



SIXTH AMENDMENT AND RESTATEMENT AGREEMENT

dated 27 April 2020

between the

EUROPEAN UNION

and the

EUROPEAN INVESTMENT BANK

RELATING TO THE AGREEMENT ON THE MANAGEMENT OF THE EUROPEAN
FUND FOR STRATEGIC INVESTMENTS AND ON THE GRANTING OF THE EU
GUARANTEE

dated 22 July 2015, as amended and restated on 21 July 2016, on 21 November
2017, on 9 March 2018, on 20 December 2018, on 27 March 2020 and

on 27 April 2020

Brussels, 27 April 2020

Luxembourg, 24 April 2020

This Sixth Amendment and Restatement Agreement is entered into between:

The **European Union**,

represented by the European Commission, Rue de la Loi 200, B-1049 Brussels, Belgium (the "**Commission**"), which is represented for the purposes of the signature of this Agreement by Mr. Paolo GENTILONI, Member of the Commission,

the "**EU**",

of the one part, and

the **European Investment Bank**,

established at 98-100, boulevard K. Adenauer, L-2950 Luxembourg, Grand Duchy of Luxembourg, represented by Mr. Werner HOYER, President,

"**EIB**",

of the other part,

each a "**Party**" and jointly referred to as the "**Parties**",

WHEREAS:

- 1) On 22 July 2015 the Parties entered into the agreement on the management of the European Fund for Strategic Investments and on the granting of the EU Guarantee (the "**Agreement**") in accordance with Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 – the European Fund for Strategic Investments (OJ L 169, 1.7.2015, p. 1).
- 2) The Managing Director, the Deputy Managing Director and the members of the Investment Committee have been appointed and the first meeting of the Investment Committee to approve EFSI Guaranteed Operations was held on 27 January 2016. Since then the Investment Committee has met regularly.
- 3) On 20 July 2016 the Steering Board decided to adjust the allocation of the EU Guarantee between the Innovation and Infrastructure Window (IIW) and the SME Window (SMEW) by increasing the limit for the SMEW up to the maximum amount of three billion euros (EUR 3 000 000 000) in accordance with Article 11(3) of the EFSI Regulation (as in force at that time).
- 4) On 21 July 2016 the Parties entered into the first amendment and restatement agreement relating to the agreement on the management of the European Fund for Strategic Investments and on the granting of the EU guarantee (the "**First Amendment and Restatement Agreement**").
- 5) The initial Agreement entered into on 22 July 2015 contained provisions on two SMEW Products, the Horizon 2020 Enhancement and the COSME LGF Enhancement. Two further SMEW Products, the SMEW Equity Product and the EaSI Guarantee Enhancement, were included under the First Amendment and Restatement Agreement.

- 6) On 21 November 2017 the Parties entered into the second amendment and restatement agreement relating to the agreement on the management of the European Fund for Strategic Investments and on the granting of the EU guarantee (the "**Second Amendment and Restatement Agreement**") to convert the three guarantee products under the SMEW from a temporary enhancement (frontloading) to a permanent enhancement (top-up) structure and to add a further SMEW Product, the CCS GF Enhancement.
- 7) The Regulation (EU) 2015/1017 has been amended by Regulation (EU) 2017/2396 of the European Parliament and of the Council of 13 December 2017 amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub (OJ L 345, 27.12.2017, p. 34).
- 8) In order to reflect the requirements of the amended EFSI Regulation, including, *inter alia*, the extension of the investment period and financial capacity and to make certain adjustments to the implementation of EFSI, on 9 March 2018 the Parties entered into a third amendment and restatement agreement relating to the agreement on the management of the European Fund for Strategic Investments and on the granting of the EU guarantee (the "**Third Amendment and Restatement Agreement**").
- 9) On 20 December 2018, in order to increase EFSI contribution to existing SMEW Products and add two further SMEW Products (EFSI Combinations Product and EFSI Private Credit for SMEs Product), the Parties entered into a fourth amendment and restatement agreement relating to the agreement on the management of the European Fund for Strategic Investments and on the granting of the EU guarantee (the "**Fourth Amendment and Restatement Agreement**").
- 10) On 27 March 2020, the Parties entered into a fifth amendment and restatement agreement to, *inter alia*, increase the EFSI contribution to the existing SMEW Products, add two further SMEW Products: (ESCALAR Product and Skills and Education Product) and to clarify the duration of the tasks ascribed to the Steering Board, the Investment Committee, the Managing Director and the Deputy Managing Director (the "**Fifth Amendment and Restatement Agreement**").
- 11) The Parties intend to enter into a sixth amendment and restatement agreement to agree on a response to contain the economic impact of the Covid-19 virus by increasing the EFSI contribution – partially through reattributing resources from the IIW Equity Portfolio – NPBs – to certain existing SMEW Portfolio Guarantee Enhancement Products to support working capital lending to companies as further set out in the relevant SMEW Product description (the "**Sixth Amendment and Restatement Agreement**"). In this context, the EU Guarantee allocated to the COSME LGF Enhancement would be, in addition to the EUR 500 million provided under the Fifth Amendment and Restatement Agreement, increased by EUR 214 million, and the EU Guarantee allocated to the InnovFin SMEG Enhancement would be, in addition to the EUR 100 million provided under the Fifth Amendment and Restatement Agreement, increased by EUR 200 million.
- 12) The EIB Group Policy towards Weakly Regulated, Non-Transparent and Non-Cooperative Jurisdictions and Tax Good Governance (the "EIB Group NCJ Policy") was adopted by the Board of Directors of the EIB on 5 February 2019 and of the EIF on 13 March 2019. The EIB Group NCJ Policy was, prior to its adoption, discussed with key stakeholders including the Commission. The EIB Group NCJ Policy ensures that the EIB remains at the forefront in supporting implementation of international and EU standards in the field of AML-CFT and promoting tax good governance, and is in keeping with the EIB Group's commitment to adhere to the EU legal and policy framework and to support the EU Policy and legislation adopted following the publication of the EC's Anti Tax Avoidance Package and the regulatory developments of the Organisation for Economic Cooperation and Development and the Global Forum on Transparency and Exchange of Information.

- 13) The EIB and the EIF will take into account the entry into force of the agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (the "Withdrawal Agreement"), and in particular Article 137 of the Withdrawal Agreement, in the implementation of this Agreement.
- 14) The Board of Directors of EIB approved the main terms of this Sixth Amendment and Restatement Agreement on 3 April 2020.
- 15) The Board of Directors of EIF approved the main terms of this Sixth Amendment and Restatement Agreement in respect of the SME Window on 8 April 2020.
- 16) The Commission approved this Sixth Amendment and Restatement Agreement on 14 April 2020.
- 17) The Parties now wish to amend the Agreement subject to and in accordance with the terms of this Sixth Amendment and Restatement Agreement.

NOW THEREFORE, the Parties have agreed as follows:

Article 1 Interpretation

Capitalised terms used in this Sixth Amendment and Restatement Agreement shall, unless otherwise defined in this Sixth Amendment and Restatement Agreement, have the meanings given to them in the Agreement.

Article 2 Amendment of the Agreement

With effect from the Effective Amendment Date (as defined below) the Agreement shall be amended so that it shall be read and construed for all purposes as set out in the Annex to this Sixth Amendment and Restatement Agreement.

Article 3 Effective date of the amendments

The "**Effective Amendment Date**" means the date on which both Parties have signed this Sixth Amendment and Restatement Agreement.

Article 4 Governing law and jurisdiction

Article 38 of the Agreement shall apply *mutatis mutandis* to this Sixth Amendment and Restatement Agreement.

Article 5 Incorporation

The provisions of Article 37 of the Agreement shall be deemed to be incorporated in this Sixth Amendment and Restatement Agreement as if set out in this Sixth Amendment and Restatement Agreement in full but as if references to "this Agreement" were references to this Sixth Amendment and Restatement Agreement.

Article 6
Annex

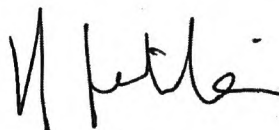
The Annex to this Sixth Amendment and Restatement Agreement forms an integral part of this Sixth Amendment and Restatement Agreement.

IN WITNESS WHEREOF, each of the Parties has caused this Sixth Amendment and Restatement Agreement to be executed in 4 originals in the English language, each taking 2 copies, as of the day and the year written below.

Brussels, this 27 day of April 2020

Luxembourg, this 24 day of April 2020

For and on behalf of the
EUROPEAN UNION



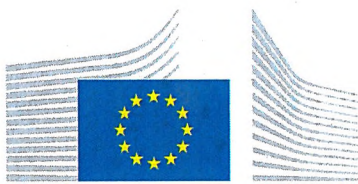
Paolo GENTILONI
Member of the
COMMISSION

For and on behalf of the
EUROPEAN INVESTMENT BANK



Werner HOYER
President of the
European Investment Bank

ANNEX



AGREEMENT ON THE MANAGEMENT OF THE EUROPEAN FUND FOR STRATEGIC INVESTMENTS AND ON THE GRANTING OF THE EU GUARANTEE

between the

EUROPEAN UNION

and the

EUROPEAN INVESTMENT BANK

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This Agreement is entered into between:

The European Union,

represented by the European Commission, Rue de la Loi 200, B-1049 Brussels, Belgium (the "**Commission**"), which is represented for the purposes of the signature of this Agreement by Mr. Jyrki KATAINEN, Vice-President,

the "**EU**" or "**Union**",

of the one part, and

the European Investment Bank,

established at 98-100, boulevard K. Adenauer, L-2950 Luxembourg, Grand Duchy of Luxembourg, represented by Mr. Werner HOYER, President,

"**EIB**",

of the other part,

each a "**Party**" and jointly referred to as the "**Parties**",

WHEREAS:

- 1) Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 – the European Fund for Strategic Investments (OJ L 169, 1.7.2015, p. 1) (as amended by Regulation (EU) 2017/2396 referred to in recital (2); the "**EFSI Regulation**") establishes the European Fund for Strategic Investments (the "**EFSI**") and foresees its management by EIB. The EFSI Regulation also provides for a guarantee granted by the EU to EIB for financing investments in the EU, including Cross-border Projects.
- 2) Regulation (EU) 2017/2396 of the European Parliament and of the Council of 13 December 2017 amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub (OJ L 345, 27.12.2017, p. 34) amends Regulation (EU) 2015/1017 and, *inter alia*, extends the investment period and financial capacity of EFSI.
- 3) EFSI should support projects in line with EU policies as referred to, in particular, in recitals 13 to 21 of Regulation (EU) 2015/1017 and recitals 10 to 13, 15, 16 and 23 of Regulation (EU) 2017/2396.

- 4) In the implementation of EFSI, cooperation with National Promotional Banks should be encouraged and EFSI should support a wide range of financial products.
- 5) EFSI Guaranteed Operations should respect the eligibility criteria set out in Article 6 of the EFSI Regulation, provide additionality as defined in Article 5 of the EFSI Regulation, be consistent with Union policies and support the general objectives defined in Article 9(2) of the EFSI Regulation including, where relevant, the target to support under the Infrastructure and Innovation Window project components that contribute to climate action in accordance with Article 9(2) fourth sub-paragraph of the EFSI Regulation and respect the Investment Guidelines set out in Annex II of the EFSI Regulation. Following the adoption of the amended EFSI Regulation, there should be an enhanced focus on Additionality and transparency of the EFSI Guaranteed Operations.
- 6) In accordance with Article 11(1) of the EFSI Regulation, the EU Guarantee shall not, at any time, exceed twenty six billion euros (EUR 26 000 000 000), whereby aggregate net payments from the general budget of the Union under the EU Guarantee shall not exceed sixteen billion euros (EUR 16 000 000 000) prior to 6 July 2018.
- 7) The contribution of EIB to EFSI is gradually increased from initially five billion euros (EUR 5 000 000 000) to at least seven billion five hundred million euros (EUR 7 500 000 000).
- 8) The Board of Directors of EIB approved on 21 April 2015 and 21 July 2015 the EIB contribution of five billion euros (EUR 5 000 000 000) to EFSI as additional resources under the RCR Mandate of two billion five hundred million euros (EUR 2 500 000 000) and two billion five hundred million euros (EUR 2 500 000 000) for Equity Type Operations. The Board of Directors of EIB approved on 6 February 2018 an additional and gradual EIB contribution of two billion five hundred forty million euros (EUR 2 540 000 000), consisting of additional resources under the RCR Mandate or other bilateral mandates between EIB and EIF of one billion five hundred million euros (EUR 1 500 000 000) and up to one billion forty million euros (EUR 1 040 000 000) for Equity Type Operations.
- 9) The Board of Directors of EIF initially approved on 20 April 2015 the implementation of the SME Window in line with product descriptions annexed to this Agreement. Further products have been developed in line with additional product descriptions annexed to this Agreement and may be developed over time in accordance with Article 15.2.
- 10) The Parties intend that EFSI be implemented to support in the EU through the supply of risk bearing capacity to EIB by the EU for the purpose of (i) investments; and (ii) increased access to financing for entities having up to 3000 employees, with a particular focus on SMEs and small mid-cap companies.
- 11) EFSI is intended to provide finance with a view to reach an overall target of at least five hundred billion euros (EUR 500 000 000 000) of public and private investment in the real economy and increased access to financing for entities having up to 3 000 employees and their investments by the end of 2020.
- 12) Achievement of the objectives of EFSI will be measured by reference to the Key Performance Indicators and Key Monitoring Indicators set out in this Agreement.
- 13) EIB should regularly evaluate and report on activities supported by EFSI in accordance with this Agreement with a view to assessing their relevance, performance and impact, including their additionality and added value, as well as to identifying aspects that could improve future activities.
- 14) In order to contribute to the rapid implementation of EFSI, EIB and EIF have approved operations before the entry into force of Regulation (EU) 2015/1017 and this Agreement which are to be included under EFSI. These operations, to the extent approved by the Commission, benefit from the EU Guarantee.

- 15) This Agreement is the agreement foreseen in Article 4 of the EFSI Regulation and provides the EU Guarantee.
- 16) In accordance with Article 4(2)(c)(iii) of the EFSI Regulation, arrangements for the necessary liquidity shall be made in relation to EFSI Guaranteed Operations as and when required.
- 17) For the avoidance of doubt, the Financial and Administrative Framework Agreement between the EU and EIB dated 7 and 8 May 2014 does not apply in respect of this Agreement.

NOW THEREFORE, the Parties have agreed as follows:

Part A – Definitions, Scope, Tasks of EIB

Article 1

Definitions and Interpretation

- 1.1 Wherever used in this Agreement, the following terms shall have the meanings opposite them:

“Additionality”

means the support by EFSI of operations which address market failures or sub-optimal investment situations and which could not have been carried out in the period during which the EU Guarantee can be used, or not to the same extent, by EIB, EIF or under existing EU financial instruments without EFSI support. Projects supported by EFSI shall, while supporting any of the general objectives laid down in Article 9(2) of the EFSI Regulation, strive to create employment and sustainable growth and shall typically have a higher risk profile than projects supported by EIB normal operations. The EFSI portfolio shall have overall a higher risk profile than the portfolio of investments supported by EIB under its normal investment policies before the entry into force of the EFSI Regulation.

The projects supported by EFSI shall typically carry a risk corresponding to EIB special activities, as defined in Article 16 of the EIB Statute and by the EIB Credit Risk Guidelines. EIB special activities supported by the EFSI shall, as a preferred way and if duly justified:

- (a) have features of subordination, including the taking of junior positions vis-à-vis other investors;
- (b) participate in risk-sharing instruments;
- (c) demonstrate cross-border characteristics;
- (d) be exposed to specific risks; or
- (e) have other aspects as further described in point (d) of Section 3 of the Investment Guidelines.

Without prejudice to the requirement to meet the definition of additionality as set out in the first subparagraph, the following elements shall give strong indication of additionality:

- projects that carry a risk corresponding to EIB special activities, as defined in Article 16 of the EIB Statute and by the EIB Credit Risk Guidelines, especially if such projects present country-, sector- or region-specific risks, in particular those experienced in less developed and transition regions, and/or if such projects present risks associated with innovation, in particular in growth-, sustainability- and productivity-enhancing unproven technologies;
- projects that consist of physical infrastructure, including e-infrastructure, linking two or more Member States or of the extension of such infrastructure or services linked to such infrastructure from one Member State to one or more Member States;

"Agreement"	means this Agreement on the management of EFSI and on the granting of the EU Guarantee, as amended, restated, supplemented or substituted from time to time;
"Business Day"	means any working day on which the Commission and EIB are open for business in Brussels and Luxembourg;
"CCS Delegation Agreement"	means the delegation agreement entered into between the EU and EIF in respect of the financial instrument of the Cultural and Creative Sectors (CCS) (2014-2020), dated 30 June 2016, as amended, restated, supplemented or substituted from time to time;
"COSME Delegation Agreement"	means the delegation agreement entered into between the EU and EIF in respect of the financial instruments of the Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014-2020), dated 22 July 2014, as amended, restated, supplemented or substituted from time to time;
"Cross-border Project"	means any EFSI Guaranteed Operation which: <ul style="list-style-type: none">(a) involves entities located or established in one or more Member State(s); and(b) is located in one or more Member State(s) and extends to one or more third countries falling within the scope of the European Neighbourhood Policy, including the Strategic Partnership, the Enlargement Policy, the European Economic Area or the European Free Trade Association or extends to one or more Overseas Country or Territory as set out in Annex II to the Treaty,

	whether or not there is a partner in those third countries or Overseas Countries or Territories;
"Debt Type Operation"	means an EFSI Guaranteed Operation reported by EIB in the operational and financial reporting as a debt-type operation under the IIW;
"Deputy Managing Director"	means the deputy managing director of EFSI;
"EaSI Delegation Agreement"	means the delegation agreement dated 22 June 2015 between the EU and EIF in respect of the financial instruments under the programme for employment and social innovation (EaSI) (2014-2020) as amended, restated, supplemented or substituted from time to time;
"ECB"	means the European Central Bank;
"Effective Loss"	means, at any time, the occurrence of any event which allows EIB to make a call pursuant to Article 7.1;
"EFSI"	has the meaning attributed to it in Recital (1);
"EFSI Account"	means an account, opened by EIB in its books for the purposes of collecting the EU Revenues resulting from EFSI Guaranteed Operations and Recovered Amounts and to the extent of the available balance, for the payment of calls under the EU Guarantee and other sums as set out in this Agreement, governed by terms and conditions to be agreed between the Parties;
"EFSI Funded Operation"	means a Debt Type Operation or Equity Type Operation other than an EFSI Unfunded Operation;
"EFSI Guaranteed Operation"	means an EFSI Operation signed by EIB or EIF benefitting from the EU Guarantee;
"EFSI Global Multiplier Effect"	means the multiplier calculated as total investment divided by the aggregate of the EIB Contribution and the amount of the EU Guarantee, as developed further by the Steering Board; For the avoidance of doubt in relation to any EFSI Operation where EFSI provides support through more than one Product and/or Window, in calculating the EFSI Global Multiplier Effect the total investment shall only be counted once;
"EFSI Operation"	means a financing or investment operation signed by EIB or EIF (including with NPBs and Investment Platforms) during the Investment Period pursuant to the EFSI Regulation;
"EFSI Regulation"	has the meaning attributed to it in Recital (1);

