration Compartment and a VC Compartment or, alternatively, may implement the strategy of only one of these compartments in the form of a VC Fund or an Acceleration Fund.

### 2. Terms of reference

<b>Financial Instrument</b>	<p>VC &amp; Acceleration Fund</p> <p>While a preference will be given to applications combining a VC Compartment and an Acceleration Compartment in a single Fund, the EIF will also consider applications focused only on the strategy of one of the two compartments, in the form of a VC Fund or an Acceleration Fund.</p>
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<b>Fund</b>	Means any investment fund, investment vehicle in any form (including special purpose vehicle), collective investment undertaking, scheme or arrangement that undertakes long term risk capital investments in enterprises or projects.
<b>Investment parameters</b>	<p>The Fund shall make equity and quasi-equity investments in start-ups operating in targeted areas and/or targeted geography. A VC &amp; Acceleration Fund shall have one or two compartments having the following distinct investment strategies:</p> <ul style="list-style-type: none"> <li>• <b>Acceleration Compartment</b> provides initial financing to emerging entrepreneurs for research &amp; development and pilot of initial concepts. It combines financing for start-ups with an integrated acceleration component – such as providing access to mentors, continuous learning, business support services and working space – made available to support emerging entrepreneurs from idea to commercialization.</li> <li>• <b>VC Compartment</b> provides investments to innovative companies, including, if applicable, follow-on financing to successful graduates from the Acceleration Compartment.</li> </ul> <p>It is expected that, in principle, in case of a VC &amp; Acceleration Fund combining the two compartments, the larger compartment in terms of commitments will be the VC Compartment. In such case, the allocation to the Acceleration Compartment will typically represent up to a third of the total capital committed by the EIF to such Fund.</p>
<b>Investment stage</b>	<p>The Fund shall support Final Recipients falling under the stages (as defined by Invest Europe) below:</p> <ul style="list-style-type: none"> <li>• Seed</li> <li>• Start-up</li> <li>• Later Stage Venture</li> </ul>
<b>Duration</b>	<p>The duration of the Fund will be structured to be limited in time and will typically be of 10 years, extendable by up to two 1-year periods (with such extensions being subject to the Fund’s investors or advisory committee approval). Further extensions may be considered subject to consent of the EIF and other investors in the Fund.</p> <p>The investment period of the Fund shall be in line with market practice, typically no longer than 5 years, extendable by up to 1 year. It should be noted that EUR 60m (equivalent to the contribution from the Programme Competitiveness and Cohesion 2021-2027) out of the EUR 80m available under the CVCi 2 needs to be fully utilised by the end of the Eligibility Period falling on 31 December 2029, while the remaining EUR 20m can be utilised for follow-on investments beyond 31 December 2029. The allocations from these two distinct parts of the available funding to each selected Fund will be at EIF’s discretion based on its assessment of the received applications.</p>
<b>Follow-on investments</b>	Providing additional investment into Final Recipients following the initial investment by the Fund, including after the end of the investment period.

