



ANNEX IV – StratTech VC 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.

The applicable State aid regime will ultimately depend on the investment strategy proposed by the selected Financial Intermediary and its ability to source private financing (which is part of the commercial assessment criteria of applicants as outlined in Annex II to the Call).

1. Rationale

The purpose of the Financial Instrument is to address the existing gap in regulated digital industries, especially via co-investing alongside other VC funds, business angels and other institutional and non-institutional investors. The Fund shall thus invest mainly in regulated applications on the financial market and support innovations in this area, with an additional focus on regulated applications of Distributed Ledger Technologies (“DLT”, but excluding cryptocurrencies, in particular any direct investments in tokens) and of artificial intelligence (“AI”) in newly regulated areas that will require certification as well as with a secondary focus on regulated applications in other digital areas. The respective Financial Intermediary is expected to possess the relevant knowledge of and experience in the financial and other relevant regulations and policies as well as practical experience with the financial services licensing procedure and policy, and to utilize this experience also in newly regulated AI industries (as per the EU Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 (the “EU AI Act”), in order to support innovative projects through the demanding licensing procedure and providing an added value also as a co-investor, with respect to new and upcoming policies and regulations in the targeted areas (especially financial market, DLT and AI).

2. Terms of reference

Financial Instrument	StratTech VC Fund (“Fund”)
Type of financing	Equity and/or quasi-equity
Fund duration	Typically a minimum of 10 years, extendable by a number of additional years (with extensions being subject to Fund’s investors or advisory committee prior approval)
Investment period	In line with market practice, i.e., typically no longer than 5 + 1 years, although different durations could be considered in duly justified cases.
Investment strategy	<p>The investment strategy of the Fund shall target primarily regulated financial technology and AI start-ups, with an additional focus on the use of DLT (excluding cryptocurrencies, in particular investments directly in both regulated and non-regulated tokens) and a secondary focus on regulated applications in other digital areas.</p> <p>The Fund shall support the development of regulated financial, DLT and AI companies, particularly those with the need to obtain licence from the respective authority (such as, on the Czech market, the Czech National Bank and/or any upcoming supervisory body under the EU AI Act). It shall aim to support early-stage technology start-ups from the initial stage of policy and regulatory preparation, throughout the licensing procedure and encourage the establishment of new companies and projects based on upcoming EU policies and policy initiatives to connect the financial market and AI innovation environment in the Czech Republic with the EU single market and various EU initiatives in the long term.</p> <p>The Fund shall focus mainly on investments in companies at pre-revenue stage, such as those having just been incorporated, developing a minimum viable product or carrying out market testing, that are in need of a relevant license and/or such a need is probable and/or the product is to be built in accordance with or on the top of an upcoming EU policy.</p> <p>Considering its deep specialisation, the Fund is likely to add value not only to the targeted companies but also to other investors, and hence is likely to frequently co-invest alongside other VC funds, business angels and other institutional and non-institutional investors. In this respect, the Financial Intermediary may propose to set up the Fund as a co-investment fund, always co-investing with other investors and attracting private capital to the targeted activity in this manner. The Fund should become a specialist partner for other VC investors to support their investments in the highly regulated area of finance, DLT and AI-regulated industries in the Czech Republic and EU.</p> <p>More broadly, the Financial Intermediary is expected to play an important role in the broader ecosystem on the Czech market and assisting in addressing financial, DLT and AI start-ups’ current issues related to the licensing procedure and inability to orient</p>