"EFSI Unfunded Operation"	means a Debt Type Operation or Equity Type Operation taking the form of a guarantee, counter-guarantee or other unfunded instrument;
"EIAH Agreement"	means the agreement between the Parties on the implementation of the European Investment Advisory Hub dated 22 July 2015 in line with Article 14(8) of the EFSI Regulation, as amended, restated, supplemented or substituted from time to time;
"EIB Contribution"	means the aggregate amount of financial resources committed by EIB in respect of EFSI in line with Article 3.8;
"EIB Credit Risk Guidelines"	means EIB's credit risk guidelines and EIB's equity risk guidelines, as amended, restated, supplemented or substituted by EIB from time to time;
"EIB/EIF SMEW Agreement"	means an agreement dated 22 July 2015 between EIB and EIF as amended from time to time for the purpose of implementation of the SMEW in accordance with this Agreement and, in particular, its Schedule VII, substantially in the form set out in Schedule VIII, and, <i>inter alia</i> , documenting the EIB/EIF SMEW Guarantee and arrangements for provision of funding by EIB to EIF for the SMEW Products which require funding from EIB introduced pursuant to Article 15.2;
"EIB/EIF SMEW Guarantee"	means the irrevocable, unconditional and independent guarantee granted by EIB pursuant to the EIB/EIF SMEW Agreement, as primary obligor and not merely as surety, to EIF with respect to SMEW EIB Covered Amounts, for each SMEW Product in the form of guarantees, as defined in the relevant SMEW Product Description, in connection with EFSI Guaranteed Operations;

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**"EIB Recoverable
Administrative Costs"**

means, in relation to a EFSI Guaranteed Operation where a payment event of default has occurred, that part of the margin related to administrative costs, if any, which would have been paid to EIB over the life of that EFSI Guaranteed Operation had the payment event of default not occurred, the overall amount being capped at 1% of the total outstanding EU Guarantee obligations;

**"EIB SMEW Funding Final
Repayment Date"**

means 22 July 2036;

"EIB Revenues"

means Revenues other than EU Revenues;

"EIF"

means the European Investment Fund;

"EIF Costs"	means EIF Administrative Fees and SMEW Costs as set out in Schedule VII;
"EIF Credit Risk Guidelines"	means EIF's general policy guidelines: independent opinion and monitoring, EIF's data assessment guidelines and sensitivity testing for SME portfolios, EIF's securitisations and portfolio guarantees – risk surveillance procedures manual and EIF's equity risk policy guidelines each as amended, restated, supplemented or substituted by EIF from time to time;
"EPPO"	means European Public Prosecutor's Office in respect of those Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office (OJ L 283, 31.10.2017, p.1);
"Equity Costs"	means any costs, fees or expenses, including guarantee liquidity premia, related to Equity Type Operations which are incurred by or to be reimbursed or paid to EIB, to the extent not otherwise recovered or received by EIB and where, for the avoidance of doubt, a sum if received and later required to be repaid pursuant to any enactment relating to insolvency shall be treated as not having been received;
"Equity Trigger Date"	means the earlier of: (i) 6 July 2018; (ii) the date on which the first EFSI Guaranteed Operation is signed and allocated to the IIW Equity Portfolio – NPBs; and (iii) the date on which the IIW Equity Portfolio – Standard first surpasses a volume of signed commitments of two billion four hundred fifty million euros (EUR 2 450 000 000);
"Equity Type Operation"	means an EFSI Guaranteed Operation reported by EIB in the operational and financial reporting as an equity-type operation under the IIW;
"EU Guarantee"	means the guarantee set out in Part C;
"EURIBOR"	means: <ul style="list-style-type: none"> (a) in respect of a relevant period of less than one month, the Screen Rate (as defined below) for a term of one month; (b) in respect of a relevant period of one or more months for which a Screen Rate is available, the applicable Screen Rate for a term for the corresponding number of months; and

- (c) in respect of a relevant period of more than one month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to two Screen Rates, one of which is applicable for a period next shorter and the other for a period next longer than the length of the relevant period,

(the period for which the rate is taken or from which the rates are interpolated being the "**Representative Period**").

For the purposes of paragraphs (b) and (c) above, "available" means the rates, for given maturities, that are calculated and published by Global Rate Set Systems Ltd (GRSS), or such other service provider selected by the European Money Markets Institute (EMMI), under the sponsorship of EMMI and EURIBOR ACI, or any successor to that function of EMMI and EURIBOR ACI as determined by EIB.

"**Screen Rate**" means the rate of interest for deposits in EUR for the relevant period as published at 11h00, Brussels time, or at a later time acceptable to EIB on the day (the "**Reset Date**") which falls 2 Relevant Business Days prior to the first day of the relevant period, on Reuters page EURIBOR 01 or its successor page or, failing which, by any other means of publication chosen for this purpose by EIB.

If such Screen Rate is not so published, EIB shall request the principal euro-zone offices of 4 major banks in the euro-zone, selected by EIB, to quote the rate at which EUR deposits in a comparable amount are offered by each of them as at approximately 11h00, Brussels time, on the Reset Date to prime banks in the euro-zone interbank market for a period equal to the Representative Period. If at least 2 quotations are provided, the rate for that Reset Date will be the arithmetic mean of the quotations.

If fewer than 2 quotations are provided as requested, the rate for that Reset Date will be the arithmetic mean of the rates quoted by major banks in the euro-zone, selected by EIB, at approximately 11h00, Brussels time, on the day which falls 2 Relevant Business Days after the Reset Date, for loans in EUR in a comparable amount to leading European banks for a period equal to the Representative Period.

If no rate is available as provided above, EURIBOR shall be the rate (expressed as a percentage rate per annum) which is determined by EIB to be the all-inclusive cost to EIB for the funding of the relevant Tranche based upon the then applicable internally generated EIB reference rate or an alternative rate determination method reasonably determined by EIB.

All percentages resulting from any calculations referred to in this definition will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point with halves being rounded up. If any of the foregoing provisions becomes inconsistent with provisions adopted under the aegis of EMMI and EURIBOR ACI (or any successor to that function of EMMI and EURIBOR ACI as determined by EIB) in respect of EURIBOR, EIB may by notice to the Commission amend the provision to bring it into line with such other provisions;

"EU Revenues"

means the part of the Revenues attributable to remuneration of the risks covered by the EU Guarantee plus any realised profits (net of ancillary costs) arising on final exit of Equity Type Operations;

"Final Recipient"

means a natural or legal person or entity that receives direct or indirect financial support under an EFSI Guaranteed Operation;

"Financial Intermediary"

means an entity that is not a Final Recipient and that has entered into an EFSI Guaranteed Operation;

"Financial Sub-intermediary"

means an entity that is not a Final Recipient and that has entered into an operation relating, directly or indirectly, to an EFSI Guaranteed Operation with a Financial Intermediary or with another Financial Sub-intermediary;

"Force Majeure"

means any unforeseeable exceptional situation or event beyond the Parties' control, which prevents either of them from fulfilling any of their obligations under this Agreement, which was not attributable to error or negligence on their part or on the part of their subcontractors and which could not have been avoided by the exercise of due diligence. Any default of a service, defect in equipment or material or delays in making them available, unless they stem directly from a relevant case of *force majeure*, as well as labour disputes or strikes or financial difficulties cannot be invoked as *force majeure*;

"FTE"

means full-time equivalent in the context of employees;

"Guaranteed Sums"

means:

(a) in relation to EFSI Guaranteed Operations under the IIV, following the occurrence of an event of default:

(i) all amounts not received by EIB, but due to it, whether directly or by way of subrogation, including but not limited to principal, interest (including interest on overdue sums), any commissions, indemnities, charges, expenses and other incidental charges and any other sum that may at any time be due to EIB pursuant to the terms of (1) a Debt Type Operation or (2) an Equity Type Operation in the form of an EFSI Unfunded Operation,

(ii) all amounts due and payable by EIB pursuant to the terms of an EFSI Unfunded Operation, or where the EFSI Unfunded Operation is implemented by EIF, all amounts due and payable by EIB to EIF in connection with the terms of that EFSI Unfunded Operation;

(b) in relation to Equity Type Operations:

(i) all amounts (1) lent or invested by EIB or (2) owed by EIB, in each case not recovered upon exit or disposal; and

(ii) any EIB Funding Costs;

and

(c) in relation to EFSI Guaranteed Operations under the SMEW:

(i) in relation to any SMEW Product described as a guarantee operation in the relevant SMEW Product Description, any amounts due to EIF under the EIB/EIF SMEW Guarantee;

(ii) in relation to any SMEW Product funded by EIB, (1) amounts lent, provided or invested by EIB or (2) any SMEW Portfolio Value Variation Amounts under the EIB/EIF SMEW Agreement; and

(iii) all EIB Funding Costs arising under an SMEW Product;

and for the avoidance of doubt: (1) any amounts under lit. (a) – (c) above if received and later required to be repaid pursuant to any enactment relating to insolvency shall be treated as not having been received; (2) excluding EIB Recoverable Administrative Costs and Recovery Costs; and (3) excluding Restructuring Losses;

"H2020 Delegation Agreement"	means the delegation agreement between the EU, EIB and EIF entered into on 12 June 2014 relating to financial instruments under Horizon 2020, as amended, restated, supplemented or substituted from time to time;
"Infrastructure and Innovation Window" or "IIW"	means the Infrastructure and Innovation Window described in Part D and in Schedule VI;
"IIW Debt Portfolio"	means a portfolio of signed and not cancelled Debt Type Operations. The initial IIW Debt Portfolios are the IIW Debt Portfolio – Standard and the IIW Debt Portfolio – Hybrid;
"IIW Debt Portfolio – Hybrid"	means a portfolio of signed and not cancelled Debt Type Operations that benefits from the EU Guarantee in the amount indicated for that portfolio in Article 7.3;
"IIW Debt Portfolio – Standard"	means a portfolio of signed and not cancelled Debt Type Operations that benefits from the EU Guarantee in the amount indicated for that portfolio in Article 7.3;
"IIW Equity Portfolio"	means a portfolio of signed and not cancelled Equity Type Operations. The initial IIW Equity Portfolios are the IIW Equity Portfolio – Standard and the IIW Equity Portfolio – NPBs;
"IIW Equity Portfolio – NPBs"	means a portfolio of signed and not cancelled Equity Type Operations that benefits from the EU Guarantee in the amount indicated for that portfolio in Article 7.3;
"IIW Equity Portfolio – Standard"	means a portfolio of signed and not cancelled Equity Type Operations that benefits from the EU Guarantee in the amount indicated for that portfolio in Article 7.3;
"Investment Committee"	means the committee set out in Article 5;
"Investment Guidelines"	means the EFSI Investment Guidelines applicable to the IIW set out in Annex II to the EFSI Regulation as may be supplemented or modified from time to time by means of delegated act or supplemented by the Steering Board;

"Investment Period"	means the period commencing on 22 July 2015 and ending on 31 December 2022 for EFSI Guaranteed Operations approved on or before 31 December 2020 by the Investment Committee or, as regards the Transitional Operations, the Commission and the EIB Board of Directors or, in the case of the SMEW, the EIF Board of Directors or, as regards Warehoused EIF Operations, the Commission and the EIF Board of Directors;
"Investment Platform"	means a special purpose vehicle, managed account, contract-based co-financing or risk-sharing arrangement or arrangement established by any other means by which entities channel a financial contribution in order to finance a number of investment projects. Investment platforms may include: (a) national or sub-national platforms that group together several investment projects on the territory of a given Member State; (b) cross-border, multi-country, regional or macro-regional platforms that group together partners from several Member States, regions or third countries interested in projects in a given geographic area; or (c) thematic platforms that group together investment projects in a given sector;
"Key Monitoring Indicators" or "KMIs"	means monitoring indicators set out in Schedule II and Annex II to Schedule VII;
"Key Performance Indicators" or "KPIs"	means performance indicators measuring success in delivering EFSI and set out in Schedule II and Annex II to Schedule VII;
"Managing Director"	means the managing director of EFSI;
"Member State"	means any Member State of the EU;
"Mid-cap Company"	means a legal entity with up to 3 000 FTE employees that is not an SME or a Small Mid-cap;
"National Promotional Bank or Institution" or "NPB"	means a legal entity carrying out financial activities on a professional basis which is given a mandate by a Member State or a Member State's entity at central, regional or local level, to carry out development or promotional activities;
"NCJ Policy"	means, as applicable, the EIB, EIF or EIB Group policy towards weakly regulated, non-transparent and uncooperative jurisdictions, as amended, supplemented or modified from time to time in accordance with their rules, policies and procedures, and following lists published by Lead Organisations (as defined therein);

"Net Available PFLP"	means, in relation to an IIW Debt Portfolio or to the IIW Equity Portfolio – NPBs, the aggregate guarantee cover under a PFLP, after deducting amounts called or used under the EU Guarantee and adding any Recovered Amounts;
"Non-Recurrent Risk Income"	has the meaning attributed to it in Article 2 of Schedule IV;
"Non-Risk Related Income"	has the meaning attributed to it in Article 2 of Schedule IV;
"OLAF"	means the European Anti-Fraud Office;
"Portfolio First Loss Piece" or "PFLP"	means: <ul style="list-style-type: none"> (a) in relation to an IIW Debt Portfolio, the first loss tranche provided by the EU Guarantee; or (b) in relation to the IIW Equity Portfolio – NPBs, the sum of the first loss tranche provided by EU Guarantee and of the first loss tranche provided by EIB, on a <i>pari passu</i> basis;
"Product"	means any product under the IIW or the SMEW including any new products incorporated into this Agreement pursuant to Part D;
"RCR Mandate"	means the mandate by EIB to EIF pursuant to the Agreement for Implementation and Management of the Risk Capital Resources between EIB and EIF dated 26 June 2013 as amended on 27 and 28 July 2015 in respect of EFSI, as amended, restated, supplemented or substituted from time to time (the "RCR Mandate Agreement");
"Recalled Amount"	means an amount, other than principal and revenues and Recovered Amounts, paid by a Financial Intermediary or a Final Recipient to EIB under an EFSI Guaranteed Operation as a result of, <i>inter alia</i> , fraudulent actions of a Final Recipient, a Financial Sub-intermediary or a Financial Intermediary or the exclusion from coverage by the EFSI Guaranteed Operation of a financing provided to a Final Recipient or of a financing provided to a Financial Sub-intermediary covering directly or indirectly a financing to a Final Recipient;
"Recovery Costs"	has the meaning attributed to it in Article 11.7;
"Recovered Amount"	means the part of a Subrogated Sum actually recovered by and paid to EIB;

"Recurrent Risk Income"	has the meaning attributed to it in Article 2 of Schedule IV;
"Relevant Business Day"	means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 (TARGET2) is open for the settlement of payments in EUR;
"Residual Risk Tranche" or "RRT"	means that part of an IIW Debt Portfolio or an IIW Equity Portfolio that is not covered by its respective Net Available PFLP and in relation to which EIB retains full risk;
"Restructuring"	means any agreement, arrangement, standstill, revision, amendment or composition with creditors in relation to an operation that is entered into with a Final Recipient, with a Financial Intermediary or with a Financial Sub-Intermediary and that consists of or is covered, directly or indirectly, by an EFSI Guaranteed Operation, entered into with a view to reducing potential losses or increasing potential recoveries regardless of whether or not an event of default has occurred (including, without limitation, by way of a (w) change in principal or interest, (x) waiver or extension of time, (y) debt to equity conversion and (z) triggering an existing clause in a financing agreement where EIB takes a subordinated position allowing to defer a payment or to change the amount of principal or interest payable);
"Restructuring Losses"	means: <ul style="list-style-type: none"> (a) the reduction in amounts due to EIB under the terms of: (i) a Debt Type Operation; or (ii) an Equity Type Operation in the form of an EFSI Unfunded Operation, in each case as a result of a Restructuring (excluding any reimbursements of costs and foreclosure costs and including losses resulting from extensions of time or waivers); (b) amounts due by EIB under the terms of an EFSI Unfunded Operation as a result of a Restructuring or, where the EFSI Unfunded Operation is implemented by EIF, all amounts due by EIB to EIF in connection with the terms of that EFSI Unfunded Operation as a result of a Restructuring; (c) losses which arise in respect of a conversion of an EFSI Unfunded Operation into an EFSI Funded Operation as a result of a Restructuring; or

- (d) losses which arise in respect of a sale in the secondary market or any other sale at arm's length as a result of: (i) a Restructuring; or (ii) any event in relation to a Debt Type Operation which is a subordinated instrument having features of equity (such as hybrid debt), where following such Restructuring EIB, acting in accordance with its rules, policies and procedures is required to exit the operation;

"Revenues"	means revenues for a particular EFSI Guaranteed Operation as determined in accordance with Schedule IV or the relevant product description contained in Schedules VI and VII;
"Risk Related Income"	has the meaning attributed to it in Article 2 of Schedule IV;
"Scoreboard"	means, for the IIW, the scoreboard referred to in Article 7(14) of the EFSI Regulation as established by a delegated act by the Commission in accordance with Article 23(1) to (3) and (5) of the EFSI Regulation;
"Secretariat"	means the secretariat to the Steering Board set out in Article 4.16 or the secretariat to the Investment Committee set out in Article 5.18, as may be the case;
"Security"	means any guarantee, assignment of rights for the purpose of providing security, pledge, charge, lien, mortgage, or any other agreement, arrangement or document purporting to confer security on EIB in respect of an EFSI Guaranteed Operation, but excluding the EU Guarantee;
"Small Mid-cap"	means an entity with fewer than 500 FTE employees that is not an SME;
"SME"	means a micro, small or medium-sized enterprise as defined in Commission Recommendation 2003/361/EC (OJ L 124, 20.5.2003, p. 36);
"SME Window" or "SMEW"	means the SME Window described in Part D and Schedule VII;
"SMEW EIB Covered Amount"	means, in respect of each SMEW Product, the amount to be guaranteed or funded by EIB to EIF under the EIB/EIF SMEW Agreement as further detailed in the relevant SMEW Product Description;
"SMEW Funding Facility Period"	has the meaning attributed to it in the EIB/EIF SMEW Agreement;

"SMEW Portfolio Value Variation Amount"	has the meaning attributed to it in the SMEW Product Description of a particular SMEW Product, where EIB is providing funding to EIF for EFSI Guaranteed Operations under the SMEW;
"SMEW Product"	means any Product under the SMEW as set out in Schedule VII, as amended, restated, supplemented or substituted from time to time;
"SMEW Product Description"	means for each SMEW Product, the description of the relevant product characteristics (including rights and obligations) in order to define the use of the EU Guarantee, set out in Annex I of Schedule VII, as may be amended, restated, supplemented or substituted from time to time;
"SMEW Quarterly Payment Date"	has the meaning attributed to it in Schedule VII;
"SMEW Replenishment Amount"	has the meaning attributed to it in Schedule VII;
"Sixth Amendment Effective Date"	means the date on which both Parties have signed the Sixth Amendment and Restatement Agreement;
"Steering Board"	means the steering board of EFSI set out in Article 4;
"Subrogated Sum"	means a sum to which the EU is entitled by virtue of a payment made by it to EIB under the EU Guarantee;
"Transitional Debt Type Operation"	means a Transitional Operation that is a Debt Type Operation;
"Transitional Equity Type Operation"	means a Transitional Operation that is an Equity Type Operation;
"Transitional Operation"	means an operation approved by the EIB Board of Directors during the period from 1 January 2015 until the initial appointments of all the members of the Investment Committee and the Managing Director and approved by the Commission in line with Article 24 of the EFSI Regulation;
"Treaty"	means the Treaty on the Functioning of the European Union;

"Tripartite Agreement"	means the tripartite agreement referred to in Article 287 of the Treaty and entered into on 26 September 2016 by the Commission, the European Court of Auditors and EIB on the cooperation with respect to the modes for controls exercised by the European Court of Auditors, as may be amended, supplemented or modified from time to time;
"Value Adjustment"	means the period to period change, expressed in EUR, to the aggregate book value of the Equity Type Operations;
"Warehoused EIF Operation"	means an operation referred to in Article 7 of Schedule VII entered into or approved by EIF during the period from 1 January 2015 until the initial appointments of all the members of the Investment Committee and the Managing Director and approved by the Commission in line with Article 24 of the EFSI Regulation;
"Waterfall"	means the Debt Portfolio Revenues Waterfalls, Debt Principal Waterfalls, Equity Portfolio Revenues Waterfall – Standard, Equity Portfolio Revenues Waterfall – NPBs and Equity Principal Waterfall, all as defined in Schedule IV.