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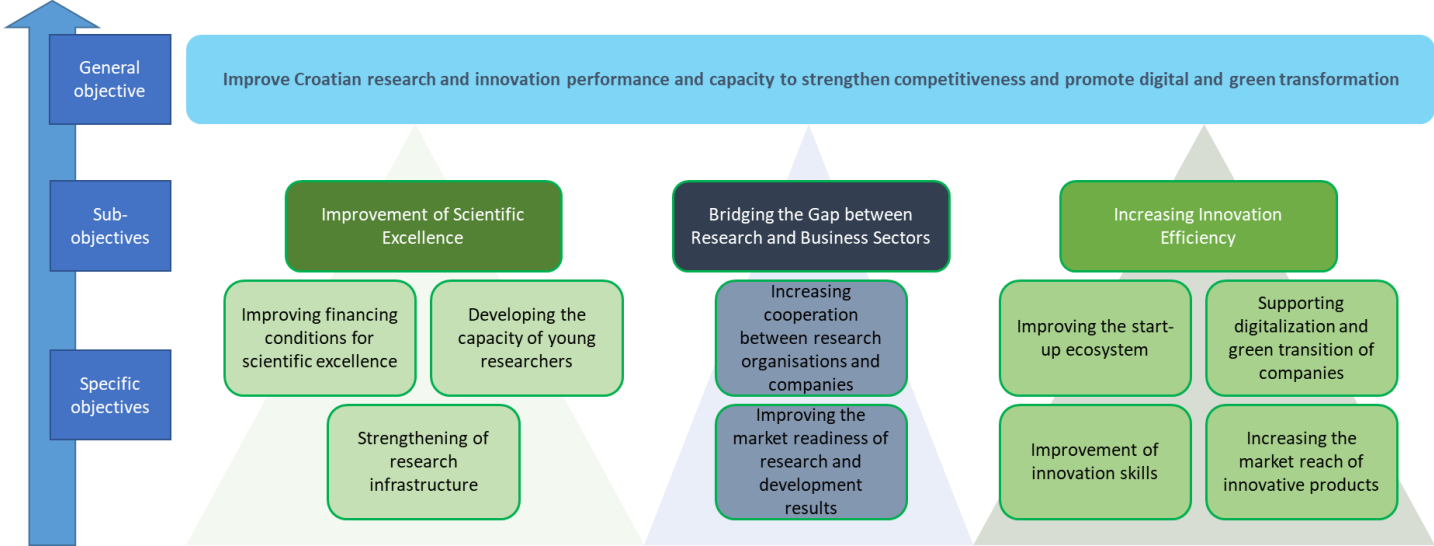
<b>Fund Manager</b>	<p>A financial institution, fund manager or other legal entity selected by the EIF to manage or advise the Fund.</p> <p>The Fund Manager will typically be comprised of a team of experienced professionals, acting with the diligence of a professional manager and in good faith, operating according to best industry practices, complying with professional standards issued by Invest Europe, ILPA or other equivalent organisation.</p> <p>The EIF will strive to select Fund Managers that are independent and in a position to take the management and investment decisions independently, in particular without the influence of investors, sponsors or any other third party which is not integrated in the structure. In any case, the EIF can deviate from this condition on a case-by-case basis at its own discretion.</p> <p>For the avoidance of doubt, international team members or partnerships with international funds, as well as newly set up teams are eligible, and their establishment will be encouraged and supported by the EIF.</p>
<b>Investees' advisers / pool of mentors' structure</b>	<p>The selected Fund Manager will be expected to draw on their networks of relevant industry and market contacts to aid the development of the Final Recipients. For example, while not a pre-requisite, they may establish a formal or informal structure from which relevant industry experts could be engaged on an ad hoc basis with the Final Recipients (the form, size, industry concentration, commitment and incentivisation scheme of the structure would remain at the full discretion of the Fund Manager).</p>
<b>Fund Manager's commitment</b>	<p>The Fund Manager shall contribute an adequate minimum percentage of the total size of the Fund (i.e., its total commitments). The required commitment size will be assessed against and aligned with the Fund economics and the broader financial position of the Fund Manager's team to provide a relevant alignment of financial interest with investors. A typical commitment may often be at least 2% of the total commitments.</p>
<b>Eligible Final Recipients</b>	<p>The Fund may only invest in a Final Recipient which complies with the following eligibility criteria:</p> <ul style="list-style-type: none"> <li>(i) it qualifies as an SME under the Commission Recommendation 2003/361/EC (OJ L124, 20.05.2003) "concerning the definition of micro, small and medium-sized enterprises" notified under document number C(2003)1422) as amended, restated, supplemented or substituted from time to time;</li> <li>(ii) it is operating in the Republic of Croatia or is planning to expand its operations into the Republic of Croatia based on its business plan at the time of the investment;</li> <li>(iii) it is not subject to collective insolvency proceedings nor fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors, as set out in art. 4.3(a) of the De Minimis Regulation;</li> </ul>