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	<p>and build projects in line with current and upcoming EU policies and initiatives (EU AI Act, various sandboxes, Digital Euro, Digital Finance Platform, AI and DLT infrastructure, etc.)</p> <p>For the avoidance of doubt, additional funds may be invested in non-licensed companies in line with the main investment strategy.</p> <p>The investments shall be expected to be financially viable. The Fund shall be expected to typically acquire minority stakes in Final Recipients.</p>
Final Recipient	<p>A legal person receiving financial support from the Fund.</p> <p>The amount invested in a single Final Recipient by the Fund shall be typically up to 15% of the total fund size at any point in time (possibly exceeded with the Fund's advisory committee prior approval), with the aim of building a diversified portfolio. The Financial Intermediary shall commit to cause each Final Recipient not to receive support from other European Union instruments or other public sources to cover the same cost as the one that the investment by the Fund in such Final Recipient intends to cover.</p> <p>Investments in companies listed on the official list of a regulated market at the time of the first investment are not allowed, since the fact that they are listed on a regulated market demonstrates their ability to attract private financing otherwise. Undertakings in difficulty as defined by GBER 651/2014 as well as companies that received illegal aid and are subject to a recovery decision are also not eligible.</p> <p>Investments into Final Recipients shall be made in accordance with applicable State aid rules, as presented in Annex V.</p> <p>For avoidance of doubt, Final Recipients include RRF Final Recipients.</p>
RRF Final Recipient	<p>Means a Final Recipient which, at the time of the first investment by the Fund:</p> <ul style="list-style-type: none"> (a) qualifies as a small and medium-sized enterprises or "SME", meaning a micro, small or medium-sized companies as defined in accordance with the Recommendation of the European Commission of 6 May 2003 (EC/2003/361) concerning the definition of micro, small and medium-sized enterprises, as amended from time to time; (b) is established and/or mainly operating (i.e., with the main portion of its activities based on headcount, assets or primary focus of the Final Recipient's business activities) in the Czech Republic, it being understood that for portfolio companies with insignificant operations, the assessment of their main operations shall be based on the Final Recipient's business plan at the time of the first investment by the Fund¹; and (c) primarily focuses its activities on one or more of the intervention fields listed in Annex VII to the RRF Regulation which have a 100% coefficient for the calculation of support to digital transition².

¹ Follow-on investments in portfolio companies deemed eligible at the time of the first investment on the basis of the business plan are allowed based on previous verification by the Financial Intermediary that they have main operations in the Czech Republic at the time of each such follow-on investment.

² [Page 57 of Regulation \(EU\) 2021/241](#)

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	<p>A Final Recipient not fulfilling the requirement (b) above, but that has a demonstrable link to the Czech Republic, such as, for example, by having operations (but not being established and/or mainly operating) in the Czech Republic or as otherwise proposed by the Financial Intermediary and agreed with the EIF, could be qualified as RRF Final Recipient.</p> <p>At least an amount equal to the amount drawn from the RRFCZ FoF by the Fund for investments shall be invested in RRF Final Recipients (“Minimum RRF Final Recipients Allocation”).</p> <p>For the avoidance of doubt, unless the Fund Manager opts to do so at its own discretion, the Fund is not required to invest in RRF Final Recipients more than the Minimum RRF Final Recipients Allocation and can allocate any other available amounts, including any amounts potentially made available under additional sources of funding EIF may commit to the Fund (other than from the RRFCZ FoF), for investments in Final Recipients that do not qualify as RRF Final Recipients but are otherwise in line with the broader investment strategy of the Fund.</p>
Fund Manager	<p>A financial institution, fund management company or other legal entity selected by EIF to manage or advise the Fund responsible for providing the resources made under this initiative to Final Recipients.</p> <p>Financial Intermediaries are expected to be substantially independent and in a position to take 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.</p> <p>The EIF expects the Fund Manager to 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, the ILPA or other equivalent organisation.</p> <p>The selected Fund Manager are expected to draw on their networks of relevant industry and market contacts to aid the development of their 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 by 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> <p>For the avoidance of doubt, international team members or partnerships with international funds, as well as newly set-up teams are not excluded, and their establishment is encouraged and supported by EIF.</p>
Fund Manager’s commitment	<p>The Fund Manager shall contribute an adequate minimum percentage of the total size of the Fund (i.e., its total commitments) as a limited partner of the Fund. 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.</p>
Management fee	<p>Typically paid on the total commitments of the Fund during the investment period and on the invested capital (acquisition cost of the portfolio of the Fund reduced by the acquisition costs of the Fund’s investments that have been sold, written-off or written-</p>