- 1.2 In this Agreement, unless the context otherwise requires,
- (a) headings are for convenience only and do not affect the construction or the interpretation of any provisions of this Agreement;
 - (b) words importing the singular include the plural and vice versa;
 - (c) a reference to an article, section, part, annex or schedule is a reference to that article, section, part, annex or schedule to this Agreement.

Article 2

Purpose and scope of EFSI Agreement

- 2.1 The purpose of this Agreement is to set out the provisions for the implementation of EFSI by EIB and the granting of the EU Guarantee in line with the EFSI Regulation.
- 2.2 In accordance with Article 4 of the EFSI Regulation, this Agreement establishes EFSI as a distinct, clearly identifiable and transparent facility.
- 2.3 The EU grants to EIB the EU Guarantee in accordance with the EFSI Regulation and the modalities established in Part C.
- 2.4 EIB agrees to gradually contribute at least seven billion five hundred million euros (EUR 7 500 000 000) to EFSI on its own risk without support of the EU Guarantee in accordance with Article 3.8.

- 2.5 EIB agrees to provide financing and investments supported by the EU Guarantee: (i) partially through first loss piece cover on a portfolio basis directly or through intermediaries for IIW Debt Type Operations and for IIW Equity Portfolio – NPBs; and (ii) with full cover directly or through intermediaries for IIW Equity Portfolio - Standard and through EIF for SMEW operations, each in accordance with the terms set out in this Agreement.
- 2.6 This Agreement sets out the terms under which financing and investments are to be provided under the IIW by EIB and under the SMEW through EIF as well as the descriptions of the various Products that will be used as set out in Part D and Schedules VI and VII. The agreements on the financing and investments under the IIW and SMEW shall be decided and concluded by EIB or EIF in their own name, subject (for SMEW equity products) to the relevant SMEW Product Description, following their own decisions applying their own relevant rules, policies and procedures, where relevant to the extent applicable under the COSME Delegation Agreement, the H2020 Delegation Agreement, the EaSI Delegation Agreement and the CCS Delegation Agreement and notwithstanding the fact that the underlying operations benefit from the EU Guarantee.
- 2.7 This Agreement sets out the requirements for operational reporting, including Key Performance Indicators and Key Monitoring Indicators, and financial reporting in accordance with Part I as well as requirements for controls, monitoring, audit, evaluations and other general provisions in Part J.
- 2.8 In addition, EIB shall undertake recovery proceedings on behalf of the EU in accordance with this Agreement.

Article 3

Tasks of EIB

- 3.1 EIB shall implement and manage EFSI in accordance with the EFSI Regulation, as further specified in this Agreement. In so doing, EIB shall apply its rules, policies and procedures as applied to its own risk operations, as amended, restated, supplemented or substituted from time to time, and good banking practices. In relation to the EFSI Operations that are implemented through the EIF under the SMEW the EIF shall implement them in accordance with the EFSI Regulation, as further specified in this Agreement and the EIB/EIF SMEW Agreement, the applicable provisions of the COSME Delegation Agreement, the H2020 Delegation Agreement, the EaSI Delegation Agreement and the CCS Delegation Agreement in accordance with Schedule VII, and in doing so, EIF shall apply its rules, policies and procedures as applied to its own risk operations, as amended, restated, supplemented or substituted from time to time, and good market practices.
- 3.2 In relation to any EIB funds benefitting wholly or partially from the EU Guarantee, EIB and EIF (in relation to the SMEW), shall exercise the same degree of professional care, efficiency, transparency and diligence, as it applies in relation to the administration of its own risk operations.
- 3.3 EIB shall implement the IIW through delivery of the Products referred to in Schedule VI in accordance with the provisions of that Schedule and the EFSI Regulation. EFSI Guaranteed Operations under the IIW shall be priced in line with the EIB Credit Risk Guidelines.

- 3.4 With respect to EFSI Guaranteed Operations, EIB and EIF shall apply their respective rules, policies and procedures, including the EIB Group NCJ Policy and the EIB Group Anti-Money Laundering and Combating Financing of Terrorism Framework (AML-CFT Framework), to address the requirements in respect of money laundering, terrorism financing, tax avoidance, tax fraud, tax evasion contained in Article 22 of the EFSI Regulation and to reflect the prohibition to enter into new or renewed operations with entities incorporated or established in jurisdictions listed under the relevant Union policy on non-cooperative jurisdictions or that are identified as high-risk third countries pursuant to Article 9(2) of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73), as may be amended, or that do not effectively comply with Union or internationally agreed tax standards on transparency and exchange of information, as well as the possibility to derogate from this requirement when the action is physically implemented in one of those jurisdictions.
- 3.5 To protect against any EFSI Guaranteed Operations being misused for illegal purposes, including money laundering, terrorism financing, tax fraud, and tax evasion, EIB and EIF shall require appropriate contractual arrangements with its Financial Intermediaries and Financial Sub-intermediaries and/or other appropriate means. Furthermore, EIB and EIF shall include appropriate contractual arrangements with its Financial Intermediaries with a view to protect against any EFSI Guaranteed Operations financing artificial arrangements aimed at tax avoidance
- 3.6 With respect to EFSI Guaranteed Operations, EIB and EIF shall apply the EIB Group's AML-CFT Framework to address the principles and standards set out in Union law on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing. In particular, to address the issue of beneficial ownership information mentioned in Article 22 of the EFSI Regulation, EIB and EIF shall make both direct funding, if applicable, or funding via Financial Intermediaries contingent upon the disclosure to the EIB, the EIF or the Financial Intermediary, respectively, of beneficial ownership information in accordance with the principles and standards of Directive (EU) 2015/849. For the avoidance of doubt, EIB and EIF may for this purpose rely on a written representation or undertaking from Financial Intermediaries that they received the respective required beneficial ownership information.
- Notwithstanding anything above, EIB and EIF shall not in any event apply under this Agreement rules and procedures relating to tax standards that are less stringent than the ones used for their own operations.
- 3.7 EIB shall put in place with EIF appropriate contractual arrangements for the implementation of the SMEW in line with Schedule VII. Such arrangements and any material modifications affecting the EU Guarantee are subject to the prior approval of the Commission.
- 3.8 EIB shall gradually contribute at least seven billion five hundred million euros (EUR 7 500 000 000) to EFSI by means of providing financing at its own risk without cover from the EU Guarantee which may be in the following form:
- (a) a two billion five hundred million euros (EUR 2 500 000 000) contribution to the RCR Mandate;
 - (b) an additional gradual contribution of one billion five hundred million euros (EUR 1 500 000 000) to the RCR Mandate or other bilateral mandates between EIB and EIF;

- (c) up to three billion five hundred million euros (EUR 3 500 000 000) financing invested *pari passu*, project by project and on the same financing or investment terms and conditions with IIW Equity Portfolio – Standard which are financed by EIB with the benefit of the EU Guarantee;
 - (d) forty million euros (EUR 40 000 000) contribution *pari passu* with the EU Guarantee to cover the IIW Equity Portfolio – NPBs prior to the Sixth Amendment Effective Date and twenty-six million eight hundred and forty thousand euros (EUR 26 840 000) from such Sixth Amendment Effective Date.
- 3.9 The Parties, through an exchange of letters and where justified, may agree to review the allocation referred to in Article 3.8. If as a result of a Steering Board decision to adjust the allocation of the EU Guarantee to increase the allocation to the SMEW up to a maximum amount of nine billion euros (EUR 9 000 000 000), the allocation of the EU Guarantee to Equity Type Operations falls below three billion five hundred million euros (EUR 3 500 000 000), EIB shall not be relieved from its obligation to contribute at least, but not more than, seven billion five hundred million euros (EUR 7 500 000 000) to EFSI.
- 3.10 EFSI Operations carried out by EIF pursuant to Articles 3.8(a) and 3.8(b) shall be implemented in accordance with the provisions of the relevant agreement between EIB and EIF.

Part B – EFSI Governance

Article 4

Steering Board

- 4.1 The implementation of EFSI shall be governed and supervised by a Steering Board for the purpose of ensuring the appropriate use of the EU Guarantee. The management of EFSI Operations are carried out under the exclusive responsibility and control of EIB.

- 4.2 The Steering Board shall consist of five members, of whom the Commission shall appoint three voting members, EIB shall appoint one voting member and the European Parliament shall appoint one expert as a non-voting member.

The voting members of the Steering Board shall be duly empowered to act on behalf of the Party appointing them to the Steering Board. The expert appointed by the European Parliament as non-voting member shall not seek or take instructions from Union institutions, bodies, offices or agencies, from any Government of a Member State or from any other public or private body and shall act in full independence. The expert appointed by the European Parliament shall perform her/his duties impartially and in the interest of the EFSI.

A voting member of the Steering Board may have an alternate who represents the Party having appointed that member in his or her absence.

The Commission, EIB and the European Parliament shall endeavour to ensure gender-balance in the composition of the Steering Board.

- 4.3 The Steering Board shall:
- (a) determine the strategic orientation of EFSI, which shall include considerations on Additionality;

- (b) exercise its rights and carry out tasks under the Investment Guidelines and, where appropriate, propose amendments;
- (c) determine operating policies and procedures necessary for the functioning of EFSI;
- (d) determine the risk profile of EFSI, supervise regularly its development and adopt appropriate measures if deemed necessary;
- (e) establish indicative sectorial and geographical concentration limits in line with point (8) of the Investment Guidelines;
- (f) give guidance on the allocation of operations in line with point (6) of the Investment Guidelines;
- (g) adjust the project mix as regards sectors and countries, on the basis of an on-going monitoring of the developments of market conditions in the Member States and of the investment environment to help overcome market failures and suboptimal investment situations including problems resulting from financial fragmentation, while avoiding an approach that would be riskier than necessary;
- (h) specify policies regarding Investment Platforms, NPBs and funds;
- (i) determine the rules applicable to the operations with Investment Platforms and NPBs;
- (j) approve jointly with the Managing Director, after consultation with the Investment Committee, the SMEW Products;
- (k) review, on a regular basis, the progress on the implementation of EFSI. The implementation of the IIW Equity Portfolio – NPBs shall be reviewed for the first time when the volume of approved EFSI Guaranteed Operations reaches six hundred fifty million euros (EUR 650 000 000) and shall be reviewed for the second time when the volume of approved EFSI Guaranteed Operations reaches one billion three hundred million euros (EUR 1 300 000 000);
- (l) review and adjust, if necessary, the allocation of the total EFSI support available between IIW and SMEW under the EU Guarantee subject to Article 3.9 and review the allocation of the total EFSI support available under the IIW to Debt Type Operations and Equity Type Operations;
- (m) review the quarterly reporting on EFSI Guaranteed Operations by the Managing Director referred to in Article 6.11;
- (n) review terms of reference and evaluation reports concerning EFSI;
- (o) appoint the Investment Committee members following an open and transparent selection procedure carried out in accordance with Article 7(8) of the EFSI Regulation and monitor their performance and absence of conflicts of interest;
- (p) following an open and transparent selection process in line with EIB procedures, select a candidate for each of the positions of Managing Director and Deputy Managing Director;
- (q) approve exceptions to the EFSI transaction limits in accordance with point 7(c) of the Investment Guidelines;

- (r) set the minimum scores for each pillar of the Scoreboard and approve exceptions in accordance with Article 7(14), third sub-paragraph, of the EFSI Regulation and where necessary provide guidance as referred to in Article 5.14.
- (s) decide on participation by a third party in EFSI;
- (t) review, and if applicable decide on, proposals by EIB in accordance with Article 22;
- (u) provide detailed guidance, where necessary, in relation to the computation referred to in Article 9(2), third sub-paragraph, of the EFSI Regulation;
- (v) provide guidance, where necessary, in accordance with Article 9(2), second sub-paragraph, of the EFSI Regulation; and
- (w) carry out any other tasks specified in this Agreement.

The Steering Board may by 31 December 2020 define criteria and limits under which EFSI Guaranteed Operations approved by 31 December 2020 but not yet signed may benefit from a derogation referred to in point 7(c) of the Investment Guidelines until 31 December 2022.

The Steering Board shall cease its functions on 31 December 2020.

- 4.4 The Steering Board shall discuss and take the utmost possible account of the positions of all its members. If the members cannot converge in their position, the Steering Board shall take decisions by unanimous vote among its voting members subject always to the internal decision-making bodies of the Parties. The quorum required for meetings and for a vote shall be two Commission members and the EIB member.
- 4.5 Failure or delays in appointing or (re)appointing voting members and the non-voting member of the Steering Board shall not, in the presence of the required quorum, limit the rights and responsibilities of the Steering Board nor cause it to delay the exercise of its functions.
- 4.6 The Steering Board shall elect its Chairperson from among its voting members. The Chairperson shall be a representative of the Commission and shall be elected for a fixed term of 3 years, renewable once.

The Steering Board shall convene at the request of its Chairperson or any other of its members. Meetings of the Steering Board shall be organised by its Secretariat.
- 4.7 The Steering Board shall adopt its rules of procedure upon a proposal of the Secretariat substantially in the form set out in Schedule I.
- 4.8 Activities carried out in respect of the Steering Board shall not be remunerated. The Party that has nominated the member shall bear all costs associated with this status including all costs incurred by the member in relation to travelling to and attending any meetings of the Steering Board.
- 4.9 The Steering Board shall adopt its rules of conflict of interest and code of conduct upon a proposal of the Secretariat.
- 4.10 When carrying out their tasks, the Steering Board members shall pursue only the objectives set out in the EFSI Regulation.

- 4.11 The minutes of the Steering Board shall provide a substantive account of the positions of all members. Detailed minutes shall be published as soon as they have been adopted by the Steering Board. EIB shall notify the European Parliament of the publication immediately, but in any case within 5 Business Days thereof.
- 4.12 The Steering Board shall organise regularly a consultation of relevant stakeholders – notably co-investors, public authorities, experts, education, training and research institutions, relevant social partners and representatives of civil society – on the orientation and implementation of the investment policy carried out by EIB under the EFSI Regulation.
- 4.13 At the request of the European Parliament or of the Council, the Chairperson of the Steering Board shall report on the performance of EFSI to the requesting institution, including by participating in a hearing before the European Parliament.
- 4.14 The Chairperson of the Steering Board shall reply orally or in writing to questions addressed to EFSI by the European Parliament or the Council, in any event within five weeks of the date of receipt of a question.
- 4.15 EIB shall provide the Secretariat from its head offices in Luxembourg.
- 4.16 The Secretariat shall carry out the following tasks:
- (a) organisation of Steering Board meetings, including drawing up and distribution of Steering Board documents, agenda and minutes;
 - (b) any other such tasks as defined in this Agreement or by the Steering Board.

Communications between the Parties concerning the Steering Board shall be channelled through the Secretariat.

- 4.17 The role of the Steering Board on the governance and implementation of the SMEW shall be limited to the tasks described under Articles 4.3(h), 4.3(i), 4.3(j), 4.3(k), 4.3(l) (in relation to the review and adjustment, if necessary, of the allocation of the total EFSI support available between IIW and SMEW under the EU Guarantee), 4.3(m) and 4.3(n). The EFSI activities conducted by the EIF are otherwise to be governed by the EIF governing bodies.

Article 5

Investment Committee

- 5.1 The Investment Committee shall be responsible for examining the use of the EU Guarantee for operations proposed to it as potential EFSI Guaranteed Operations under the IIW in line with the Investment Guidelines and this Agreement and approving the support of the EU Guarantee for such operations as the sole decision making body for that purpose. The Investment Committee shall also be responsible for evaluating the conformity of Investment Platforms as presented in EIB proposals with the applicable policies defined by the Steering Board and approving them as such.

For the avoidance of doubt, in accordance with Article 9(2), second sub-paragraph, and Article 9(5), third sub-paragraph, of the EFSI Regulation, the decision of the Investment Committee on potential EFSI Guaranteed Operations shall be taken on the basis of EIB's proposal. Where appropriate, its approval shall extend to sub-projects, if any. Further guidance on the procedures by which the Investment Committee approves the use of the EU Guarantee may be specified in the Investment Committee's rules of procedure.

Unless otherwise agreed between the Parties, the Investment Committee's responsibilities shall end on 31 December 2020.