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	<p>(iv) in case of receiving an investment from the Acceleration Compartment, it is eligible under the scope of De Minimis Regulation<sup>1</sup>.</p> <p>(v) in case of receiving an investment from the VC Compartment, it is not an undertaking in difficulty as defined under Union State aid rules (“Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty” (C249/1/31.7.2014));</p> <p>(vi) it is potentially economically viable (as assessed by the Fund Manager in accordance with its internal procedures).</p> <p>For Final Recipients in early stage with insignificant operations, the assessment of their activities shall be based on the Final Recipient’s business plan at the time of the investment by the Fund.</p> <p>All eligibility criteria shall be met at the latest on the signing date of the relevant Final Recipient transaction.</p> <p>The purpose of the Final Recipient transaction shall be: (1) investment in tangible or intangible assets, and/or (2) investment in working capital; for the avoidance of doubt and considering the equity nature and investment strategy of the Fund, the aforementioned purpose shall be deemed fulfilled in respect of the equity or quasi-equity investments in Final Recipients by the Fund in compliance with the terms and conditions provided herein.</p>
<p><b>Smart Specialization Strategy</b></p>	<p>Investments shall be made in Final Recipients active in one or more of the following thematic priority areas (“S3 2029 Thematic Priority Areas”) of Croatia’s Smart Specialization Strategy (“S3 2029”) , as amended from time to time:</p> <ul style="list-style-type: none"> <li>• Personalised health;</li> <li>• Smart and clean energy;</li> <li>• Smart and green transport;</li> <li>• Security and dual use;</li> <li>• Sustainable and circular food;</li> <li>• Customised and integrated wood products; and</li> <li>• Digital products and platforms.</li> </ul> <p>Prior to the Final Recipient transaction, Final Recipients will be required to make a self-declaration on being active in one or more of the S3 2029 Thematic Priority Areas (or as otherwise determined under applicable national rules).</p>

<sup>1</sup> When an undertaking is active both in sectors excluded from the De Minimis Regulation and in one/more of the sectors falling within its scope, such undertaking may be considered eligible in respect of the latter sectors or activities in accordance with art. 1.2 of the De Minimis Regulation, as long as the Financial Intermediaries are able to reflect a separation of activities or distinction of costs, in order for the activities in the excluded sectors not to benefit from the de minimis aid, as defined in the business plan as provided by the Final Recipients, as well as the pro-forma invoices or any equivalent justifying document.

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	<p>The S3 2029 eligibility shall be observed in accordance with the following criteria:</p> <ol style="list-style-type: none"> <li>1. The investment by the Fund is consistent with the S3 2029 Thematic Priority Areas as the Final Recipient is operating, performing research, developing, manufacturing, distributing and/or operating products, services, technologies and/or solutions in at least one S3 2029 Thematic Priority Areas.</li> <li>2. If item 1 is not met, the investment by the Fund in such Final Recipient must contribute to the fulfillment of at least one objective from the following overall objectives of the S3 2029 intervention logic, as amended from time to time:</li> </ol>  <p>Compliance with S3 2029 (as provided in the two previous paragraphs) shall be observed at the latest at the time of the termination of the Fund.</p>
<p><b>Target Final Recipients</b></p>	<p>Target Final Recipients are eligible Final Recipients that are established (i.e., legally incorporated, otherwise registered or having a legally incorporated subsidiary) and mainly operating in the Republic of Croatia.</p> <p>The Fund shall invest in Target Final Recipients at least an amount equal to the portion of the EIF investment into the Fund funded by the contribution from the Programme Competitiveness and Cohesion 2021-2027 that has been drawn down and invested by such Fund in Final Recipients.</p>