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	down) thereafter. Alternatively, a fixed fee for the post-investment period or other management fee schemes could be considered. The proposed management fee shall be supported by the fund manager's budget and corresponding fund model.
Fund's establishment and operating expenses	<p>The establishment and operating costs caps are expected to include any fees, expenses and costs necessary to set up, manage and wind-up the Fund including transaction costs, as applicable.</p> <p>For the avoidance of doubt, the management company shall pay its own operating expenses (such as office rental and employees), its own tax expenses as well as costs that are not attributable to the Fund in accordance with market standards.</p>
Additional features of the Fund Manager	<p>The Fund Manager is expected to manage the Fund based on commercial principles, making investment decisions based on its due diligence and each investment's commercial merit and business plan, which should contain product description, turnover and profitability calculations and forecasts, previous assessment of project viability, as well as each investment's clear and real exit strategy and other necessary points (such as potential conflict of interest).</p> <p>Investors' representative(s) shall be appointed on appropriate advisory committee structures to review, inter alia, conflicts of interest.</p> <p>In the management of the Fund, the Fund Manager is expected to apply best practices, inter alia considering guidelines developed by Invest Europe and the ILPA, and shall perform controls as required by the public nature of the Fund's investment and further communicated to the Fund Manager.</p>
Data Protection Statement	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: eif_data_protection_statement_financial_intermediaries_due_diligence_en.pdf
Addressing Climate Action and Environmental Sustainability	<p>The contribution of the Fund Manager transactions to Climate Action and Environmental Sustainability ("CA&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 Guidelines³ published on EIF's website and applicable at the time of the Commitment Agreement. The contribution percentage will be reflected in the contractual documentation between the EIF and the Fund Manager as relevant.</p> <p>For the avoidance of doubt, the RRFCZ FoF has no specific CA&ES targets or objectives.</p>
Independent Private Investors	Independent 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

³ [Guideline on the EIF's criteria for Climate Action and Environmental Sustainability \(CA&ES\)](#)

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	accordance with Article 2 (72) of GBER ⁴ and Section 3 of the Practical Guidance for Member States on the Market Economy Operator Test for Risk Finance Measures published by the European Commission ⁵ .
Distribution cascade	<p>Standard pari passu distribution to investors at Fund level, typically:</p> <ol style="list-style-type: none"> 1. First, any proceeds are distributed to the Fund's investors/limited partners up to an amount equal to 100% of their total commitments, 2. Second, any remaining proceeds are distributed to the Fund's investors/limited partners up to an amount equal to a market standard hurdle rate on the basis of their drawn commitments, 3. Third, any remaining proceeds are distributed to the Fund Manager up to an amount equal to 25% of the amount distributed to the Fund's investors/limited partners under the previous point (full catch-up), 4. Finally, any remaining proceeds are split 80:20 between the Fund's investors/limited partners and the Fund Manager (carried interest). <p>Different pari passu distribution mechanisms may be considered depending on the features of the Fund.</p>
Reporting	<p>The Fund Manager shall provide EIF with quarterly information in a standardised form and scope as per Invest Europe guidelines for reporting to be specified in the Commitment Agreement.</p> <p>The Fund Manager will also be requested to regularly send information on the companies or persons that receive equity financing (ultimate beneficial owners information) directly to the responsible authority(ies) within the Czech Republic, notably in order to comply with the reporting requirements under the RRF Regulation as well as the Czech RRP and the binding requirements for its implementation; details will be defined in the Fund documentation.</p> <p>Finally, it is important to note that RRF and State aid reporting rules may require the Fund Manager to provide data points which typically are not being tracked 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 the RRF or State aid regulations. More detailed reporting requirements will be set out in the Fund documentation.</p>
Monitoring and audit	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 (including the European Anti-Fraud Office (OLAF), the Court of Auditors of the European Communities, the EIF, the EIB, the Czech Republic and any other authorised bodies duly empowered by applicable law to carry out audit and/or control activities. The Fund Manager and the Final Recipient shall enable

⁴ [EUR-Lex - 02014R0651-20210801 - EN - EUR-Lex \(europa.eu\)](#)

⁵ [20240126_practical_guidance_for_member_states_the_market_economy_operator_test_for_risk_finance_measures.pdf \(europa.eu\)](#)