- 5.2 In performing its duties, the Investment Committee shall have a duty of care to EFSI, as embodied by the Steering Board. The Investment Committee should not encroach upon or interfere with the decision making of EIB, or be a substitute for the governing bodies of the latter.
- 5.3 It shall be composed of 8 independent experts and the Managing Director.
- 5.4 The Investment Committee shall take decisions by simple majority. Each member of the Investment Committee shall have one vote. No abstentions will be permitted except in case of conflict of interest or impossibility to vote due to illness or similar reason that objectively temporarily prevents the member from exercising his or her duties. The minimum quorum required for decisions shall be five.
- 5.5 The Investment Committee shall adopt its own rules of procedure.
- 5.6 The procedure for submission of proposals to the Investment Committee is set out in Schedule V.
- 5.7 The members of the Investment Committee shall be appointed by the Steering Board following an open and transparent selection procedure organised by EIB in agreement with the Commission for a renewable fixed term of up to 3 years, not exceeding 6 years in total, and ending at the latest on 31 December 2020. The Investment Committee members shall be contracted by EIB notwithstanding their duty of care obligation set out in Article 5.2 which shall be mentioned in their terms of appointment. The Parties agree no further action shall be required to mitigate any potential or perceived conflict of interest arising from the requirement under this Article 5.7 that EIB contracts the members of the Investment Committee notwithstanding the fact that they carry out functions respecting the duty of care to EFSI.
- 5.8 The members of the Investment Committee (other than the Managing Director and the Deputy Managing Director) are entitled to receive an annual fee of EUR 67,500 plus reasonable travel costs from EIB. They shall be responsible for the payment of taxes, social security and any pension obligations that may be payable in connection to the annual fee received. The terms and conditions of the members of the Investment Committee, including their remuneration, may be revised by the Steering Board.
- 5.9 The members of the Investment Committee shall be appointed in a personal capacity, and shall therefore not delegate their responsibilities to another member or to a third party.

- 5.10 The composition of the Investment Committee shall be gender-balanced and diversified so as to ensure that it has a wide knowledge of the eligible sectors for EFSI Guarantee Operations covered in Article 9 of the EFSI Regulation and of geographic markets within the EU. The members shall have experience in investment in one and preferably more of the fields referred to in Article 7(8), third sub-paragraph of the EFSI Regulation. Information and documentation supplied, correspondence and meetings shall be in English and Investment Committee members shall be fully able to work in this language.
- 5.11 Curriculum vitae and declarations of interest of each member of the Investment Committee shall be made public and constantly updated. The members of the Investment Committee shall be required to communicate without delay to the Steering Board, the Managing Director and the Deputy Managing Director all information needed to check on an ongoing basis the absence of any conflict of interest.
- 5.12 The members of the Investment Committee shall perform their duties impartially and in the interests of EFSI and not to take or seek instructions from EIB, the institutions of the EU, Member States, or any other public or private body when implementing the Investment Guidelines or taking decisions on the use of the EU Guarantee.
- 5.13 In the case of a breach of the obligations by a member of the Investment Committee referred to in Articles 5.11 and 5.12 or any other obligation of such a nature as would, under the terms of their appointment give rise to a right to terminate his or her contract, the Steering Board may request EIB to terminate his or her contract and appoint a replacement from the reserve list of candidates compiled during the appointment process. The Managing Director shall be responsible for informing the Steering Board of any such breach that comes to his knowledge and be responsible to propose and follow-up appropriate action. The Managing Director shall exercise his duty of care regarding potential conflicts of interest of any member of the Investment Committee.
- 5.14 The provision of analytical support by EIB to the Investment Committee in respect of a proposed operation as a potential EFSI Guaranteed Operation shall consist of the information detailed in Article 2 of Schedule V.

In accordance with Article 3.1, operations proposed as potential EFSI Guaranteed Operations shall have undergone the EIB, or, where EIF is tasked with implementing EFSI Guaranteed Operations under the IIW, EIF, standard due diligence and approval process taking into account the nature of the Product.

The Investment Committee shall be entitled to rely on EIB's assessment that the operations proposed to it as potential EFSI Guaranteed Operations are economically and technically viable, are structured in line with sound banking principles and comply with the risk management, Anti-Money Laundering and Combatting the Financing of Terrorism (AML-CFT) and tax good governance principles as set by EIB or, where EIF is tasked with implementing EFSI Guaranteed Operations under the IIW, EIF, in their respective rules, policies and procedures as amended from time to time. However, it shall not be bound by assessments by EIB for the purposes of approving the granting of the EU Guarantee.

The Investment Committee shall be provided with the Scoreboard and the scores for each pillar of the proposed EFSI Guaranteed Operation, and shall take this into account when making its decision. Where necessary, the Steering Board shall provide guidance on the use of the Scoreboard for prioritisation.

Subject to the provisions of this Agreement, the benefit of the support of the EU Guarantee shall be determined by reference to the circumstances existing at the date of the Investment Committee's approval and shall not be affected by changes to such circumstances occurring after this date. Should, due to a change in circumstances prior to signature, EIB resubmit to its Board of Directors a proposal for which the Investment Committee had already approved the EU Guarantee cover it shall also resubmit the proposal to the Investment Committee for approval of the EU Guarantee coverage unless the change relates to any area not within the competence of the Investment Committee.

5.15 The Investment Committee shall be consulted by the Managing Director and the Steering Board jointly on proposals for SMEW Products. Its role as regards the SMEW is limited to this task.

5.16 The decisions approving the use of the EU Guarantee, including the rationale for the decision, with particular focus on compliance with the Additionality criterion, and the global assessment stemming from the Scoreboard, shall be public and accessible. Following the signature of an EFSI Guaranteed Operation, the related Scoreboard shall also be made public. Neither publication shall contain commercially sensitive information.

Commercially sensitive parts of decisions approving the use of the EU Guarantee shall be submitted by EIB to the European Parliament upon written request, subject to strict confidentiality requirements.

The list of all decisions of the Investment Committee, their rationales and related Scoreboards shall be submitted by EIB twice a year to the European Parliament, the Council and the Commission, subject to strict confidentiality requirements.

5.17 EIB shall provide the Secretariat from its head offices in Luxembourg.

5.18 The Secretariat shall carry out the following tasks:

- (a) organisation of Investment Committee meetings, including drawing up and distribution of Investment Committee documents, agenda, minutes and travel arrangements;
- (b) any other such tasks as defined in this Agreement or by the Investment Committee.

Communications between the Investment Committee members can be channelled through the Secretariat.

Article 6

Managing Director and Deputy Managing Director

6.1 The EFSI shall have a Managing Director and a Deputy Managing Director who assists the Managing Director and replaces the Managing Director in his or her absence. The functions of the Managing Director and Deputy Managing Director shall terminate on 31 December 2020.

6.2 The Managing Director shall be responsible for the day-to-day management of EFSI and the preparation and chairing of meetings of the Investment Committee.

6.3 The Managing Director and the Deputy Managing Director shall be appointed for a fixed term of 3 years, renewable once and not exceeding 31 December 2020.

- 6.4 Following an open and transparent selection process in line with EIB procedures, the Steering Board shall select a candidate for each of the positions of Managing Director and Deputy Managing Director. The Commission shall receive the curriculum vitae of all the candidates and shall have the right to participate as observer in the selection of shortlisted candidates to be interviewed.
- 6.5 EIB and the Steering Board shall keep the European Parliament and the Council duly informed in a timely manner at all stages of the selection procedure subject to strict confidentiality requirements.
- 6.6 Article 7(6), third sub-paragraph, of the EFSI Regulation foresees that the European Parliament shall organise as rapidly as possible, and at the latest within four weeks from the communication of the name of a selected candidate, a hearing with the candidate for each position.
- 6.7 Following the hearing and approval by the European Parliament, the Managing Director and the Deputy Managing Director shall be appointed by the President of EIB as EIB employees. EIB staff rules apply to them.
- 6.8 The remuneration of the Managing Director shall be at EIB rates equivalent to the level of Director General.
- 6.9 The remuneration of the Deputy Managing Director shall be at EIB rates equivalent to the level of Director.
- 6.10 The Managing Director shall be responsible for approving the SMEW Products together with the Steering Board and after consultation of the Investment Committee. The EFSI activities conducted by EIF are otherwise to be governed by the EIF governing bodies.
- 6.11 The Managing Director and the Deputy Managing Director shall participate in the meetings of the Steering Board as observers.
- The Managing Director shall report every quarter on the activities of the EFSI Guaranteed Operations to the Steering Board.
- 6.12 At the request of the European Parliament or of the Council, the Managing Director shall report on the performance of EFSI to the requesting institution, including by participating in a hearing before the European Parliament.
- 6.13 At the request of the European Parliament or of the Council, the Managing Director shall report on the work of the Investment Committee to the requesting institution.
- 6.14 The Managing Director shall reply orally or in writing to questions addressed to the EFSI by the European Parliament or by the Council, in any event within five weeks of the date of receipt of a question. In addition, he/she shall reply orally or in writing to the European Parliament or to the Council to questions regarding the work of the Investment Committee.
- 6.15 For the Managing Director and the Deputy Managing Director, the rules of conflict of interest contained in the EIB Staff Code of Conduct shall apply. In addition, they shall adhere to the Code of Conduct of the EFSI Steering Board.

Part C – EU Guarantee, Recoveries, Revolving Guarantee and Transitional Operations

Article 7

Scope of the EU Guarantee

7.1 In accordance with the provisions set out in this Agreement, the EU, as primary obligor and not merely as surety, hereby independently, unconditionally and irrevocably:

- (a) guarantees the punctual and full performance of all Guaranteed Sums;
- (b) undertakes with EIB that:
 - (i) with respect to the IIW, whenever a Guaranteed Sum is not discharged on the due date or has been incurred by EIB, or,
 - (ii) with respect to the SMEW, whenever:
 - 1. EIF has made a call under the EIB/EIF SMEW Guarantee;
 - 2. SMEW Portfolio Value Variation Amounts are notified by the EIF to EIB on a quarterly basis as further detailed in the relevant SMEW Product Description;
 - 3. EIB Funding Costs become payable and remain outstanding after the next following SMEW Quarterly Payment Date; or
 - 4. Any EIB funding for SMEW Products remains outstanding after the EIB SMEW Funding Final Repayment Date,

the EU will, upon first demand by EIB and in accordance with the terms of payments set out in Article 9, pay that amount to EIB in EUR or the EUR equivalent of the respective currencies specified in each of EIB's demand under the EU Guarantee converted at the prevailing market exchange rate on the relevant value date as transacted by EIB in a timely manner;

- (c) undertakes with EIB that whenever a Value Adjustment occurs becomes payable, the EU will, upon first demand by EIB and in accordance with the terms of payments laid down in Article 9, pay that amount in EUR or the EUR equivalent specified in EIB's demand under the EU Guarantee converted at the prevailing market exchange rate on the relevant value date as transacted by EIB in a timely manner; and
- (d) undertakes with EIB that whenever a Restructuring Loss occurs, the EU will, upon first demand by EIB and in accordance with the terms of payments laid down in Article 9, pay that amount in EUR or the EUR equivalent specified in EIB's demand under the EU Guarantee converted at the prevailing market exchange rate on the relevant value date as transacted by EIB in a timely manner.

For the avoidance of doubt, the EU waives any right it may have of first requiring EIB to proceed or enforce against any person before claiming from the EU under this Agreement.

7.2 The EU Guarantee referred to in Article 7.1 shall cover:

- (a) all Guaranteed Sums under the IIW;
- (b) Value Adjustments and EIB Funding Costs in relation to Equity Type Operations;
- (c) Restructuring Losses;

- (d) amounts due in respect of EFSI Guaranteed Operations carried out by EIF under the SME Window covering:
 - (i) all amounts related to demands made by EIF to EIB under the EIB/EIF SMEW Guarantee;
 - (ii) SMEW Portfolio Value Variation Amounts notified by EIF to EIB on a quarterly basis as further detailed in the relevant SMEW Product Description;
 - (iii) EIB Funding Costs; and
 - (iv) EIB SMEW funding outstanding at the EIB SMEW Funding Final Repayment Date,
 in accordance with Schedule VII;
- (e) EIB Recoverable Administrative Costs; and
- (f) Recovery Costs as set out in Article 11.

For the avoidance of doubt, EIB shall not be entitled to be paid more than once in respect of any amount covered by the EU Guarantee, irrespective whether charged as stand-alone amount or embedded in an aggregate calculation.

The Parties agree that the additional provisions in relation to the application of the EU Guarantee to cover losses arising from fluctuations of currencies other than the euro as referred to in Article 11(6)(a) and (b) of the EFSI Regulation shall enter into force on an amendment of this Agreement.

- 7.3
- (a) The EU Guarantee shall not, at any time, exceed twenty six billion euros (EUR 26 000 000 000). The aggregate net payments from the EU's general budget shall not exceed sixteen billion euros (EUR 16 000 000 000) prior to 6 July 2018 and shall not exceed twenty six billion euros (EUR 26 000 000 000) at any time thereafter.
 - (b) The use of the EU Guarantee under the IIW shall not exceed an amount equivalent to thirteen billion euros (EUR 13 000 000 000) prior to 6 July 2018 and shall thereafter not exceed an amount equivalent to (α) nineteen billion five hundred million euros (EUR 19 500 000 000) prior to the Sixth Amendment Effective Date and (β) nineteen billion two hundred fifty million euros (EUR 19 250 000 000) from such Sixth Amendment Effective Date, broken down into two parts:
 - (i) for Debt Type Operations, up to a maximum amount of ten billion five hundred million euros (EUR 10 500 000 000) prior to the Equity Trigger Date, up to a maximum amount of nine billion six hundred twenty million euros (EUR 9 620 000 000) between the Equity Trigger Date, to the extent that this occurs prior to 6 July 2018, and 6 July 2018, and up to a maximum amount of fifteen billion two hundred forty million euros (EUR 15 240 000 000) after 6 July 2018; and
 - (ii) for Equity Type Operations, up to a maximum amount of two billion five hundred million euros (EUR 2 500 000 000) prior to the Equity Trigger Date, up to a maximum amount of three billion three hundred eighty million euros (EUR 3 380 000 000) between the Equity Trigger Date, to the extent that this occurs prior to 6 July 2018, and 6 July 2018, and up to four billion two hundred sixty million euros (EUR 4 260 000 000) after 6 July 2018 and prior to the Sixth Amendment Effective Date, and four billion ten million euros (EUR 4 010 000 000) from the Sixth Amendment Effective Date.

The (re)allocation of the PFLP to a particular IIW Debt Portfolio or IIW Equity Portfolio, as well as the establishment of new IIW Debt Portfolios or new IIW Equity Portfolios shall be determined and agreed by the EIB and the Commission by means of an exchange of letters.

As an initial configuration, two IIW Debt Portfolios will be established under the names of "IIW Debt Portfolio – Standard" and "IIW Debt Portfolio – Hybrid". The allocations of PFLP to the "IIW Debt Portfolio – Standard" and to the "IIW Debt Portfolio – Hybrid" are respectively of nine billion five hundred million euros (EUR 9 500 000 000) and one billion euros (EUR 1 000 000 000) prior to the Effective Amendment Date, respectively of eight billion five hundred million euros (EUR 8 500 000 000) and two billion euros (EUR 2 000 000 000) between the Effective Amendment Date and the Equity Trigger Date, respectively of seven billion six hundred twenty million euros (EUR 7 620 000 000) and two billion euros (EUR 2 000 000 000) between the Equity Trigger Date, to the extent that this occurs prior to 6 July 2018, and 6 July 2018, and respectively of thirteen billion two hundred forty million euros (EUR 13 240 000 000) and two billion euros (EUR 2 000 000 000) after 6 July 2018.

As an initial configuration, two IIW Equity Portfolios will be established under the names of "IIW Equity Portfolio – Standard" and "IIW Equity Portfolio – NPBs". The allocations of EU Guarantee to the "IIW Equity Portfolio – Standard" and to the "IIW Equity Portfolio – NPBs" are respectively of two billion five hundred million euros (EUR 2 500 000 000) and nil euros prior to the Equity Trigger Date, respectively of three billion euros (EUR 3 000 000 000) and three hundred eighty million euros (EUR 380 000 000) between the Equity Trigger Date, to the extent that the Equity Trigger Date occurs before 6 July 2018, and 6 July 2018, and respectively of three billion five hundred million euros (EUR 3 500 000 000) and seven hundred sixty million euros (EUR 760 000 000) after 6 July 2018 and prior to the Sixth Amendment Effective Date, and five hundred ten million euros (EUR 510 000 000) from such Sixth Amendment Effective Date.

- (c) The use of the EU Guarantee under the SMEW shall be limited to an amount equivalent to three billion euros (EUR 3 000 000 000) prior to 6 July 2018, six billion five hundred million euros (EUR 6 500 000 000) from 6 July 2018 and prior to the Sixth Amendment Effective Date and six billion seven hundred fifty million euros (EUR 6 750 000 000) from the Sixth Amendment Effective Date save that:
 - (i) any part of the EU Guarantee allocated to particular SMEW Products which may no longer be drawn in respect of SMEW EFSI Guaranteed Operations thereunder or for which risk is otherwise covered as further specified in a particular SMEW Product Description, shall be de-committed from such SMEW Product and shall become available for further allocation to one or more SMEW Products;
 - (ii) any amount which pursuant to each relevant SMEW Product Description is an SMEW Replenishment Amount shall replenish the EU Guarantee available for the SMEW.
- (d) The ceiling for the use of the EU Guarantee under the IIW and SMEW may be adjusted by a decision of the Steering Board to the extent that their sum does not exceed twenty six billion euros (EUR 26 000 000 000) at any time, their sum does not exceed sixteen billion euros (EUR 16 000 000 000) prior to 6 July 2018 and the amount allocated to the SMEW does not exceed nine billion euros (EUR 9 000 000 000).
- (e) Any adjustment to the limits in respect of the use of the EU Guarantee shall be reflected appropriately in the Key Performance Indicators and Key Monitoring Indicators as agreed between the Parties.

- 7.4 The liability of the EU under this EU Guarantee in respect of the IIW for Debt Type Operations shall be for the PFLP calculated in accordance with Schedule IV. For Equity Type Operations the liability of the EU shall be determined in accordance with this Agreement and in particular Schedule IV. The liability of the EU under this EU Guarantee in respect of SMEW shall be determined in accordance with this Agreement and in particular Schedule VII and the relevant SMEW Product Descriptions.

Article 8

Call and Use of the EU Guarantee

- 8.1 The EU Guarantee may be:
- (a) called in respect of a Guaranteed Sum;
 - (b) called in respect of a Value Adjustment or a Restructuring Loss;
 - (c) called, with respect to the SMEW, whenever:
 - (i) any amount becomes due by EIB under the EIB/EIF SMEW Guarantee;
 - (ii) an SMEW Portfolio Value Variation Amount becomes payable to EIB, as specified in the relevant SMEW Product Description;
 - (iii) EIB Funding Costs in relation to SMEW funding for any period remain outstanding after the next following SMEW Quarterly Repayment Date; or
 - (iv) EIB SMEW funding remains outstanding after the EIB SMEW Funding Final Repayment Date;
 - (d) used for payment of EIB Funding Costs not related to SMEW funding provided by EIB, EIB Recoverable Administrative Costs and Recovery Costs when such amounts become due and payable in accordance with and subject to the limitations referred to in this Agreement.
- 8.2 The Parties agree that neither the obligations of the EU under the EU Guarantee, nor the rights, powers and remedies conferred upon the EIB by the EU Guarantee or by law shall be discharged, impaired or otherwise affected by the winding-up, dissolution, administration or reorganisation of the underlying obligor or any other person under any applicable law or any change in the status, function, control or ownership of the underlying obligor or by any obligations of the obligor becoming illegal or unenforceable or ineffective in any respect or by any amendment or variation to any document to which the obligor is a party or by any other act, omission, matter or event which would, but for this Article 8.2, reduce, release or prejudice any of the EU's obligations under the Agreement, except as set out in this Agreement. This Article 8.2 is not relevant to SMEW Products in the form of equity.