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<b>Restricted Sectors and activities</b>	<p>The list of Restricted Sectors provided in Section 3 below applies. Additionally, investments in companies listed on the official list of a regulated market at the time of the investment or which received illegal State aid which has not been fully recovered shall not be permitted.</p> <p>Exclusions listed in art. 7 of the ERDF Regulation<sup>2</sup> need to be observed.</p>
<b>Final Recipient Transactions</b>	<p>All Final Recipient transactions entered into by the Fund shall comply with each of the following requirements:</p> <ol style="list-style-type: none"> <li>1) The Final Recipient transactions shall be newly originated during the Eligibility Period ending on 31 December 2029;</li> <li>2) The Final Recipient transaction shall not refinance or restructure existing loans and/or leases;</li> <li>3) The investments to be supported by the Final Recipient transaction shall be expected to be financially viable (as assessed by the Fund Manager in accordance with its internal procedures) and shall not have been physically completed or fully implemented as at the date of the Final Recipient transaction approval by the Fund Manager;</li> <li>4) The amount of the Final Recipient transaction that is dedicated to the purchase of land (if any) cannot exceed 10% of the initial principal amount of the Final Recipient transaction;</li> <li>5) The Final Recipient transaction shall not finance pure financial activities or real estate development when undertaken as a financial investment activity and shall not finance the provision of consumer finance;</li> <li>6) In case of investments by the Acceleration Compartment, the Final Recipient transaction shall not finance activities excluded by the De Minimis Regulation;</li> <li>7) Final Recipient transaction shall not be affected by an Irregularity<sup>3</sup> or fraud;</li> <li>8) With respect to an expenditure item financed by the Final Recipient transaction, in addition to the assistance received through the Final Recipient transaction, SMEs may receive assistance from another Union Funds priority or rural development programme or from another instrument supported by the budget of the EU, provided that: <ol style="list-style-type: none"> <li>(i) such combination is in line with applicable EU State aid rules;</li> <li>(ii) separate records are maintained for each source of assistance;</li> </ol> </li> </ol>

<sup>2</sup> Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund, [EUR-Lex - 02021R1058-20210630 - EN - EUR-Lex \(europa.eu\)](#)

<sup>3</sup> Means, in accordance with art. 2(31) of the CPR, any breach of applicable law, resulting from an act or omission by an economic operator involved in the implementation of the Union Funds, which has, or would have, the effect of prejudicing the budget of the EU by charging unjustified expenditure to that budget.

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	<p>(iii) the eligible expenditure item financed by the Final Recipient transaction is distinct from expenditure items financed by other sources of assistance; and</p> <p>(iv) if the other sources of assistance cover the same eligible expenditure item, the sum of all sources of support combined does not exceed the total amount of the expenditure item concerned;</p> <p>9) Final Recipient transactions shall not be used to pre-finance grants.</p>
<b>Addressing Climate Action and Environmental Sustainability</b>	<p>The contribution of the Final Recipient transactions to Climate Action and Environmental Sustainability (“CA&amp;ES” or “green”) objectives shall be determined, if applicable/relevant/indicated by the EIF, in accordance with the latest EIF Climate Action and Environmental Sustainability Guidelines published on EIF’s website<sup>4</sup> and applicable at the time of commitment. The contribution to Climate Action and Environmental Sustainability included in the contractual documentation between the EIF and the Fund Manager will be monitored as part of the operational reporting presented by the Fund Manager to the EIF.</p> <p>While there are generally no specific CA&amp;ES requirements towards each Fund individually, the EIF is targeting to implement the CVCi 2 in a manner whereby 10-20% of all the underlying Final Recipient transactions are aligned with EIF’s CA&amp;ES criteria.</p>
<b>Private Investors</b>	<p>Private Investors are deemed to be any private investors which are economically and structurally independent from the portfolio companies where an investment is made, to the extent that they bear the full risk in respect of their investment, in accordance with Article 2(72) of GBER<sup>5</sup>. Upon the creation of a new company, Private Investors, including the founders, are considered to be independent from that company. In the context of follow-on investments, an investor remains ‘independent’ if it was considered as an independent investor in a previous investment round.</p>
<b>Minimum Private Investor contribution</b>	<p>A minimum 30% Private Investor contribution is required at the level of a VC Compartment on a ‘pari passu’ basis (investments made on the same terms and conditions between public, including EIF, and Private Investors).</p> <p>No Private Investor contribution is required in an Acceleration Compartment.</p> <p>The ability to source private financing is part of the assessment criteria applied to Applicants.</p>
<b>Ranking of EIF investment</b>	<p>The applicable ranking of EIF investment will ultimately depend on the investment strategy proposed by the Fund Manager and its ability to source private financing.</p>