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	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 Commitment Agreement.
Visibility	<p>The Fund Manager, in line with applicable law and RRF rules, shall carry out adequate marketing and publicity campaigns aimed at making the public contribution known, in a manner to be specified in the Commitment Agreement. To this respect, the Fund Manager shall:</p> <ul style="list-style-type: none"> i. explicitly inform the portfolio companies that financing is made possible through the support of the Fund with the financial backing of the Government of the Czech Republic. Such information needs to be prominently included either in the contractual documentation and/or in an accompanying cover letter; ii. ensure the visibility of European Union funding, by informing Final Recipients and the public of the support received from the RRF and by displaying in Commitment Agreement(s) and relevant publicity materials, if applicable, (brochures, website, banners, social media, billboards, posters etc.) the European Union flag and the statement ‘funded by the European Union – NextGenerationEU’, and other publicity obligations for publicity of the Czech RRP, in accordance with a text to be included in the Commitment Agreement; iii. include in any press release or other marketing action that the Fund Manager may choose to make with regard to the operation that the Fund Manager has benefited from the support of the RRFCZ FoF. <p>More detailed visibility requirements may be set out in the Fund documentation.</p>
Transfer	Under the Funding Agreement, under certain circumstances EIF may be substituted in its role as the RRFCZ FoF manager. In the event of such substitution, the Czech Republic, or the entity designated by the Czech Republic as the new RRFCZ FoF manager, will assume the full discretion and responsibility to perform the tasks of the RRFCZ FoF and to implement the RRFCZ FoF operations in the Czech Republic, and may take over the Financial Instrument(s). The Commitment Agreement will provide for the possible substitution of EIF, in order to allow the transfer of the Commitment Agreement(s) to the successor entity.
Targeted Activities under the EIB Group NCJ Policy	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).
Non-Compliant Jurisdictions (NCJ)	<p>Means a jurisdiction:</p> <ul style="list-style-type: none"> a) listed in Annex I of the European Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes;

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	<ul style="list-style-type: none"> b) included in the OECD/G20 list of jurisdictions that have not satisfactorily implemented the tax transparency standards; c) 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; d) 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; e) included in the Financial Action Task Force statement “High risk Jurisdictions subject to a Call for Action”); and/or f) included in the Financial Action Task Force statement “Jurisdictions under Increased Monitoring”, <p>in each case as such statement, list, directive or annex may be amended and/or supplemented from time to time.</p> <p>Please refer to the EIB’s website⁶ for an FAQ containing the most updated reference lists of NCJs or enquire with the EIF for confirmation of NCJ status.</p> <p>The Fund Manager shall not be established in a NCJ, 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.</p>
Restrictive Measures	Means, without limitation, restrictive measures adopted pursuant to the Treaty on European Union (TEU) or to the Treaty on the Functioning of the European Union (TFEU).
Other requirements	<p>The Fund Manager shall ensure compliance with applicable law, including but without limitation rules covering the RRF and 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 Fund shall not be established in a NCJ 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.</p>

⁶ <https://www.eib.org/en/about/compliance/tax-good-governance/faq>

	<p>The Commitment Agreement(s) will include provisions, the objective of which will be to provide appropriate remedies for protecting EIF's and RRFCZ FoF's interest in Fund in case an investment does not comply or no longer complies with the agreed eligibility criteria.</p> <p>The Fund Manager and the Final Recipients:</p> <ul style="list-style-type: none"> • shall not be established in a NCJ 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^{Error! Bookmark not defined.}, • 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, • shall acknowledge the EIB Group Anti-Fraud Policy⁷ 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 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, • 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 Measures⁸.
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3. Exclusions and Restrictions

Notwithstanding State aid restrictions linked to the applicable framework, the Underlying Fund may invest in Final Recipients active in all economic/industrial sectors, subject to the EIF Policy on Exclusions and Restrictions, approved by the EIF Board of Directors on 19 October 2023 and published on the EIF website,

⁷ <https://www.eib.org/en/publications/anti-fraud-policy>

⁸ 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 Russian military aggression against Ukraine

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as amended from time to time and implemented by EIF in accordance with its internal procedures. At the time of the publication of this Call, the excluded and restricted activities under such policy relevant for equity funds (subject to update from time to time unilaterally by EIF) include without limitation:

PART I - List of Excluded Activities

1. Any activity which directly or indirectly results in limiting people's individual rights and freedom or violation of human rights or non-compliance with the relevant applicable treaties, laws and regulations with respect thereto.
2. Prisons and detention centres of any form (such as correctional institutions or police stations with detention facilities).
3. Any activity known directly or indirectly to result in harmful or exploitative forms of forced labour or harmful child labour, as defined by the International Labour Organisation's Fundamental Labour Conventions⁹.
4. Any activity involving significant degradation, conversion or destruction¹⁰ of critical habitats¹¹.
5. Conversion of natural forests into plantation. This includes irrigated forests¹², logging, clear cutting or degradation of (and commercial concessions over) tropical natural forests or high conservation value forests¹³ in all regions, as well as the purchase of logging equipment for this purpose.
6. Unsustainable fishing methods not compliant with the EU laws and regulations (such as drift net fishing in the marine environment using nets in excess of 2.5 km in length and blast fishing)¹⁴.
7. Extraction of mineral deposits from the deep sea¹⁵.
8. Extraction or mining of conflict minerals and metals¹⁶.
9. Any activity (i.e., any production, trade, financing or other activity) prohibited under the laws or regulations applicable in the EU or to the Fund or the relevant Final Recipient, including without limitation (i) any products or activities subject to international phase out or bans¹⁷ and (ii) relating to the protection of biodiversity resources or cultural heritage.
10. Any activity relating to the deliberate release of genetically modified organisms¹⁸.

⁹ Within the EU, work of persons under 18 years should be performed in compliance with the national legislation implementing Young People at Work Directive (94/33/EC).

¹⁰ as defined in the EIF E&R Policy

¹¹ as defined in the EIF E&R Policy.

¹² Except for temporary watering in the first three years after planting, which is allowed for the seedlings to develop deep rooting systems to ensure high survival rates.

¹³ as defined in the EIF E&R Policy.

¹⁴ Final Recipients established or operating outside the European Union shall obtain a certification issued by the Marine Stewardship Council not to be considered as an Excluded Final Recipient.

¹⁵ Deep sea is defined as the areas of the ocean below 200 m — The International Seabed Authority and Deep Seabed Mining. United Nations.

¹⁶ Minerals and metals covered by the Regulation (EU) 2017/821 laying down supply chain due diligence obligations for European Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas, as amended.

¹⁷ Bans, as mentioned in the EIF E&R Policy

¹⁸ Unless in compliance with EU Directive 2001/18/EC and EU Directive 2009/41/EC, and related country legislation, as further amended.

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11. Animal and human reproductive cloning.
12. Any activity involving live animals for scientific and experimental purposes, including gene editing and the breeding of these animals¹⁹.
13. Sex trade and related infrastructure, services and media, including pornographic media information technologies and internet-related products, services, programs, and application.
14. Any activity with political or religious purpose.
15. Production of or trade in weapons and ammunition, including any explosives and sporting weapons.
16. *Tobacco*: producing, manufacturing, processing or distribution of tobacco if more than ten percent (10%) of the annual revenues of the Final Recipient are generated from any of these activities²⁰.
17. *Gambling*: gambling and related equipment, hotels with in-house casinos if more than ten percent (10%) of the annual revenues of the Final Recipient are generated from any of these activities²¹.

PART II - List of Restricted Activities

1. Coal mining, processing, transport and storage.
2. Oil exploration, production, refining, transport, distribution and storage.
3. Natural gas exploration, production, liquefaction, regasification, transport, distribution and storage.
4. Electric power generation, including thermal power stations²², exceeding the Emissions Performance Standard (i.e., 250 grams of CO₂e per kWh of electricity), applicable to fossil fuel-fired power and cogeneration plants. Geothermal plants operating at life cycle emissions higher than 100gCO₂e/kWh.
5. Nuclear energy and manufacturing within the nuclear industry (such as processing of nuclear fuel, uranium enrichment, irradiated fuel reprocessing)²³. Research and development initiatives, information technology services and other supply chain activities (which include activities like non-hazardous waste cleaning, decommissioning, inspection services, etc) in the nuclear sector are not Restricted Activities.
6. Research, development, production and/or commercialisation of equipment or infrastructure dedicated to military/police use^{24, 25}

¹⁹ Unless in compliance with (EU) Directive 2010/63/EU as amended by Regulation (EU) 2019/1010 of the European Parliament and of the Council on the protection of animals used for scientific purposes.

²⁰ NACE codes: NACE 01.15 - Growing of tobacco, NACE 12.00 - Manufacture of tobacco products, NACE 46.3.5 - Wholesale of tobacco products and NACE 47.2.6- Retail sale of tobacco products in specialised stores.

²¹ NACE code: NACE 92.00 - Gambling and betting activities.