Article 9

Terms of payments under the EU Guarantee

- 9.1 The EU shall pay to EIB the amounts demanded by EIB in writing in EUR or in the EUR equivalent of the respective due currencies specified in each demand and each utilisation under this EU Guarantee. The conversion shall be made using the prevailing market exchange rate on the relevant value date as transacted by EIB in a timely manner.
- 9.2 Payment by the EU in accordance with Article 8.1 (a), (b) and (c) shall be made no later than 20 Business Days upon demand made in writing by EIB to the EU.
- 9.3 Payment by the EU in accordance with Article 8.1(d) shall be made no later than 40 Business Days after demand made in writing giving adequate details concerning how the amount was calculated.
- 9.4 EIB is hereby authorised by the EU to deduct the amount demanded from the EFSI Account after having made a demand in writing to the EU, if the balance is sufficient to honour the amount due in full. If the balance is less, EIB is authorised to deduct that part of the amount demanded from the EFSI Account. EIB shall indicate in the demand: (i) the total amount of the call under the EU Guarantee; (ii) the amount to be debited from the EFSI Account; and (iii) the remainder.
- 9.5 In case the amount of the call or utilisation under the EU Guarantee pursuant to Article 8.1 (a), (b) and (c) exceeds the EFSI Account balance, interest on the shortfall will start to accrue for any day as of the second Business Day after the date of the communication [REDACTED] until the day of settlement. The resulting accrued interest amount shall not be considered part of the Guaranteed Sums and shall be notified monthly in writing by EIB to the Commission which shall transfer within 5 (five) Business Days as of the date such notification is received such amount in cash in euro to an account of EIB to be notified to the Commission. Any interest amount or portion of such interest amount not transferred pursuant to this Article shall be subject to [REDACTED] monthly compounding.
- 9.6 As regards payments not to be debited from the EFSI Account the EU shall inform the Back-Office Treasury of EIB at least 1 Business Day before any payment date by e-mail to [REDACTED] (or to such other e-mail address as may be indicated by EIB from time to time) when such payment has been initiated. EIB shall confirm to the EU the receipt of such funds by e-mail to [REDACTED] (or to such other e-mail address as may be indicated by the EU from time to time). The SWIFT message instruction shall include the remittance information (field 70): [REDACTED] as appropriate. In case the funds would not be received effectively on agreed date, EIB has the right to claim an overdraft penalty for the unfunded period.
- 9.7 EIB shall at any time manage, take such action or exercise such rights, remedies, powers and discretions in respect of any Security with the requisite degree of care, efficiency and diligence, as required by the EIB Credit Risk Guidelines and sound banking practice in the field concerned.

9.8 In relation to an EFSI Guaranteed Operation under the IIW, the EU hereby authorises EIB at any time in line with its rules, policies and procedures, including EIB Credit Risk Guidelines, without notice or further consent of the EU, to enter into a Restructuring, grant any waiver, to generally amend or vary the terms of the relevant EFSI Guaranteed Operation, to sell an exposure to a third party and to appoint external consultants and advisors as may be required to achieve this.

9.9 Following any call in relation to an EFSI Guaranteed Operation under the IIW, the EU delegates to EIB the administration and work out of such EFSI Guaranteed Operation with a view to reducing losses or maximising expected recoveries in accordance with the provisions of Article 11 including the appointment of external consultants and advisors as may be required to achieve this.

In line with EIB rules, policies and procedures and subject to required approvals, the work-out of an EFSI Guaranteed Operation under the IIW may require an increase in the loan / investment amount as a means to reduce potential losses or increase potential recoveries. In the case of a Restructuring the EIB may increase the amount of an EFSI Guaranteed Operation beyond the amount approved before the Restructuring up to a maximum of [REDACTED] of the amount originally approved in respect of such EFSI Guaranteed Operation in line with its rules, policies and procedures. Such an increase shall be notified to the Commission.

In the context of a Restructuring, if the proposed increase in the amount of an EFSI Guarantee Operation is greater than [REDACTED] EIB shall seek the opinion of the Commission to such proposed increase at the same time as the submission of said proposal to the Board of Directors and communicate the Commission's opinion to the Board of Directors prior to its decision. The requirement for the Commission's opinion does not apply in the circumstances referred to in Article 19(8) of the EIB Statute. The Commission shall provide its opinion at the latest one day before the date of the meeting of the Board of Directors. For the avoidance of doubt increases as described in this and the preceding paragraph may take place whether or not a call in relation to the respective EFSI Guaranteed Operation has been made.

9.10 Where EIB takes any action under Articles 9.8 and/or 9.9:

- (a) this EU Guarantee shall continue in full force and effect and shall not be reduced or adversely affected in any way as a result of such actions;
- (b) EIB shall not be liable to the EU for any losses, damage or injury sustained by the EU in respect of such actions unless as a result of the wilful misconduct or gross negligence of EIB;
- (c) EIB shall be indemnified by the EU for claims against it by any party for any losses, damage or injury arising as a result of such actions unless as a result of the wilful misconduct or gross negligence of EIB.

9.11 Amounts to be paid to EIB under this Agreement shall be transferred to the bank account of EIB to be communicated to the Commission.

9.12 In relation to the SMEW, Articles 9.7 to 9.10 shall apply *mutatis mutandis* to EIF, unless the COSME Delegation Agreement, the H2020 Delegation Agreement, the EaSI Delegation Agreement or the CCS Delegation Agreement determines otherwise.

Article 10

Subrogation

- 10.1 To the extent that the EU makes any payment to EIB pursuant to the EU Guarantee, it shall be subrogated to the rights, including to any Security, of EIB in respect of Guaranteed Sums and Restructuring Losses to the extent applicable by law.
- 10.2 Where the EU is subrogated to EIB's rights and remedies, the provisions of Article 11 and of Article 4 of Schedule IV shall apply.
- 10.3 The detailed arrangements for subrogation and recoveries (including any derogation from Article 10.1) as regards EFSI Guaranteed Operations under the SMEW are defined in Schedule VII.

Article 11

Recoveries

- 11.1 Whenever the EU has made a payment under the EU Guarantee and is subrogated to the rights and remedies of EIB pursuant to Article 10, EIB (directly or indirectly) shall without delay initiate recovery proceedings on behalf of the EU, unless it determines in accordance with its professional judgment in line with the care and diligence applied in respect of operations at its own risk that the possible recovery proceedings are unlikely to result in recovery of sums in excess of the costs of such recovery. This Article 11.1 shall not apply to payments made under the EU Guarantee in respect of Restructuring Losses.
- 11.2 Recovery proceedings shall be undertaken by EIB on behalf of the EU for as long as possible recovery proceedings are likely to result in recovery of sums in excess of the costs of such recovery and in a manner consistent with the same degree of professional care, efficiency, transparency and diligence applied in recovery proceedings initiated in respect of any sums to be recovered in relation to operations financed by EIB without an EU Guarantee.
- 11.3 Where EIB recovers a Guaranteed Sum in whole or part after EIB has called the EU Guarantee, but before the EU has made the corresponding payment to EIB, EIB shall as soon as possible notify the Commission accordingly and the EU's obligation to pay the sum demanded shall thereupon cease. In case of partial payment from any source, EIB shall limit its call on the EU Guarantee to the part of the Guaranteed Sum that remains due.
- 11.4 Where EIB recovers a Subrogated Sum in all or part, EIB shall pay the Recovered Amount into the EFSI Account no later than 15 Business Days after the last day of the calendar month within which the Recovered Amount was received by EIB. If the currency of the Recovered Amount is not EUR, EIB shall convert this amount into EUR at the prevailing market exchange rate on the relevant value date as transacted by EIB in a timely manner, and inform the Commission of the nominal amount in the original currency. For the avoidance of doubt amounts recovered in respect of reimbursement of external consultants are not Recovered Amounts and shall be retained by EIB.

In case of a Subrogated Sum with regard to Restructuring Losses that have been called as separate amounts on a period by period basis (instead of as a lump sum), any amount received in a particular period by EIB in respect of the EFSI Guaranteed Operation to which the Subrogated Sum relates, which is in excess of the amount that would have been due to EIB absent of the Restructuring, is treated as a Recovered Amount up to the amount of the Subrogated Sum and any further excess shall be treated as Revenues.

- 11.5 The payment of any Recovered Amount relating to a Debt Type Operation to the EFSI Account shall increase the relevant Net Available PFLP by the same amount. The payment of any Recovered Amount relating to an Equity Type Operation to the EFSI Account and the reversal of any Value Adjustment by payment to the EFSI Account shall both increase the EU Guarantee in respect of Equity Type Operations by the same amount.
- 11.6 EIB shall inform the Commission about all recoveries as part of the operational and financial reporting in line with Schedules II and III. It shall also inform the Commission of a determination referred to in Article 11.1 not to initiate recovery proceedings.
- 11.7 By way of cost contribution for EIB's services to the EU performed in the recovery of Subrogated Sums or in relation to a Restructuring, where an ex ante decision of or ex post notification to (should an ex ante decision not be possible due to the urgency of the situation) the Management Committee of EIB or its Board of Directors is required under EIB's rules, policies and procedures, the EU shall pay to EIB flat-fee recovery costs per operation in line with Article 9(6), third sub-paragraph, of the EFSI Regulation (the "**Recovery Costs**").
- 11.8 The Recovery Costs shall be calculated at the rate of [REDACTED] of the outstanding commitments of the affected Debt Type Operation or Equity Type Operation, subject to an overall aggregate cap of [REDACTED] of the EU Guarantee. A maximum of one Recovery Cost can be inputted on a Debt Type Operation or Equity Type Operation throughout its life.
- 11.9 The Recovery Costs shall be payable in two equal instalments, the first on the date on which: (i) EIB gives notice to the EU that a Restructuring is necessary in accordance with its normal rules, policies and procedures, whereby giving reasonable details of the events which lead EIB to make this decision; or (ii) EIB gives notice to the EU that following a call in case of an event of default it has decided to undertake recovery action pursuant to Article 11.1 and the second, one year thereafter. The Recovery Costs are payable in EUR or the EUR equivalent of the currency in which the affected Debt Type Operation or Equity Type Operation is denominated converted into EUR at the prevailing market exchange rate on the relevant value date as transacted by EIB in a timely manner. EIB is hereby authorised by the EU to deduct the Recovery Costs from the EFSI Account if not deducted from Recovered Amounts. EIB shall inform the Commission of the sums deducted and shall account for these amounts separately in the operational and financial reporting in accordance with Schedules II and III.
- 11.10 In case EIB directs simultaneous recovery efforts against the same obligor in respect of both a Subrogated Sum and an outstanding *pari passu* amount stemming from EIB own risk operations not covered by the EU Guarantee, the proceeds from a successful recovery will be shared *pro rata* in relation to the outstanding amount covered by the EU Guarantee and the outstanding amount due to EIB under its own risk not covered by the EU Guarantee. The Recovery Costs shall be payable *pro rata* accordingly. For the avoidance of doubt, this Article 11.10 shall not apply to EFSI Guaranteed Operations implemented by EIF, save that it will apply to EIB own risk resources provided to EIF for *pari passu* financing with EFSI Guaranteed Operations.

- 11.11 The rate and aggregate cap used in Article 11.8 to calculate and limit overall Recovery Costs shall be reviewed by the Parties at the end of the Investment Period and new values may be agreed.
- 11.12 This Article does not apply to recoveries under the SMEW. Provisions related thereto are set out in Schedule VII.
- 11.13 Where fraud, corruption, money laundering or any other illegal activity affecting the financial interests of the EU in connection with any EFSI Guaranteed Operation is proven, EIB shall assist with recovery efforts with respect to its financing operations and within its scope of responsibilities.

Article 12

Revolving nature of the EU Guarantee

- 12.1 In line with the EFSI Regulation, the available cover under the EU Guarantee may be increased provided that the EU Guarantee shall not at any time exceed twenty six billion euros (EUR 26 000 000 000) and that aggregate net payments from the general budget of the Union under the EU Guarantee shall not exceed twenty six billion euros (EUR 26 000 000 000) at any time and sixteen billion euros (EUR 16 000 000 000) prior to 6 July 2018. To this effect, by 31 March of each year the Commission will communicate in writing to the Steering Board any increase in the amount of the available EU Guarantee. In case of additional cover, the Steering Board shall decide on the allocation under the relevant windows and the date upon which such increases are to take effect.
- 12.2 Availability of additional cover under the EU Guarantee shall be on terms to be agreed between the Parties.
- 12.3 The availability of additional cover under the EU Guarantee shall not increase the EIB Contribution, unless agreed by the Parties.

Article 13

Transitional Operations

- 13.1 The Transitional Operations and Warehoused EIF Operations may be considered EFSI Guaranteed Operations benefitting from the EU Guarantee in accordance with Article 24 of the EFSI Regulation and the terms of this Agreement.
- 13.2 The Commission shall assess in a timely manner proposed EFSI Guaranteed Operations which are approved by EIB Board of Directors (or, with respect to the SMEW, the relevant EIF bodies) during the period from 1 January 2015 to the date on which all the Investment Committee members and the Managing Director are first appointed and where they comply with the eligibility criteria set out in Article 6 of the EFSI Regulation, the objectives set out in Article 9 of the EFSI Regulation and the Investment Guidelines, decide that the EU Guarantee coverage extends to them.

For this assessment, the Commission shall receive in a timely manner, as regards the IIW, the same information that the Investment Committee would receive if it were already in place and as regards the SMEW, information substantially in line with the terms approved by the EIF Board of Directors.

Part D – Windows, Products, Eligibility, Additionality and Complementarity

Article 14

EFSI Windows

- 14.1 EFSI Guaranteed Operations shall be carried out by EIB under the IIW as set out in this Agreement. EIB may task EIF to implement certain EFSI Guaranteed Operations under the IIW in accordance with EIF's internal rules, policies and procedures. Without prejudice to this Agreement, in respect of such EFSI Guaranteed Operations, Articles 3.1 and 3.2, shall be reflected in the applicable bilateral agreement between EIB and EIF, and Articles 3.3, 9.8, 9.9, 9.10, 11.1, 11.2 and Article 1 of Schedule IV shall be reflected in such applicable bilateral agreement as relevant in each case. In all cases references contained therein to EIB's guidelines, rules, policies and procedures shall be deemed to refer to EIF's guidelines, rules, policies and procedures.
- 14.2 EFSI Guaranteed Operations shall be carried out through EIF under the SMEW as set out in this Agreement and in particular Schedule VII.

Article 15

Products

- 15.1 The Products under the IIW are described in Schedule VI and referred to in the strategic orientation adopted by the Steering Board and the SMEW Products are described in Schedule VII.
- 15.2 The Parties agree to develop additional SMEW Products together with EIF.
- 15.3 As regards the SMEW, the Steering Board and the Managing Director shall, after consultation of the Investment Committee, jointly approve the SMEW Products covered by the EU Guarantee.
- 15.4 The terms of any new SMEW Products shall be agreed between the Parties through an amendment to Schedule VII which shall set out the description and terms of such Product and to this Agreement to the extent necessary for consequential changes.

Article 16

Eligibility

- 16.1 An operation shall satisfy the following cumulative eligibility criteria in order to benefit from the EU Guarantee as an EFSI Guaranteed Operation:
- (a) it satisfies the criteria set out in Article 6(1) of the EFSI Regulation;

- (b) it pursues one or several of the objectives set out in Article 9(2) of the EFSI Regulation;
 - (c) it satisfies the requirements set out in the EFSI Regulation, in particular, as regards operations under the IIW, the Investment Guidelines; and
 - (d) it is located or carried out in a Member State or it constitutes a Cross-border Project.
- 16.2 EIB shall only present operations to the Investment Committee which it, in good faith and following appropriate due diligence, believes satisfy the requirements of this Article 16. However, and without prejudice to Article 5.14, the final determination of whether a proposed EFSI Guaranteed Operation satisfies these requirements for the purposes of benefitting from cover under the EU Guarantee shall be made by the Investment Committee at the date of its approval.
- Without prejudice to the above, under an EFSI Guaranteed Operation, EIB shall be authorised to delegate, in accordance with its rules, policies and procedures, the appraisal, selection and monitoring of sub-projects, particularly of smaller size, thereunder to the relevant Financial Intermediary, fund, NPB or Investment Platform. In such a case the Investment Committee will be informed about the intended delegation when the operation is presented to it.
- 16.3 EFSI Guaranteed Operations shall not include activities which are prohibited by EIB's policies or, as relevant, EIF's policies.
- 16.4 In the case of EFSI Guaranteed Operations under the IIW structured as loan substitutes/de-linked financing, eligibility shall be determined by reference to the portfolio of new financings to be originated pursuant to the EFSI Guaranteed Operation in accordance with EIB or EIF rules, policies and procedures. Coverage of the EU Guarantee in respect of such an EFSI Guaranteed Operations shall become effective from the point at which either: (i) the portfolio of new financings is of an amount equal to the EFSI Guaranteed Operation; or (ii) the EIB or EIF enters into a loan substitute the documentation of which provides that the earliest scheduled payment obligation occurs only on or after the portfolio of new financings should have reached an amount equal to the EFSI Guaranteed Operation failing which EIB or EIF has an exit possibility for example by exercising a put option or has recourse to security.
- 16.5 References in this Agreement to loan substitutes and de-linked financing generally refer to operations where financing is provided and risk assumed on a portfolio of existing identified assets in order to enable a Financial Intermediary or a Financial Sub-Intermediary to create a portfolio of new financings, as more particularly defined in the EIB Credit Risk Guidelines or EIF Credit Risk Guidelines and other EIB or EIF rules, policies and procedures on this subject. The Strategic Orientations approved by the Steering Board provide guidance on these types of operations.
- 16.6 EIB shall ensure that no funds or economic resources are made available to, or for the benefit of, persons or entities designated by restrictive measures adopted pursuant to Article 215 of the Treaty on the Functioning of the European Union.

Article 17
Additionality and Complementarity

- 17.1 EFSI Guaranteed Operations shall satisfy the criteria of Additionality and complementarity as further defined in Article 5(2) of the EFSI Regulation, in the Investment Guidelines and in this Agreement. Operations proposed to the Investment Committee for approval under the IIW shall typically have a higher risk profile than EIB normal operations and shall hence fall under special activities. Operations with a better loan grading can be included into the EFSI portfolio provided that a high added value is clearly demonstrated and their inclusion is consistent with the criterion on providing Additionality. The strategic orientation approved by the Steering Board shall contain further considerations on Additionality and, to the extent relevant, considerations on complementarity.