<sup>4</sup> [eif.org/news\\_centre/publications/climate-action-sustainability-criteria.pdf](https://eif.org/news_centre/publications/climate-action-sustainability-criteria.pdf)

<sup>5</sup> Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, [EUR-Lex - 02014R0651-20210801 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2014/651/20210801)

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	<p>For a VC Compartment, the following distribution cascade is expected to be applicable for all investors:</p> <ol style="list-style-type: none"> <li>1. First, 100% to the investors (pro-rata to their underlying economic interest) until they have received distributions in aggregate equal to the total capital committed to the VC Compartment;</li> <li>2. Second, 100% to the investors (pro-rata to their underlying economic interest) until each investor has received a market standard hurdle on their capital drawn by the VC Compartment;</li> <li>3. Third, 100% to the Fund Manager until the Fund Manager has received an additional amount equal to 25% of the total preferred returns distributed to the investors under paragraph above;</li> <li>4. Thereafter, 80% to the investors (pro-rata to their underlying economic interest) and 20% to the Fund Manager (Carried Interest).</li> </ol> <p>For an Acceleration Compartment, the distributions of proceeds is expected to follow the schedule below:</p> <ol style="list-style-type: none"> <li>1. First, up to 100% to the investors (pro-rata to their underlying economic interest) until they have received distributions in aggregate equal to the total capital committed to the Acceleration Compartment;</li> <li>2. Thereafter, 50% to the investors and 50% to the Fund Manager (Carried Interest).</li> </ol>
<b>Investment limits</b>	<p>Typical investment limits will apply to ensure adequate diversification of the portfolio. The amount invested in a single Final Recipient by a Fund/Compartment (as applicable) shall be typically up to 15% of the Fund/Compartment (as applicable) at any point in time (possible Fund advisory committee approval in case that limit needs to be exceeded, however subject to a maximum of 20% of the Fund's/Compartment's total commitments per Final Recipient).</p> <p>For the Acceleration Compartment, the Fund Manager shall in any event not invest more than the applicable threshold under the De Minimis Regulation<sup>6</sup> (reduced by the amount of any other de minimis aid received by the relevant Final Recipient over the last 3 fiscal years, in accordance with the De Minimis Regulation).</p>
<b>Envisaged State aid regime</b>	<p>If the conditions as per the Market Economy Operator Test as envisaged under section 4.2.3.1 (i) of the Commission Notice on the notion of State aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union<sup>7</sup> are complied with, the VC Compartment's operations are deemed to not entail State aid.</p> <p>The envisaged State aid regime for the Acceleration Compartment is the de minimis regime based on the De Minimis Regulation.</p>

<sup>6</sup> As of the date of this Call, the threshold is expected to be raised to EUR 275,000, subject to the entry into force of the amendments to the De Minimis Regulation.

<sup>7</sup> Commission Notice on the notion of State aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union, [EUR-Lex - 52016XC0719\(05\) - EN - EUR-Lex \(europa.eu\)](#)