²² This restriction does not apply to biomass power plants.

²³ Indicative NACE codes: NACE 24.46 - Processing of nuclear fuel: production of uranium metal from pitchblende or other ores; smelting and refining of uranium and NACE 35.11 - Operation of generation facilities that produce electric energy (...) including nuclear (...).

²⁴ “dedicated to military/police use” means that the equipment or infrastructure is not offered in the same version by the Final Recipient to civil customers.

²⁵ Any activity (including in equipment or infrastructure) with the potential to be used for both civil and military/police purposes (dual use) are not restricted.

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7. Construction and operation of secure and forensic units in health care facilities.
8. For-profit projects in the education sector by kindergarten, primary and secondary schools located outside the European Union, the European Free Trade Association or the United Kingdom.
9. Waste incineration; collection, treatment and disposal of hazardous waste.
10. Any activity in the mining sector²⁶
11. New and existing hydropower production and storage facilities.
12. Unless subject to the Green Exception²⁷ for items (i) to (x) only, the following energy-intensive and/or high CO₂-emitting industries and sectors:
 - (i) manufacture of carbon black, soda ash and chlorine (*sub-activities of NACE 20.13: manufacture of other inorganic basic chemicals*);
 - (ii) manufacture of other organic basic chemicals (*sub-activity of NACE 20.14*);
 - (iii) manufacture of plastics in primary forms (*NACE 20.16*);
 - (iv) manufacture of cement (*NACE 23.51*);
 - (v) manufacture of basic iron and steel and of ferro-alloys (*NACE 24.10*);
 - (vi) manufacture of tubes, pipes, hollow profiles and related fittings, of steel (*NACE 24.20*);
 - (vii) manufacture of other products of first processing of steel (*NACE 24.30, incl. 24.31-24.34*);
 - (viii) aluminium production (*NACE 24.42*);
 - (ix) manufacture of conventionally-fuelled aircraft and related machinery (*sub-activity of NACE 30.30*)²⁸;
 - (x) conventionally-fuelled air transport and airports and service activities incidental to conventionally-fuelled air transportation, leasing and

²⁶ Activities under Section B of NACE (Rev.2) nomenclature, with the exception of NACE B8.1 - Quarrying of stone, sand and clay (including NACE B8.1.1 - Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate; and NACE B8.1.2 - Operation of gravel and sand pits; mining of clays and kaolin).

²⁷ “Green Exception” means that an activity listed under section (12) items (i) to (x) of Restricted Activities should not be considered as a Restricted Activity if it is performed in an environmentally sustainable way, as defined by the EU Taxonomy substantial contribution criteria as reflected in the EU Taxonomy Delegated Acts.

“EU Taxonomy” means EU Taxonomy for Sustainable Activities (Regulation (EU) 2020/852, as amended from time to time) 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).

²⁸ This is only applicable to powertrain components and manufacturing of conventionally fuelled aircrafts. This restriction does not apply to technologies and systems for space sector, such as satellites or launchers, nor to research and development initiatives in civil aviation, such as disruptive technologies, alternative fuels, propulsion systems targeting a very significant (25%+) energy efficiency improvements in new generation aircrafts.

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renting of aircraft (*sub-activities of NACE 51.10, 51.21 and 52.23*)²⁹; and

(xi) manufacture of nitrogen compounds and fertilizers containing nitrogen compounds (*sub-activities of NACE 20.15*).

Furthermore, in accordance with Article 19(3), point (d), of and Annex V, criterion 2.4, to Regulation (EU) 2021/241, the RRP is expected to ensure that no measure for the implementation of reforms and investments projects included in the RRP does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council (“Taxonomy Regulation”) (the principle of ‘do no significant harm’).

The application of the “Do no significant harm” principle shall be fulfilled in accordance with the CID by applying indicatively the following eligibility criteria:

1. The instrument shall be implemented in accordance with “Commission Notice (2021/C 280/01) on Technical guidance on sustainability proofing for the InvestEU Fund” of 13/07/2021³⁰, in particular Chapter 3 on Sustainability proofing approach for indirect financing operations.