In the case of EFSI Guaranteed Operations under the IIW structured as loan substitutes/de-linked financing, credit risk shall be assessed by reference to a portfolio of existing identified financings, while market failures or sub-optimal investment situations shall be assessed by reference to the portfolio of new financings to be originated pursuant to the EFSI Guaranteed Operation.

- 17.2 EFSI Guaranteed Operations under the SMEW Products approved by the Steering Board and the Managing Director are deemed to satisfy the criteria of Additionality and complementarity as further defined in Article 5(2) of the EFSI Regulation. Additionality of individual EFSI Guaranteed Operations under the SMEW shall be reported in line with the provisions of Article 24.

Part E - Revenue Sharing Principles

Article 18
Revenue sharing principles

- 18.1 The revenue sharing principles for EFSI Guaranteed Operations under the IIW are set out in Schedule IV.
- 18.2 EIB shall immediately after the end of the Investment Period perform a detailed assessment on the risk profile of the IIW Debt Portfolios and submit it to the Commission for review together with a proposal for eventual amendments to the terms of the PFLPs.

Part F – Financial Arrangements

Article 19
EFSI Account

- 19.1 The EFSI Account shall be credited with:
- (a) EU Revenues;
 - (b) Recovered Amounts;

- (c) any SMEW Replenishment Amounts;
 - (d) any SMEW Available Amounts payable to the EFSI Account pursuant to Article 5(f) of Schedule VII; and
 - (e) any other amounts to be credited pursuant to this Agreement.
- 19.2 In respect of each call or utilisation of the EU Guarantee and other amounts referred to under points (a) to (d), the EFSI Account shall be debited in the following order of priority with:
- (a) any calls or utilisations under the EU Guarantee being the amounts referred to in Article 7.2(a), (b), (c) or (d);
 - (b) EIB Recoverable Administrative Costs, Recovery Costs to the extent not already deducted from Recovered Amounts and EIF Costs, to the extent not otherwise settled;
 - (c) payments defined in the EIAH Agreement; and
 - (d) any other amounts to be debited pursuant to this Agreement.
- 19.3 EIB Funding Costs in respect of both Equity Type Operations and SMEW Products funded by EIB shall be debited from the EFSI Account on the date falling 15 Business Days after the end of the quarter to which they relate.
- 19.4 EIB shall communicate to the EU the balance on the EFSI Account on a monthly basis within 10 Business Days after the end of each month.
- 19.5 At the request of the EU, EIB shall transfer any positive balance (or part thereof) of the EFSI Account to the EU at the end of each quarter with 5 Business Days' notice in accordance with the payment instructions received from the EU.

Part G - National Promotional Banks and Investment Platforms

Article 20

Cooperation with NPBs

- 20.1 EIB shall use the EU Guarantee for supporting NPBs that invest in operations meeting the requirements of this Agreement, subject to the approval of the Investment Committee.
- 20.2 The EU Guarantee may also be used as a counter-guarantee for an EIB guarantee granted to an NPB, subject to the approval by the Investment Committee.
- 20.3 EFSI Guaranteed Operations through NPBs may be single operations, including small-scale projects, or portfolios of operations.
- 20.4 The Steering Board shall specify policies regarding the cooperation with NPBs and instruments to be used in line with the Investment Guidelines and determine rules applicable to the operations with NPBs.

Article 21
Investment Platforms

- 21.1 EIB shall use the EU Guarantee for supporting Investment Platforms that invest in operations meeting the requirements of this Agreement, subject to the approval of the Investment Committee.
- 21.2 The EU Guarantee may also be used as a counter-guarantee for an EIB guarantee granted to an Investment Platform, subject to the approval of the Investment Committee.
- 21.3 EFSI Guaranteed Operations through Investment Platforms may be single operations, including small-scale projects, or portfolios of operations.
- 21.4 The Steering Board shall specify policies regarding EFSI Guaranteed Operations making use of Investment Platforms and determine rules applicable to operations with Investment Platforms.

Article 22
Other Initiatives

If EIB identifies general patterns of otherwise EFSI eligible operations or Investment Platforms that cannot be realised or established due to high and unjustified financing costs as a result of stressed financial market conditions, significant market failures or sub-optimal investment situations, without prejudice to EIB's Statute, EIB may propose to the Steering Board initiatives that in particular by modulating the remuneration of the EU Guarantee, aim to contribute to a reduction of the financing costs of the operations borne by the beneficiary of EFSI Guaranteed Operations.

The Steering Board, in its deliberations, shall take into account the potential impact of any proposed reduction to the remuneration of the EU Guarantee on the necessary financing of the provisioning of the guarantee fund managed by the Commission.

Part H – Contribution of Member States and third parties to EFSI

Article 23

Contribution of Member States and third parties

- 23.1 A Member State may contribute to EFSI in form of guarantees or cash. Another third party may contribute to EFSI in form of cash only.
- 23.2 Neither Member States nor other third parties may be granted membership of the Steering Board nor a role in the appointment of members of the Investment Committee nor the Managing Director or Deputy Managing Director or other EFSI staff.
- They shall not have any right concerning any aspects of governance of EFSI.
- 23.3 Should a Member State or third party wish to contribute to EFSI, an agreement between that party and the EU and EIB shall be entered into. That agreement shall determine the terms of the contribution taking into account, *inter alia*, the amount, nature and timing of the contribution. Any such contribution shall not increase the EIB Contribution, unless agreed by the Parties.

Part I – Operational and Financial Reporting

Article 24

Operational, financial and complementary reporting

- 24.1 EIB shall keep separate records related to EFSI Guaranteed Operations in its database in accordance with its policies and procedures that clearly and transparently identify them.
- 24.2 In accordance with Article 16 of the EFSI Regulation, EIB, in cooperation with EIF where appropriate, shall submit a biannual operational report to the Commission on EFSI Guaranteed Operations in accordance with Schedule II. Furthermore, EIB, in cooperation with EIF where appropriate, shall provide the Commission annually with financial reporting on EFSI Guaranteed Operations in accordance with Schedule III. The same information shall also be provided to the European Court of Auditors.
- In addition, EIB shall, during the Investment Period, provide the Commission with a complementary annual report on barriers to investment encountered by EIB when implementing EFSI by 31 August 2018 and thereafter by 30 June of each year.
- 24.3 The annual reporting requirements of EIB, in cooperation with EIF where appropriate, to the Council and European Parliament are outlined in Articles 16(2) and 22(1) of the EFSI Regulation. In reference to Article 22(1) of the EFSI Regulation, the annual report to the European Parliament and Council, by EIB, in cooperation with EIF where appropriate, shall include (i) a list of EFSI Guaranteed Operations with Financial Intermediaries incorporated in non-cooperative jurisdictions, evidencing compliance with the NCJ Policy; and (ii) the list of Financial Intermediaries which entered into an agreement with EIB or EIF as part of the EFSI Guaranteed Operation. For the avoidance of doubt, reporting requirements towards the European Parliament and Council are not the subject of this Agreement.

- 24.4 Reporting to the Commission on the operational aspects of EFSI is covered in Schedule II and Annex II to Schedule VII, and for which templates will be agreed between the Parties. In particular, EIB, in cooperation with EIF, shall report on the Key Performance Indicators and Key Monitoring Indicators in line with Schedule II.A and Annex II of Schedule VII. The Key Performance Indicators shall, *inter alia*, measure the volume of additional investment in the real economy and financing of working capital and investment, the latter as referred to in Article 9(2)(d) of the EFSI Regulation, towards the target of five hundred billion euros (EUR 500 000 000 000) approved by end 2020 and signed by end 2022. Only EFSI Operations referred to in Schedule II.A 2(e) (KPI 3) (including Transitional Operations and Warehoused EIF Operations) are to be taken into account. Pursuant to Schedule II.A.5, the methodologies for calculating the EFSI multiplier effect and for reporting on the Key Performance Indicators and Key Monitoring Indicators may be further developed or revised by the Steering Board as necessary from time to time.
- EIB shall report on operational aspects for the IIW in accordance with Schedule II.B. EIB, in cooperation with EIF, shall report on operational aspects for the SMEW in accordance with Schedule II.C.
- 24.5 The operational reports shall be based on data and information received from Final Recipients, Financial Sub-intermediaries, Financial Intermediaries and others, as appropriate. EIB shall perform its customary verification of any operational data and information received in line with its usual policies and procedures.
- 24.6 Reporting to the Commission on the financial aspects of EFSI is covered in Schedule III, which also sets out templates of the reports to be provided. The information shall be audited as defined in Schedule III. EIB shall report on financial aspects for the IIW in accordance with Schedule III.A. EIB, in cooperation with EIF, shall report on financial aspects for the SMEW in accordance with Schedule III.B and Annex II of Schedule VII.
- 24.7 When the EU Guarantee is called or utilised, EIB shall soon thereafter provide the Commission information on the called amount including details of the various items making up the called amount such as the list of operations to which each component of the call on an aggregate basis relates, and for IIW operations information on outstanding amounts under the operations for which the EU Guarantee was called, and, at its request, a copy of the relevant financing agreement together with any related documents in the possession of EIB concerning the sums paid under the EU Guarantee together with an explanation and details of any remedy measures taken.
- 24.8 Operational and financial reports shall be provided in electronic format (PDF and EXCEL format).
- 24.9 Reports may also include graphical representations of reported data.
- 24.10 EIB, in cooperation with EIF where appropriate, shall support the Commission in the preparation of the annual accounts and reports to the European Parliament, the Council and the Court of Auditors, that are required by the EFSI Regulation and, upon request, provide to the Commission additional information in its possession or reasonably available to it necessary to fulfil the Commission's obligations in relation to the EFSI Regulation, including obligations regarding the management of the guarantee fund and in relation to the EU annual accounts, including information on the signed amount and total investment generated for specific subcategory(ies) as per Article 9 of the EFSI Regulation and the names of the Final Recipients of EFSI Guaranteed Operations under IIW.
- 24.11 Reports to be submitted to the Commission shall be expressed in euro and in addition, to the extent required, in the relevant currencies as set out in Schedules II and III. These reports may be drawn from financial statements or reports denominated in other currencies as per EIB's requirements. Where necessary, amounts shall be converted into euro. The methodology for determining the exchange rate for the conversion is set out in the respective Schedules.

- 24.12 The Parties shall endeavour to agree appropriate and reasonable modifications to the reporting provisions under this Agreement during the implementation of EFSI should the Parties, the European Parliament, the European Court of Auditors or other controlling body so require and to promote close collaboration and exchange of information between their officials.
- 24.13 The reporting provisions of the SMEW differ from those for the IIW on account of the unique and varied characteristics of the SMEW Products compared with operations of the IIW. Reporting under each window will be performed on the basis of Schedules II, III and Annex II of Schedule VII.

In relation to the SMEW, EIB shall use in its reporting the methodology agreed between the Commission and EIF, following consultation with EIB, as may be further developed or revised by the Steering Board as necessary from time to time, for mapping/aggregation of the relevant corresponding Key Performance Indicators and Key Monitoring Indicators.

Where aggregation of reporting across the windows is not required EIB will pass through the respective reports as received from EIF for the purpose of reporting to the Commission and the European Court of Auditors.

EIF shall have the responsibility for the collection and preparation of data relating to the SMEW operational and financial reporting and its submission to EIB in a manner that permits harmonized reporting across the windows.

Part J – Controls, Audit, Evaluations and General Provisions

Article 25

Controls and monitoring

- 25.1 EIB shall carry out ex ante and ex post controls on the EFSI Guaranteed Operations in accordance with its policies and procedures including, where appropriate, on-the-spot checks on representative and/or risk-based samples of transactions, to ensure that an EFSI Guaranteed Operation is effectively and correctly implemented, and in order, *inter alia*, to prevent and correct irregularities and fraud. When negotiating contractual documentation in relation to the above, EIB shall take into account the nature of the Products that constitute the EFSI Guaranteed Operations.
- 25.2 Agreements pertaining to EFSI Guaranteed Operations entered into by EIB shall expressly entitle the European Court of Auditors, the Commission, including OLAF, and EPPO as applicable: (i) to perform documentary checks and/or to visit the sites, installations or works financed by the EFSI Guaranteed Operation; and (ii) to conduct such on-the-spot audits and checks as they may wish.
- 25.3 EIB shall promptly notify OLAF and provide it with the necessary information when, at any stage of preparation, implementation or closure of EFSI Guaranteed Operations, it has grounds to suspect that there is a potential case of fraud, corruption, money laundering or other illegal activity that may affect the financial interests of the EU. EIB, in close cooperation with OLAF, shall take appropriate precautionary measures, including measures for the safeguarding of evidence.
- 25.4 In addition, in case of criminal conduct, in which EPPO could exercise its competence, EIB shall without undue delay report to EPPO, in accordance with the applicable provisions of Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office (OJ L 283, 31.10.2017, p. 1).

- 25.5 OLAF may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council (OJ L 248, 18.9.2013, p. 1), Council Regulation (Euratom, EC) No 2185/96 (OJ L 292, 15.11.1996, p. 2) and Council Regulation (EC, Euratom) No 2988/95 (OJ L 312, 23.12.1995, p. 1), as may be amended, supplemented or substituted from time to time, in order to protect the financial interests of the EU, with a view to establishing whether there has been fraud, corruption, money laundering or any other illegal activity affecting the financial interests of the EU in connection with any EFSI Guaranteed Operation.
- 25.6 Where such illegal activities are proven, EIB shall take appropriate recovery or other action (taking into account the nature of the Product) in relation to the relevant EFSI Guaranteed Operation in accordance with its rules, policies and procedures.
- 25.7 OLAF shall as soon as possible notify EIB of the opening of such investigations, unless the protection of a source of information and/or legal requirements justify different handling. The Inspectorate General of EIB shall have the appropriate powers to conduct enquiries and to cooperate directly with OLAF in order to facilitate the latter's operational activities. Practical details may be laid down in a Working Arrangement between OLAF and EIB.
- 25.8 EPPO may carry out investigations and prosecutions pursuant to Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office (OJ L 283, 31.10.2017, p. 1), as may be amended, supplemented or modified from time to time, in order to protect the financial interests of the Union. EIB, through its Inspectorate General, shall assist and support the investigations and prosecutions of EPPO, in accordance with the principle of sincere cooperation. The Inspectorate General of EIB shall have the appropriate powers to directly cooperate with EPPO in order to facilitate the latter's activities. Practical details may be laid down in a working arrangement between EPPO and EIB.
- 25.9 Agreements pertaining to EFSI Guaranteed Operations entered into by EIB shall include appropriate contractual remedies (taking into account the nature of the Product) in case of fraud, corruption or other illegal activity in accordance with this Agreement, EIB's policies and applicable regulatory requirements.

Article 26

Audit

- 26.1 The Tripartite Agreement shall apply to EFSI Guaranteed Operations.
- 26.2 Agreements entered into by EIB for EFSI Guaranteed Operations shall contain provisions allowing the Court of Auditors full access to EFSI Guaranteed Operations in accordance with the Tripartite Agreement.
- 26.3 EIB shall contribute to any audit carried out by the Commission or on its behalf on the implementation of EFSI by providing all relevant information and documentation it has related to the implementation of EFSI.

Article 27

Evaluations

- 27.1 At the latest by 5 January 2017:
- (a) EIB shall evaluate the functioning of the EFSI. EIB shall submit its evaluation to the European Parliament, the Council and the Commission;
 - (b) the Commission shall evaluate the use of the EU Guarantee and the functioning of the guarantee fund. It shall submit to the European Parliament and the Council its evaluation accompanied by an opinion of the Court of Auditors.
- 27.2 By 30 June 2018 and every three years thereafter until the end of the Investment Period:
- (a) EIB shall publish a comprehensive report on the functioning of EFSI. This report shall include an evaluation of the effectiveness, efficiency and impact of EFSI on investments in the EU, employment creation and access to financing for Mid-cap Companies, Small Mid-caps and SMEs as well as mobilisation of private sector financing;
 - (b) the Commission shall publish a comprehensive report on the use of the EU Guarantee and the functioning of the guarantee fund.
- 27.3 EIB, in cooperation with EIF as appropriate, shall contribute to and provide the necessary information for the Commission evaluation and report under Article 27.1 and Article 27.2 respectively as well as to the evaluation and report referred to in Article 18(5) and Article 18(6) of the EFSI Regulation.
- 27.4 EIB and EIF shall on a regular basis provide the European Parliament, the Council and the Commission with all their independent evaluation reports which assess the impact and practical results achieved by the specific activities of EIB and EIF under the EFSI Regulation.

Article 28

Conflict of interests

- 28.1 Both Parties shall take all necessary precautions to avoid conflicts of interests of individuals acting on behalf of the Parties and shall inform the other Party without delay of any situation constituting or likely to lead to any such conflict. In the event of a conflict of interest, the Party concerned shall take appropriate measures.
- 28.2 There is a conflict of interests where the impartial and objective exercise of the functions of any person under this Agreement is compromised: (i) for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with another third party; or (ii) by virtue of that person's duties and tasks as a member of staff towards his employer.

Article 29
Protection of personal data

- 29.1 The Parties shall protect personal data according to Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 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 (OJ L 295, 21.11.2018, p. 39).
- 29.2 With respect to EFSI Guaranteed Operations, EIB and EIF shall require Financial Intermediaries to comply with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (OJ L 119, 4.5.2016, p. 1) or with other applicable rules that ensure an adequate level of protection of personal data in the sense of Article 45 of Regulation (EU) 2016/679.

Article 30
Confidentiality

- 30.1 The Parties shall apply their transparency and disclosure policies.
- 30.2 Having regard to the fact that some of the information exchanged in the context of this Agreement may be of a confidential character or commercially sensitive, the Parties undertake to abstain from divulging without the prior written consent of the other, any confidential information received by them in this context. This undertaking, however, shall not affect any communication of information which is required by law, regulation, treaty, by an order of a court having jurisdiction in the matter, or in particular, to the European Court of Auditors pursuant to the Tripartite Agreement. EIB may also disclose such information as necessary to its governing bodies, auditors and advisors. EU may also disclose such information as necessary to its auditors and advisors.
- 30.3 If the Commission is required to disclose confidential information to the European Parliament or the Council in the discharge procedure, it shall ensure the secure transmission of such confidential information and apply the arrangements regarding sensitive documents agreed between these institutions for these purposes.
- 30.4 For the purposes of this Article confidential information means any information in written or other permanent (including electronic) form which is clearly identified as confidential.