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<b>Management fee</b>	Investors typically pay management fees calculated on the total commitments of the Fund during the investment period and on the invested capital (including the acquisition cost of the active portfolio of the Fund reduced by the acquisition cost of the Fund's investments that have been sold, written-off or written-down) thereafter. Alternatively, a fixed-fee for the post investment period could be considered. In addition, an overall cap for management fees can be agreed and included in the legal documentation.
<b>Fund's establishment and operating expenses</b>	The Fund shall assume fees, expenses and costs necessary to set up, manage and wind up the Fund, including transaction costs. For the avoidance of doubt, the Fund Manager shall pay its own operating expenses (such as office rental and employees), its own tax expenses as well as costs that do not correspond to the Fund.
<b>Targeted Activities under the EIB Group NCJ Policy</b>	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).
<b>Non-Compliant Jurisdictions (NCJ)</b>	<p>Means a jurisdiction:</p> <ol style="list-style-type: none"> <li>1. listed in Annex I of the European Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes;</li> <li>2. included in the OECD/G20 list of jurisdictions that have not satisfactorily implemented the tax transparency standards;</li> <li>3. 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;</li> <li>4. 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;</li> <li>5. included in the Financial Action Task Force statement "High risk Jurisdictions subject to a Call for Action"); and/or</li> <li>6. included in the Financial Action Task Force statement "Jurisdictions under Increased Monitoring",</li> </ol> <p>in each case as such statement, list, directive or annex may be amended and/or supplemented from time to time.</p>

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	Please refer to the EIB's website <sup>8</sup> for an FAQ containing the most updated reference lists of NCJs or enquire with the EIF for confirmation of NCJ status.
<b>Other requirements</b>	<p>The Fund Manager shall ensure compliance with applicable law, including but without limitation rules all relevant national law and regulations, State aid and money laundering, the fight against terrorism and tax fraud, as applicable. The Fund Manager, may, in line with its internal rules and procedures and particularly in the cases where fraudulent behaviour is suspected, be required to perform monitoring checks at the level of the Final Recipients.</p> <p>The Fund documentation may also include provisions in terms of the Fund's cash flow management, as deemed necessary.</p> <p>The Operational Agreement will include provisions, the objective of which will be to provide appropriate remedies for protecting EIF's interest in the Fund in case an investment does not comply or no longer complies with the agreed eligibility criteria. The Fund may be required to return amounts invested in Final Recipients which do not meet the eligibility criteria and/or which are found to be in an exclusion situation not duly disclosed or supervened (in the event that cannot be cured). In these cases, the Fund may be required to apply all applicable contractual and legal measures with due diligence for the purpose of recovering the relevant amounts.</p> <p>The Fund Manager and the Final Recipients:</p> <ul style="list-style-type: none"> <li>• shall not be established in an NCJ<sup>9</sup> unless the operation is physically implemented in the relevant NCJ and does not present any indication that it supports actions that contribute to Targeted Activities under the EIB Group NCJ Policy,</li> <li>• shall undertake to comply with all applicable laws and regulations and the relevant applicable international and European Union standards and legislation on the prevention of money laundering, the fight against terrorism, tax fraud, tax evasion and artificial arrangements aimed at tax avoidance; and, therefore, not support actions that contribute to tax evasion or finance artificial arrangements aimed at tax avoidance,</li> <li>• shall acknowledge the EIB Group Anti-Fraud Policy which sets out the policy of EIF for preventing and deterring corruption, fraud, collusion, coercion, obstruction, money laundering and terrorist financing as amended from time to time, and shall take appropriate measures (as may be further specified in the relevant Operational Agreement) to (i) facilitate implementation of such policy as well as to (ii) undertake to support investigations performed by the EIF or the European Investment Bank, the European Public Prosecutor's Office (EPPO), or the European Anti-Fraud Office (OLAF), or the European Court of Auditors (ECA) in connection with actual or suspected prohibited conduct,</li> </ul>

<sup>8</sup> <https://www.eib.org/en/about/compliance/tax-good-governance/faq>

<sup>9</sup> In the Financial Action Task Force (FATF) Plenary session of 21-23 June 2023, the FATF has decided to add Croatia, among other jurisdictions, under Increased Monitoring due to strategic deficiencies in its AML/CFT regime.