In order to comply with the sustainability proofing requirements set out in the Sustainability Proofing Guidance³¹ for the InvestEU Fund, the Fund Manager shall require that:

- a. for any Final Recipient whose activities include anaerobic digestion of bio-waste, landfill gas capture and utilisation, a monitoring plan for methane leakage of these activities must be in place;
 - b. for any Final Recipient whose activities include transport of CO₂ and underground permanent geological storage of CO₂, a detailed monitoring plan in line with the provisions of the CCS Directive 2009/31/EC and EU ETS Directive 2018/410 must be in place;
 - c. no Final Recipient transaction covers the financing of vessels, vehicles or rolling stock specifically dedicated to transport fossil fuels;
 - d. the Fund Manager and Final Recipient shall comply with the national environmental, climate and social laws and regulations to which they are subject;
 - e. for Final Recipients whose activities or projects require an environmental impact assessment - as per the national legislation - that the assessments, permits and authorisations are in place;
2. The Fund Manager(s) shall not invest in activities excluded for InvestEU support, as described under the InvestEU Regulation 2021/523³², annex V, point B.;

²⁹ This restriction does not apply to technologies and systems for space sector, such as satellites or launchers, activities related to firefighting, fire-prevention and rescue services, acquisition of civil defence aircraft, aircraft for rescue services.

³⁰ [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021XC0713\(02\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021XC0713(02))

³¹ [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021XC0713\(02\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021XC0713(02))

³² <https://eur-lex.europa.eu/eli/reg/2021/523/oj>

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3. The Fund Manager(s) shall not invest in Final Recipients engaging in activities restricted or excluded under the EIF Policy on Exclusions and Restrictions³³, as implemented by the EIF and subject to updates from time to time.
4. Restrictions related to polluting vehicles:

The Fund Manager(s) shall not invest in Final Recipients with a ‘substantial focus’ on the production, rental or sale of “polluting vehicles”.

Substantial focus: The EIF considers that an EIF counterparty or Final Recipient has a “substantial focus” on a sector or business activity if the Final Recipient derives more than 50% of their revenues during the preceding financial year from activities and/or assets related to production, rental or sale of polluting vehicles.

Production, rental or sale [of polluting vehicles]: The EIF considers the “production, rental or sale of polluting vehicles” any activity that concerns the:

- Manufacture of combustion engine vehicles (sub-activity of NACE 29.10 Manufacture of motor vehicles)
- Wholesale and retail trade of polluting vehicles (sub-activities of NACE codes 45.11 Sale of cars and light motor vehicles, 45.19 Sale of other motor vehicles)
- Rental and leasing of polluting vehicles (sub-activities of NACE 77.11 Renting and leasing of cars and light motor vehicles, 77.12 Renting and leasing of trucks)

Polluting vehicles: “Polluting vehicles” are defined as:

- Vehicles exceeding the threshold of 50g CO₂/km (M1 passenger cars and N1 light-duty vehicles).
- Trucks and other heavy-duty vehicles e.g. tractors (i.e. categories N2 and N3) - only zero-emission, low-emission (as defined in Article 3(12) of Regulation (EU) 2019/1242: with CO₂ emissions of less than half of the reference CO₂ emissions of all vehicles in the vehicle sub-group; reference values differ depending on the type of truck).
- Buses:
 - ‘low-floor’ buses (M2 and M3 categories, typically urban and suburban buses running on short distances within an agglomeration). Only electric and plug-in hybrid buses would be DNSH-compliant.
 - ‘high-floor’ buses (M2 and M3 categories, typically inter-urban coaches): all coaches that comply with the latest step with respect to pollutant emissions from heavy-duty vehicles under EURO VI (EURO VI-E) would be DNSH compliant.

³³ [23-315 EIF Policy on Exclusions and Restrictions.pdf](#)

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5. Fund Manager(s) shall be required to exclude support to Final Recipients, to whose activities the Directive 2003/87/EC applies (the “Emission Trading System Directive”, or “ETSD”), as per the Annex I of the ETSD.
6. Fund Manager(s) shall be required to exclude support to Final Recipients, whose activities include:
 - Waste collection (NACE 38.1x)
 - Waste treatment and disposal (NACE 38.2x)
 - Processing of nuclear fuel (NACE 24.46)
 - Production of nuclear energy (sub-activity of NACE 35.11)
7. The “compliance with environmental legislation” requirements will be implemented through the InvestEU Sustainability Proofing requirements as per item 1 above.