Article 31

Communication, Visibility and Transparency

- 31.1 The EFSI communication strategy shall have as its goals to:
- (a) underpin the operational objectives by ensuring that stakeholders, including potential and actual clients and partners of EIB and EIF, have all necessary information on the functioning of EFSI and on how to engage with EFSI;
 - (b) ensure broad public access to information about EFSI's performance and results, contributing to its accountability and the understanding of its impact; and
 - (c) create support for the initiative by ensuring EFSI objectives are known, understood and shared by the largest possible number of stakeholders and by the general public.
- 31.2 The Parties shall draw up a joint communication framework setting out guidelines, targets, working methods, channels, and activities to be carried out in the pursuit of the objectives under Article 31.1. The framework shall in particular ensure:
- (a) the principle of regular consultation among relevant services in the EU and EIB/EIF to plan, implement, review, and adapt communication activities, at national, EU-wide, and global level, as appropriate;
 - (b) the use of the EU emblem together with a reference to the EU, or that of the Commission logo where appropriate, in a visible way in all EIB or EIF communications material directly related to EFSI activities; and the corresponding use of the EIB or EIF logo, where relevant, together with a reference to EIB or EIF, as appropriate, in a visible way in Commission communications material directly related to EFSI activities;
 - (c) that Financial Intermediaries, Financial Sub-intermediaries and Final Recipients of EFSI Guaranteed Operations are aware that these operations benefit from EU support under EFSI and that Financial Intermediaries and Financial Sub-intermediaries communicate this in their communications material unless it is not possible in view of compelling practical or operational impediments;
 - (d) that EIB's website has a section dedicated to EFSI where, in particular, details on application procedures are explained. This section shall have a link to the Commission website section on the Investment Plan for Europe;
 - (e) joint communication or press releases where appropriate, for example upon the signature of the first operation under EFSI in an EU Member State. EIB shall consult with project promoters on such communications but no communication on a project shall take place before the project is approved by the EIB Board of Directors or EIF's governing bodies, as appropriate;
 - (f) dissemination of information on the European Investment Project Portal as appropriate to potential project promoters and investors.

- 31.3 The Parties shall agree and regularly review key common messages about EFSI, ensuring communication is consistent at all levels. EFSI shall be promoted in the context of other elements of the Investment Plan for Europe (including the European Investment Advisory Hub, the European Investment Project Portal) as well as other EIB and EIF instruments and activities.
- 31.4 The communication shall revolve around the following key elements:
- (a) EFSI's objectives and access to EFSI financing;
 - (b) activities related to IIW and SMEW;
 - (c) financed projects;
 - (d) activity and impact in specific sectors;
 - (e) activity and impact in EU Member States;
 - (f) overall results;
 - (g) possible adjustments to the governance, guidelines or other aspects of EFSI;
 - (h) pertinence of EFSI to the global policy debate around growth and competitiveness.
- 31.5 The Parties shall aim to communicate widely around key financed projects. Promoters' views and commercial interests shall be taken into account when communicating about projects. Visibility will be sought, in particular for flagship projects, whilst ensuring that operational considerations and the need to safeguard client relationship are taken into account.
- 31.6 EIB and EIF, in coordination with the Commission, shall select and develop flagship projects for communication activities as representative examples while paying particular attention to geographical balance. Arrangements for press releases or other forms of media activity shall be in place for flagship projects.
- 31.7 EIB and EIF shall ensure that the communication respects any applicable copyrights.
- 31.8 EIB shall inform, or shall contractually require the Financial Intermediaries, to inform the Financial Sub-intermediaries and Final Recipients of EFSI Guaranteed Operations that these operations benefit from EU support under EFSI and for this purpose include a statement in all financing agreements pertaining to EFSI Guaranteed Operations in the following form:
- "This operation benefits from a guarantee from the European Union under the European Fund for Strategic Investments (EFSI)."
- 31.9 Transparency in relation to the decisions of the Steering Board and the decisions of the Investment Committee approving the use of the EU Guarantee shall be in accordance with Article 4.11 and Article 5.16 respectively.

- 31.10 Where a need is identified by EIB, it shall propose to project promoters applying for EIB financing, including in particular smaller-scale projects, to refer their projects to the European Investment Advisory Hub in order to enhance, where appropriate, the preparation of their projects and/or to allow for the assessment of the possibility of bundling projects through Investment Platforms. EIB shall also, where a need is identified by it, inform promoters of projects for which EIB financing has been denied, or which are experiencing a financing gap in spite of possible EIB financing, of the possibility of listing their projects on the European Investment Project Portal.

Article 32

Liability

- 32.1 The Parties shall be liable for their obligations under this Agreement in accordance with the general principles of law governing the liability of EU institutions and bodies as developed by the Court of Justice of the European Union.
- 32.2 Without prejudice to Article 9.10, the Parties shall be liable for the performance of their duties and obligations under this Agreement with a professional degree of care and diligence.
- 32.3 A Party faced with Force Majeure shall not be held to be in breach of its obligations under this Agreement if it has been prevented from fulfilling them by Force Majeure. A Party faced with Force Majeure shall notify the other Party without delay, stating the nature, likely duration and foreseeable effects. The Parties shall take the necessary measures to limit or minimise costs and possible damages due to Force Majeure.

Article 33

Assignment

The Parties shall not assign, in whole or in part, any of their rights or obligations under this Agreement to any third parties without the prior written consent of the other Party.

Article 34

Notices and communications

- 34.1 Notices relating to this Agreement from one Party to the other shall be sent by courier or registered letter. They shall be sent exclusively to the following addresses:

for the EU: European Commission
Directorate-General Economic and Financial
Affairs
L-2920 Luxembourg

for EIB: European Investment Bank
Mandate Management Department
Risk Sharing Mandates Division

98-100, boulevard Konrad Adenauer
L-2950 Luxembourg.

- 34.2 Any change made to the above addresses shall have effect only after it has been notified to the other Party in accordance with Article 34.1.
- 34.3 Other communications shall be made in writing in paper or electronic form using the communication details agreed between the Parties.
- 34.4 Notices and communications are deemed to have been made when they are received by the receiving Party.

Article 35

Effectiveness – Term

- 35.1 This Agreement shall enter into force upon signature by both Parties.
- 35.2 The Parties agree that the additional requirements in respect of EFSI Guaranteed Operations which have been introduced by the Third Amendment and Restatement Agreement shall not apply to those approved, in the case of the IIW by the Investment Committee prior to 9th March 2018. The Parties further agree that the additional requirements which have been introduced by the Third Amendment and Restatement Agreement shall apply only to the new SMEW Products approved jointly by the Steering Board and the Managing Director after 9th March 2018, and, in respect of the SMEW Guarantee Products and SMEW Equity Products, to the EFSI Guaranteed Operations approved by the EIF after the relevant EFSI Additional Top-Up Effective Date. Notwithstanding the foregoing, Article 3.4 of the Agreement shall apply to all EFSI Guaranteed Operations signed on or after 9th March 2018. The Parties agree that the additional requirements, which have been introduced by the Fifth Amendment and Restatement Agreement and which would require a modification in an EFSI Guaranteed Operation shall apply only to the EFSI Guaranteed Operations approved with respect to the IIW by the Investment Committee and with respect to the SMEW by the EIF after the signature of the Fifth Amendment and Restatement Agreement.
- 35.3 This Agreement shall be in force until all relevant exposures or liabilities in connection with EFSI Guaranteed Operations have been fully discharged.

Article 36

Revisions

The Parties undertake to examine together any revisions that may need to be made to this Agreement, in particular should the EFSI Regulation be amended and in relation to implementation of new Products.

Article 37

Amendments and miscellaneous

- 37.1 Any amendment, variation or modification of this Agreement shall require an instrument in writing duly signed by each Party and it shall specify the date when it takes effect.
- 37.2 The waiver or forbearance of a Party in insisting in any one or more instances upon the performance of any provision of this Agreement shall not be construed as a waiver of that Party's rights to future performance of such provision and the other Party's obligation in respect of such future performance shall continue in full force and effect.
- 37.3 Each Party may assume that the other Party will ensure that the matters under this Agreement which fall within its competences are complied with.
- 37.4 An amendment to this Agreement shall be reported to the European Parliament and the Council.

Article 38

Governing law and jurisdiction

- 38.1 This Agreement is governed by EU law.
- 38.2 The Parties shall endeavour to settle amicably any dispute or complaint relating to the interpretation, application or performance of this Agreement, including its existence, validity or termination.
- 38.3 In default of amicable settlement, the Parties agree that the General Court or, on appeal the Court of Justice of the European Union, shall have exclusive jurisdiction to settle any dispute in connection with this Agreement.

Article 39

Schedules

The following Schedules form an integral part of this Agreement:

Schedule I	Rules of procedure for the Steering Board
Schedule II	Operational reporting
Schedule III	Financial reporting
Schedule IV	Infrastructure and Innovation Window - Risk- and Revenue Sharing Principles
Schedule V	Procedure for submission of proposals to the Investment Committee
Schedule VI	Infrastructure and Innovation Window
Schedule VII	SME Window Annex I: SMEW Product Descriptions Annex II: SMEW Operational and Financial Reporting
Schedule VIII	EIB/EIF SMEW Agreement

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed in 4 originals in the English language, each taking 2 copies, as of the day and the year written below.

Brussels, 22 July 2015.

For and on behalf of the
EUROPEAN UNION

For and on behalf of the
EUROPEAN INVESTMENT BANK

Jyrki KATAINEN
Vice-President

Werner HOYER
President

SCHEDULE I

RULES OF PROCEDURE FOR THE STEERING BOARD

THE STEERING BOARD FOR EFSI,

Having regard to the EFSI Agreement,

HAS ADOPTED ITS RULES OF PROCEDURE as follows:

Article 1

Convening a meeting

1. Any Steering Board meeting is convened by the Chairperson, either on his or her own initiative, or at the request of a Steering Board member.
2. Steering Board meetings can be held in person, by videoconference or other remote means.

Article 2

Agenda

1. The Secretariat shall draw up the agenda and submit it to the Steering Board.
2. Any Steering Board member may request points to be put on the agenda. The Secretariat shall then include them on the agenda.
3. The agenda shall make a distinction between:
 - (a) proposed measures about which the Steering Board is asked to take a decision or to give an opinion;
 - (b) other issues put to the Steering Board for information or a simple exchange of views.

Article 3

Documentation to be sent to Steering Board members

1. The Secretariat shall send the invitation to the meeting, the agenda and proposed measures about which the Steering Board's opinion or decision is required and any other working documents to the Steering Board members in

accordance with Article 12 no later than 10 calendar days before the date of the meeting.

2. In urgent cases, and where the measures to be adopted must be applied immediately, the Chairperson may, on his or her own initiative or at the request of a Steering Board member, shorten the period laid down in the above paragraph to five calendar days before the date of the meeting.

3. If the placing of another point onto the agenda is requested during the course of a meeting, the approval of a simple majority of Steering Board members with the right to vote is required.

Article 4

Working methods of the Steering Board

1. The Steering Board shall discuss and take the utmost possible account of the positions of all its members.
2. If the members cannot converge in their position, the Steering Board shall take a decision by unanimous vote among its voting members.
3. The Chairperson, on his or her own initiative or at the request of a Steering Board member, may postpone a particular agenda point until the end of the meeting or a later meeting:
 - if a substantive change is made to the proposal during the meeting,
 - if the text of the proposal has been submitted to the Steering Board during the meeting,
 - if a new point has been added to the agenda, in accordance with Article 3(3).

4. If a Steering Board member so requests, voting on an issue shall be postponed if the documents relating to a specific agenda point have not been sent to the members within the timeframe laid down in Article 3(1) and (2).

However, at the proposal of the Chairperson or at the request of a Steering Board member, the Steering Board may decide by a simple majority of voting members to keep this point on the agenda because of the urgency of the matter.

5. The Steering Board may decide to adopt a Code of Conduct. The Steering Board members, alternates, Managing Director and Deputy Managing Director as observers, and experts invited to attend a meeting shall adhere to it and shall act according to it.

The Chairperson shall supervise at the beginning of each meeting that all participants at each meeting (including those persons participating pursuant to Article 7) have adhered to the Code of Conduct.

The Managing Director and Deputy Managing Director must withdraw when the Steering Board discusses matters relating to (i) the selection of a candidate for each of the positions of Managing Director and Deputy Managing Director or, (ii) the appointment of the Investment Committee members, or (iii) where otherwise requested to do so by the Chairperson.

Article 5

Representation and quorum

1. Each Steering Board member may be represented by only one person. However, with the Chairperson's permission, he or she may be accompanied by expert(s), at the expense of the member concerned.

2. The quorum required for the Steering Board's meetings and votes shall be two of the Commission Steering Board members or their alternates and the EIB Steering Board member or his or her alternate.

Article 6

Working groups

1. The Steering Board may create working groups to examine particular issues.

2. The Steering Board shall nominate the chair of the working group.

3. The groups must report back to the Steering Board. To this end, they may appoint a rapporteur.

Article 7

Admission of third parties

1. The Chairperson may decide to invite third-party experts to talk on particular matters, on his or her own initiative or at the request of a Steering Board member.

2. These experts must withdraw when the Steering Board moves to a vote.

Article 8

Written procedure

1. If necessary and justified, a Steering Board's opinion or decision can be obtained by a written procedure. To this end, the Chairperson shall send the Steering Board members the proposed measures on which their opinion or vote is sought, in accordance with Article 12. The written procedure shall allow at least 10 calendar days for opinion or vote. In urgent cases this period may be shortened as appropriate by decision of the Steering Board.

2. If a Steering Board member requests that the proposed measures be examined at a Steering Board meeting, the written procedure shall be terminated without result; the Chairperson shall then call a meeting as soon as possible.

3. The decisions or opinions, where relevant, of the Steering Board shall be recorded.

Article 9

Secretarial support

1. Members of the Steering Board shall provide their own secretarial support at their own cost.

2. The Secretariat shall be provided by EIB.

Article 10

Minutes and summary report of the meeting

1. The Secretariat shall draw up detailed minutes of each meeting, under the auspices of the Chairperson. The minutes shall record the decisions, the opinions expressed on the proposed measures referred to in Article 2(3)(a) and, if necessary, the opinions expressed on issues referred to in Article 2(3)(b). They shall provide a substantive account of the positions of all members. The text of the opinions and the decisions shall be given in a separate annex. The minutes shall be sent to the members of the Steering Board within 15 working days of the meeting.

2. The Steering Board members shall send any written comments they may have on the minutes to the Chairperson. The Steering Board shall be informed of this – if there are any disagreements, the proposed amendment shall be discussed by the Steering Board. If the disagreement persists, the proposed amendment shall be annexed to the minutes.

Article 11

Attendance list

1. At each meeting, the Chairperson shall draw up an attendance list.

2. At the beginning of every meeting, any Steering Board member whose participation in the work of the Steering Board would constitute a conflict of interest with regard to a particular agenda point must inform the Chairperson of this situation.

In the event of such a conflict of interest, the member concerned must withdraw his or her participation whilst the relevant agenda point(s) are being dealt with. If the member is the EIB member, he or she must be replaced by an alternate in order for the meeting to proceed on that agenda point.

Article 12

Correspondence

1. Correspondence relating to the Steering Board shall be addressed to the Secretariat, for the attention of the Chairperson.

2. Correspondence for Steering Board members shall be addressed to the Secretariat, if possible by e-mail.

3. Correspondence from the Secretariat to a Steering Board member shall be addressed by e-mail.

Article 13

Transparency

1. Article 30 (Confidentiality) of the EFSI Agreement applies to Steering Board documents.

2. In addition, the detailed minutes of the Steering Board meetings shall be published.

SCHEDULE II

OPERATIONAL REPORTING

GENERAL

For the Operational Reporting in Schedules II.A, II.B and II.C and Annex II to Schedule VII for the SMEW, the following shall apply:

1. Amounts denominated in a currency other than euro, unless reported in that currency, shall be converted into euro at the ECB exchange rate prevailing at the last day of the relevant reporting period (for stock or outstanding amounts), or, for the IIW only, at the applicable ECB exchange rate prevailing at the date of the concerned event (for i.a. approvals, signatures, disbursements).
2. This Schedule can be amended for technical adjustments from time to time by written agreement to be signed between the services of the Commission and EIB.
3. The contents of the terminology used in this Schedule shall be further developed or revised by the Steering Board as necessary.

A. KEY PERFORMANCE AND MONITORING INDICATORS

1. The annual report shall be prepared as of 31 December and provided to the Commission by 31 March of the following year. The mid-year report shall be prepared as of 30 June and provided to the Commission by 30 September of each year.
2. Both annual and mid-year reports, broken down by Window (Infrastructure and Innovation / SME) and separately for Debt Type Operations and Equity Type Operations, shall include at least the following information related to the assessment of the Key Performance Indicators (KPIs), whose targets are set in accordance with the EFSI Regulation, and Key Monitoring Indicators (KMIs) without such targets, cumulative up to (and including) the period under review:

Use of the EU Guarantee and fulfilment of objectives and criteria

- (a) KPI 1: the value added of operations, broken down by rating distribution for: (i) contribution to EFSI policy objectives; (ii) quality and soundness of the project; and (iii) technical and financial contribution;
- (b) KPI 2: the share of operations signed as special activities (by number of operations and amount);
- (c) KMI 1: the geographical concentration, broken down by volume of operations supported by the EU Guarantee by country and number of countries reached;
- (d) KMI 2: the sector concentration, broken down by volume of operations supported by the EU Guarantee by sectors defined by the Steering Board in accordance with the Investment Guidelines.

Contribution to direct macroeconomic impact and mobilisation of finance

- (e) KPI 3: the total investment supported and financing of working capital (as referred to in Article 24.4) in respect of: (i) EFSI Operations approved; and (ii) EFSI Operations signed or entered into;

- (f) KPI 4: amount of private finance mobilized;
 - (g) KMI 3: the notional internal guarantee multiplier and the external investment multiplier;
 - (h) KMI 4: forecast number of direct jobs to be created, sustained or supported as defined pursuant to paragraph (6) below and which shall be reported separately;
 - (i) KMI 5: the share of operations co-financed with NPBs (by number of operations and amount);
 - (j) KMI 6: the share of operations co-financed with European Structural and Investment Funds and other EU instruments other than EFSI (by number of operations and amount);
 - (k) KMI 7: the share of EFSI financing under the IIW that supports project components that contribute to climate action, in line with the EU climate action and the Union commitments to the COP21¹ targets. EFSI financing under the IIW for SMEs and small mid-cap companies shall not be included in that computation. The EIB shall use its internationally agreed methodology², as part of its rules and procedures, to identify these climate action project components or cost shares.
3. The KPI and KMI reporting will be based on EIB signed amounts for items (b), (c), (d) and estimated amounts relating to the following KPIs and KMIs: (a), (e), (f), (g), (h), (i), (j) and (k) based on promoters' information reviewed at the time of approval by EIB in accordance with Article 5.14 and by EIF where relevant. Their final value will be based on amounts as calculated in the project completion report in accordance with EIB and EIF rules, policies and procedures for operations that have been completed and for which a completion report has been finalized. KMI 2 shall report the sector allocation based on the eligibilities in place at the time of approval in the case of IIW and actual Final Recipients for SMEW.
 4. KMI 3 in respect of Debt Type Operations and Equity Type Operations shall be presented including the breakdown into IIW Debt Portfolios and IIW Equity Portfolios. Debt Type Operations that include multiple individual underlying risk exposures that are shared between more than one IIW Debt Portfolio shall, for the purposes of reporting KMI 3, be accounted fully in the IIW Debt Portfolio where they were originally allocated.
 5. The methodologies to calculate the EFSI multiplier effect and the KPIs and KMIs have been adopted by the Steering Board and may be further developed or revised by the Steering Board as necessary from time to time. In determining the amount of private finance mobilised, only the amount of financing or risk-bearing capacity provided by non-public entities shall be considered. For the avoidance of doubt, EIB and EIF shall not be considered as a non-public entity for these purposes.
 6. For the SMEW, the methodology to calculate KPIs and KMIs and any necessary adaptation to their terms (in a nomenclature corresponding to Schedule II) are reflected in Annex II to Schedule VII, as may be further developed or revised by the Steering Board as necessary from time to time.
 7. In the case of EFSI Guaranteed Operations structured as loan substitutes/de-linked financing, the KPI and KMI reporting will be based on the portfolio of new financings to be originated pursuant to the EFSI Guaranteed Operation for items (a), (c), (d), (e), (f), (g), (h), (i), (j) and (k) and on a portfolio of existing identified financings for item (b).