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	<ul style="list-style-type: none"> <li>shall ensure via contractual provisions that no funds or economic resources are made available directly or indirectly to, or for the benefit of, persons or entities designated by Restrictive Measures<sup>10</sup>.</li> </ul>
<b>Data Protection Statement</b>	Means EIF's Data Protection Statement on the processing of personal data of Applicants and Fund Managers, as published on the EIF website and as amended from time to time: <a href="#">eif_data_protection_statement_financial_intermediaries_due_diligence_en.pdf</a>
<b>Operational Agreement</b>	Meaning the legal documents signed between the EIF and the Fund Manager managing the rights and responsibilities related to the Fund and its operations.
<b>Reporting</b>	<p>The Fund Manager shall provide the EIF with quarterly information in a standardised form and scope as per Invest Europe guidelines for reporting to be specified in the Operational Agreement.</p> <p>The Fund Manager will be also requested to regularly send information on the companies or persons that receive equity financing (ultimate beneficial owners information) directly to the responsible authority(ies), notably in order to comply with the reporting requirements and the binding requirements for its implementation; details will be defined in the Fund documentation.</p> <p>Finally, it is important to note that State aid reporting rules may require the Fund Manager to provide data points which typically are not tracked by fund managers and a higher granularity of data. Furthermore, the Fund Manager should report any additional data that may be required under or derive from future changes to State aid regulations. More detailed reporting requirements will be set out in the Fund documentation.</p>
<b>Monitoring and audit</b>	The Fund Manager and the Final Recipients shall agree to keep records and to allow and provide access to documents related to the Financial Instrument for the representatives of the European Commission, the European Anti-Fraud Office (OLAF), the Court of Auditors of the European Communities, the EIF, the EIB, the Republic of Croatia and any other authorised bodies duly empowered by applicable law to carry out audit and/or control activities. The Fund Manager and the Final Recipients shall enable these bodies to discharge their duties with respect to monitoring, control and auditing of the correct use of the investments. These controls may include on-the-spot controls of the Fund Manager and the Final Recipients. To that effect, appropriate provisions shall be included in each Operational Agreement.
<b>Visibility</b>	The Fund Manager, in line with applicable law and Union Funds rules, shall carry out adequate marketing and publicity campaigns aimed at making the public contribution known, as further specified in the Operational Agreement. For this purpose, among others, the Fund Manager shall:

<sup>10</sup> As part of its due diligence process, EIF will analyse and exclude any applicant if it or any of its key persons, including ultimate beneficial owners, are subject to EU/UN/US/UK restrictive measures (sanctions), including but not limited to sanctions related to the invasion of Ukraine by the Russian Federation.

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	<ul style="list-style-type: none"> <li>i. explicitly inform the Final Recipients that the financial support provided by the Fund is made possible with the financial backing of the Union Funds. Such information needs to be prominently included either in the contractual documentation or in an accompanying cover letter;</li> <li>ii. ensure the visibility of European Union funding by informing Final Recipients and the public of the support received from the Union Funds and by displaying in the respective agreement(s) and relevant publicity materials, if applicable (brochures, website, banners, social media, billboards, posters etc.), as well as on the Final Recipient's website, the emblem of the European Union<sup>11</sup> together with the statement 'Co-funded by the European Union', in accordance with the Operational Agreement;</li> <li>iii. include in any press release or other marketing action that the Fund Manager may choose to make with regard to the Fund that the Fund Manager has benefited from the support of the CVCi 2.</li> </ul> <p>More detailed visibility requirements may be set out in the Fund documentation.</p>
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### 3. Restricted sectors of activity

The **EIF Restricted Sectors** ("Restricted Sectors") are published on the EIF's website and/or may be amended from time to time by the EIF. The list of Restricted Sectors in force as at the date of this Call are the following:

The Fund Manager(s) and the Fund(s) shall not invest, guarantee or otherwise provide financial or other support, directly or indirectly, to companies or other entities:

- a) whose business activity consists of an illegal economic activity (i.e., any production, trade or other activity which is illegal under the laws or regulations applicable to the Funds or the relevant company or entity, including, without limitation, human cloning for reproduction purposes);
- b) which substantially focus on:
  - i. the production of and trade in tobacco and distilled alcoholic beverages and related products;
  - ii. the financing of the production of and trade in weapons and ammunition of any kind, it being understood that this restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies;
  - iii. casinos and equivalent enterprises;

<sup>11</sup> As available at [https://ec.europa.eu/regional\\_policy/information-sources/logo-download-center\\_en](https://ec.europa.eu/regional_policy/information-sources/logo-download-center_en).

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- iv. the research, development or technical applications relating to electronic data programmes or solutions, which:
  - 1. aim specifically at:
    - a. supporting any activity included in the EIF Restricted Sectors referred to above;
    - b. internet gambling and online casinos; or
    - c. pornography,
  - or which:
  - 2. are intended to enable anyone to illegally:
    - a. enter into electronic data networks; or
    - b. download electronic data;
- v. fossil fuel-based energy production and related activities, as follows:
  - a. Coal mining, processing, transport and storage;
  - b. Oil exploration & production, refining, transport, distribution and storage;
  - c. Natural gas exploration & production, liquefaction, regasification, transport, distribution and storage;
  - d. Electric power generation exceeding the Emissions Performance Standard (i.e., 250 grams of CO<sub>2</sub>e per kWh of electricity) applicable to fossil fuel-fired power and cogeneration plants, and geothermal and hydropower plants with large reservoirs;
- vi. energy-intensive and/or high CO<sub>2</sub>-emitting industries, as follows:
  - a. the manufacture of other inorganic basic chemicals (NACE 20.13)
  - b. the manufacture of other organic basic chemicals (NACE 20.14)
  - c. the manufacture of fertilisers and nitrogen compounds (NACE 20.15)
  - d. the manufacture of plastics in primary forms (NACE 20.16)
  - e. the manufacture of cement (NACE 23.51)
  - f. the manufacture of basic iron and steel and of ferro-alloys (NACE 24.10)
  - g. the manufacture of tubes, pipes, hollow profiles and related fittings, with steel (NACE 24.20)

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- h. the manufacture of other products of first processing of steel (NACE 24.30, incl. 24.31-24.34)
- i. the production of aluminium (NACE 24.42)
- j. the manufacture of conventionally-fuelled aircraft and related machinery (sub-activity of NACE 30.30)
- k. conventionally-fuelled air transport and airports and service activities incidental to conventionally-fuelled air transportation (sub-activities of NACE 51.10, 51.21 and 52.23).

**Substantial focus definition:**

The EIF considers that an EIF Counterparty or Final Recipient has a “substantial focus” on a sector or business activity if such sector or activity is identified as being an essential part of business activity of the EIF Counterparty or Final Recipient respectively. This assessment is based, in particular, on the proportionate importance of such restricted sector or activity in relation to the gross revenue, profit or client base of the respective EIF counterpart or Final Recipient, in such a way that could affect the financial sustainability/going-concern of the EIF Counterparty or Final Recipient should such restricted activity cease.

Notwithstanding the above, investments in sectors mentioned under limb vi. items a) – k) above shall be allowed if the Fund Manager confirms that the specific Final Recipient transaction either (i) qualifies as environmentally sustainable investment as defined in the “EU taxonomy for sustainable activities” (Regulation (EU) 2020/852, as amended from time to time, and as supplemented by the technical criteria established under the “EU Taxonomy Delegated Acts” (Commission delegated Regulations (EU) supplementing Regulation (EU) 2020/852 or upcoming Taxonomy Delegated Acts, as amended from time to time, respectively), or (ii) is eligible under the EIF’s Climate Action & Environmental Sustainability (CA&ES) criteria for green financing, as applicable.

In addition, when providing support to the financing of the research, development or technical applications relating to:

- (a) human cloning for research or therapeutic purposes; and
- (b) Genetically Modified Organisms (“GMOs”),

the EIF will require from Fund Managers appropriate, specific assurance on the control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.