¹ COP21 refers to the 21st annual Conference of Parties (COP) within the UN Framework Convention on Climate Change (UNFCCC), also known as the 2015 Paris Climate Conference, which resulted in the Paris Climate Agreement, signed and to be ratified by both, the Union and its individual Member States.

² At the date of this Agreement: http://www.eib.org/attachments/strategies/climate_action_lending_eligibility_list_en.pdf

B. INFRASTRUCTURE AND INNOVATION WINDOW (IIW)

1. EIB shall prepare biannual operational reports on statistical data on an aggregated basis. The annual report shall be prepared as of 31 December and provided to the Commission by 31 March of the following year. The mid-year report shall be prepared as of 30 June and provided to the Commission by 30 September of each year.

Both annual and mid-year reports on statistical data, separately for Debt Type Operations and Equity Type Operations, shall include at least the following data on an aggregated basis, up to (and including) the period under review. The data in electronic format shall also enable breakdowns by year:

- (a) The signatures, disbursements and total investment generated split by objective as per Article 9 of the EFSI Regulation (number of operations and amount);
 - (b) The signatures, disbursements and total investment generated split by country (number of operations and amount);
 - (c) The signatures, disbursements and total investment generated split by sector based on NACE (number of operations and amount);
 - (d) The signatures and total investment generated split by (i) country and objective (number of operations and amount), and (ii) country and sector based on NACE (amount only);
 - (e) The approvals of the EU Guarantee by the Investment Committee but not yet signed (number of operations and amount);
 - (f) The approvals of the EU Guarantee by the Investment Committee which are no longer considered for signature (number of operations and amount);
 - (g) The operations cancelled, withdrawn and closed post signature (number of operations and amount);
 - (h) The operations for which the approval of the use of the EU Guarantee by the Investment Committee is expected for the next 12 months (indicative number of operations and amount).
2. EIB shall prepare annual risk profile reports. The annual report shall be prepared as of 31 December and provided to the Commission by 28 February of the following year. For items (a), (b) and (c) below, as well as additional risk metrics to be mutually agreed between EIB and the Commission, quarterly reports shall be prepared and provided to the Commission within two months from the end of each quarter. The annual risk profile reports, separately for Debt Type Operations (including breakdown into IIW Debt Portfolios where relevant, and where appropriate into relevant underlying risk counterpart) and Equity Type Operations (including breakdown into IIW Equity Portfolios where relevant, and where appropriate into relevant underlying risk counterpart), shall include at least the following data (amounts based on exposure unless otherwise indicated):

on an aggregated basis, for operations signed up to (and including) the period under review:

- (a) Operations on the Watch List (number of operations and amount, and the list of operations concerned); and
- (b) Distribution of operations grouped by Loan Grading (current and as at signature date; where applicable for specific IIW Debt Portfolios), (as reported in EIB's systems, excluding the benefit of the EU Guarantee).

for each operation signed up to (and including) the period under review:

- (c) Operation Number;
- (d) For Debt Type Operations (where applicable for specific IIW Debt Portfolios), data and parameters to estimate the indicative projected amounts for repayments, revenues and drawdowns for each year until end of operation, based on a methodology agreed between the Commission and EIB, for budgetary planning and asset management purposes;
- (e) Assumed current Internal EIB Rating or, in the absence of an internal rating, an alternative risk classification (only applicable for specific IIW Debt Portfolios), for each obligor for Debt Type Operations and, where applicable, Equity Type Operations;
- (f) Assumed current loss-given-default (LGD) per operation for Debt Type Operations and, where applicable, Equity Type Operations;
- (g) Assumed current effective single one-factor-equivalent portfolio correlation for Debt Type Operations and, where applicable, Equity Type Operations.

The annual risk profile report shall include a statement confirming that the data under paragraphs (b), (e), (f) and (g) is determined in accordance with EIB standard policies and procedures and that underlying methodologies are subject to EIB model governance, to the extent applicable for specific IIW Debt Portfolios or IIW Equity Portfolios. In the case of EFSI Guaranteed Operations structured as loan substitutes/de-linked financing, items (a), (b), (d), (e), (f) and (g) shall be determined in respect of a portfolio of existing identified financings.

- 3. EIB shall prepare biannual Project Credit Reports on operational, financial and accounting data. The annual report shall be prepared as of 31 December and provided to the Commission by 31 March of the following year. The mid-year report shall be prepared as of 30 June and provided to the Commission by 30 September of each year. Both annual and mid-year Project Credit Reports for the IIW shall include the following operational, financial and accounting data for all new operations signed during the half-year period under review:
 - 1) Operation Number
 - 2) Operation portfolio: Equity / Debt (including by IIW Debt Portfolio and by IIW Equity Portfolio)
 - 3) EIB Board approval date
 - 4) Investment Committee approval date
 - 5) Type of operation / product (loan, guarantee, PBCE, fund investment, etc.)
 - 6) Article 19 Commission opinion date
 - 7) Borrower / Guaranteed Debtor/Recipient (including unique identifier)
 - 8) Countries of operation
 - 9) Intermediary, if applicable (including unique identifier)
 - 10) Policy objective(s), as per Article 9(2) of the EFSI Regulation
 - 11) Sector based on NACE
 - 12) Nominal amount of operation:
 - a) in the contract currency and, if the contract currency is not EUR, in the EUR equivalent (at the time of signature)
 - b) if the contract currency is optional: the amount in the reference currency and, if the reference currency is not EUR, in the EUR equivalent (at the time of signature)
 - 13) Signature date
 - 14) Project summary description, including information on type of project as defined in the Investment Guidelines.
 - 15) Where appropriate, specification as Public Private Partnership (PPP) project
 - 16) Total project cost
 - 17) Investment supported and financing of working capital (as referred to in Article 24.4) counting towards the EUR 500 bn target for investments

18) Sources of financing, based on information available at the time of approval of the full operation, broken down as follows:

- a) ESIF grants
- b) Other EU grants,
- c) ESIF financial instruments
- d) EU financial instruments
- e) National grants (including local government)
- f) National Promotional Banks
- g) Private sector

19) Interest rate regime (where applicable)

20) Repayment terms (where applicable)

21) Maximum term (where applicable)

22) Grace period (where applicable)

23) Maximum disbursement period from date of signature / investment period (for fund investments)

24) Where third party guarantees, including Member State guarantees, are provided: guarantor's country and guarantee type (where applicable)

25) Where other security is provided: Type, amount and issuer of such security (where applicable)

26) Additional relevant information, where applicable.

In the case of EFSI Guaranteed Operations structured as multi-beneficiary intermediated loans or risk-sharing operations such as loan substitutes/de-linked financing, reporting on items (7), (8), (10), (11), (14), (15), (16), (17) and (18) shall be made in respect of the portfolio of new financings to be originated pursuant to the EFSI Guaranteed Operation.

In the case of EFSI Guaranteed Operations structured as risk-sharing financing with non-granular portfolios, reporting on items (7), (8), (10), (11), (12), (13), (14) and (16) shall also be made in respect of new financings originated pursuant to the EFSI Guaranteed Operation.

In the case of EFSI Guaranteed Operations structured as risk-sharing financing with granular portfolios, reporting shall only be made on the aggregate amount of the effective allocation of the new financings originated pursuant to the EFSI Guaranteed Operation.

4. EIB shall inform the Commission of any change with a material impact on the EFSI portfolios which has occurred during the relevant reporting period regarding the information set out in Project Credit Reports supplied up to (and including) the period under review.

C. SME WINDOW (SMEW)

1. The SMEW Operational Reporting by EIF to EIB is outlined in Annex II of Schedule VII. This Schedule spells out the content to be reported upon and its frequency. The reporting format will be in line with internal EIF procedures. The reports shall be provided in electronic format (Excel).
2. EIB will pass through the respective reports as received from EIF for the purpose of reporting to the Commission and the European Court of Auditors. EIB will request EIF to provide necessary information in an appropriate form to allow EIB to fulfil its reporting obligations as outlined, in particular with regard to aggregated reporting on KPIs and KMIs.

SCHEDULE III

FINANCIAL REPORTING

A. INFRASTRUCTURE AND INNOVATION WINDOW (IIW)

Article 1

Reporting frequency and deadlines

- 1.1 The information should be provided on an annual basis in electronic format.
- 1.2 EIB shall provide, by 15 February of each year, a provisional unaudited report in Microsoft Excel readable format. This report comprises the reporting templates required by Schedule III. By 15 March, EIB shall provide the final report, accompanied by an audit certificate, produced by EIB's external auditor under a procedure as defined in each Article of this Schedule. EIB shall signal to the Commission any difference between the audited and the unaudited report.

Article 2

IIW EFSI Guaranteed Operations

- 2.1 EIB shall provide the Commission with information in respect of all outstanding IIW EFSI Guaranteed Operations, including the EFSI Guaranteed Operations under IIW implemented by EIF.
- 2.2 The Agreed Upon Procedure with EIB's external auditor should certify, that:
 - (a) the reported figures correspond to EIB's financial and accounting data and records, used when applicable for the preparation of EIB's audited financial statements as at 31 December;
 - (b) each reported IIW operation is listed in the register of responses of the Investment Committee to the Managing Director set out in Article 4 of Schedule V. This verification can be done on a sample basis;
 - (c) the reported figures on the year on year "Value Adjustment" on outstanding Equity Type Operations are equal to the value adjustments as recorded and defined in EIB's audited statutory financial statements;
 - (d) the reported "Net available EU guarantee" was calculated in compliance with the EFSI Regulation and the Agreement.
 - (e) the reported figures under "Fair Value for Funded operations estimated by the Bank" are equal to the ones disclosed in EIB's audited statutory financial statements.
- 2.3 The report should be split per IIW Debt Portfolios and IIW Equity Portfolios. The information should be broken down by individual operations.
- 2.4 The data to be provided are listed in the templates 1 and 2 below.
- 2.5 All data under Article 2 shall be reported in EUR. Amounts denominated in a currency other than euro, unless reported in that currency, shall be translated into EUR at the ECB exchange rate prevailing at the last day of the relevant reporting period except for Restructuring Losses and Value Adjustments which shall be presented in EUR equivalent converted at the prevailing market exchange rate on the relevant value date as transacted by EIB.

- 2.6 Should the IIW Equity Type Operations be recognised in the Commission's/EU annual consolidated financial statements, additional aggregated information to cover elements defined in the template 3 below will be provided by EIB in the form of a reporting package. The reporting package needs to be compliant with the EU Accounting Rules and will be sent within the deadlines stipulated in Article 1. The Agreed Upon Procedure with EIB's external auditors should certify that the figures contained in the reporting package are compliant with the EU Accounting Rules. The Commission shall in such a case inform EIB without delay about its requirements relating to the classification of assets. The Commission shall update the reporting package as necessary to fulfil its accounting obligations.

Article 3

Defaulted payments and Subrogated Sums in respect of Debt Type Operations

- 3.1 EIB shall provide the Commission with information in respect of Debt Type Operations on amounts called and paid (subrogated) and called and in arrears in respect of defaulted payments.
- 3.2 The Agreed Upon Procedure should certify, that
- (a) the reported figures on amounts outstanding; in arrears not yet called; called and called and paid (subrogated) correspond to EIB's financial and accounting data and records, used when applicable for the preparation of EIB's audited financial statements as at 31 December;
 - (b) the reported figures on amounts accrued (accrued borrower penalties; accrued penalties; accrued recovery fees) and on amounts recovered correspond to data on these defaulted operations in dedicated EIB's databases.
- 3.3 The information should be broken down by payment instalments.
- 3.4 The data to be provided are listed in template 4 below.
- 3.5 All data under Article 3 shall be reported both in the underlying currencies and in EUR. Amounts denominated in a currency other than EUR, unless reported in that currency, shall be translated into EUR at the ECB exchange rate prevailing at the last day of the relevant reporting period and at the prevailing market rate on the relevant transaction value date as transacted by EIB (where applicable).

Article 4

EFSI Account, financial flows, cash flows and financial position

- 4.1 EIB shall provide the Commission with information on the financial position as of 31 December of the EFSI Account, the financial flows and cash flows over the past year.
- 4.2 The Agreed Upon Procedure should certify that the reported figures correspond to EIB's financial and accounting data and records, used when applicable for the preparation of EIB's audited financial statements as at 31 December.
- 4.3 The information should be broken down by categories of financial flows and, where applicable, by IIW Debt Portfolio or IIW Equity Portfolio. For each category of financial flow, the following amounts should be provided:
- (a) Amount incurred during the year (accounting/accrual flows);
 - (b) Amount paid during the year (cash flows);
 - (c) Amount outstanding at 31 December (financial position).

The information on financial flows should be completed by the information on EFSI Account cash

balance at 1 January and at 31 December.

- 4.4 All data shall be reported as gross amounts, before any netting.
- 4.5 The data to be provided are listed in template 5 below.
- 4.6 All data under Article 4 shall be reported in EUR or in EUR equivalent, converted using the prevailing market exchange rate on the relevant value date as transacted by EIB.

B. SME WINDOW (SMEW)

Article 5
EFSI SMEW Guaranteed Operations

- 5.1 In respect of the SMEW, EIB, in cooperation with EIF, shall provide the Commission with the following financial report:
 - (a) For the share of SMEW operations attributable to IFE EP Contribution under the Sub-window 2, annual audited financial statements and a standardised reporting package issued and prepared by EIF according to the accounting rules of the Union as required and defined under the Annex C of the Horizon 2020 Delegation Agreement (INNOVFIN Equity Facility for Early Stage). This reporting is not within the scope of this Agreement and is governed by the H2020 Delegation Agreement.
 - (b) For the share of SMEW operations attributable to the EU Contribution committed under Horizon 2020, COSME LGF, CCS and the EaSI Guarantee facility, annual audited financial statements issued and prepared by EIF for each product according to the accounting rules of the Union as required and defined within the Horizon 2020, the COSME, the CCS and the EaSI Delegation Agreements. This reporting is not under the scope of this Agreement and is governed by the respective delegation agreements.
 - (c) For amounts related to the EIB/EIF SMEW Guarantee, an annual financial report as at 31 December of each year, prepared in accordance with Articles 6 to 8 of this Schedule III and audited by an independent auditor, in accordance with Article 9 of this Schedule III and in accordance with specific accounting rules of the EU in relation with the valuation of the financial instruments foreseen by the Agreement.
- 5.2 Articles 5.2 to 5.6 of this Schedule III only apply to the financial report prepared for amounts related to the EIB/EIF SMEW Guarantee according to Article 5.1.c) of this Schedule III. The requirements related to the reporting under Article 5.1.a) and 5.1.b) above are set by the corresponding delegation agreements.
- 5.3 A provisional unaudited financial report prepared for amounts related to the EIB/EIF SMEW Guarantee according to Article 5.1.c) above shall be provided by EIB, in cooperation with EIF, by 15 February of each year, in Microsoft Excel readable format.

By 31 March, EIB, in cooperation with EIF, shall provide the final reports, accompanied by an audit certificate and a report of factual findings, produced by an external auditor under an agreed upon procedure as defined in Article 9 of this Schedule III.

EIB, in cooperation with EIF, shall signal to the Commission any difference between the provisional unaudited and the final audited reports.
- 5.4 All data shall be reported in EUR and in the underlying currencies as applicable. Amounts denominated in a currency other than EUR, shall be translated into EUR at the ECB exchange rate prevailing at the last day of the relevant reporting period.

- 5.5 Without prejudice to Article 24.10 of the Agreement, the reporting provisions relating to the SMEW as set out in this Article can be amended during the implementation of the SMEW by means of exchange of letters duly signed by the Parties and EIF for acknowledgement, should the Parties, the European Parliament, the European Court of Auditors or other controlling body so require in order to comply with the Commission's accounting and reporting obligations.
- 5.6 Templates 6, 7, 8 in Section C concerning the SMEW Products may be amended during the implementation of the SMEW by means of exchange of letters duly signed by the Parties and EIF for acknowledgement.

Article 6

Financial reporting on Sub-window 1 and Sub-window 2 of the SMEW Equity Product, on Sub-window 1 (S1) of the SMEW PC Product and on SMEW ESCALAR Product

EIB, in cooperation with EIF, shall provide the Commission with the information listed in template 6 below, separately in respect of Sub-window 1 and Sub-window 2 of the SMEW Equity Product, S1 of the SMEW PC Product and SMEW ESCALAR Product.

Article 7

Financial reporting on SMEW Portfolio Guarantee Enhancement Products, (H2020; COSME LGF; EaSI Guarantee and CCS GF Enhancement), Sub-window (S2) of the SMEW PC Product, both windows of the EFSI Combination Product and SMEW Skills & Education Product

EIB in cooperation with EIF shall provide the Commission with the information listed in template 7 below, separately for each SMEW Portfolio Guarantee Enhancement Product, for S2 of the SMEW PC Product, for each window of the EFSI Combination Product (SMEW ECP Product) and SMEW Skills & Education Product.

Article 8

Financial reporting on SMEW transactions

- 8.1 EIB in cooperation with EIF shall provide the Commission with the information listed in template 8 below.
- 8.2 The reported amounts shall relate to all SMEW Products and shall be split by each SMEW Product, as applicable.

Article 9

Review of the financial reporting by an independent auditor

- 9.1 The terms of the agreed upon procedure referred to in Article 5.3 of this Schedule III shall be agreed between the EIF and the external auditor through an engagement letter.

- 9.2 For the financial report for the year ended 31 December 2017, the Commission shall be consulted by the EIF on the procedures laid down in the corresponding engagement letter before its signature. Thereafter, the Commission shall be consulted by the EIF if the items listed in the relevant templates change, or if new templates are created in respect of new products.

C. TEMPLATES

Template 1

Outstanding EFSI Guaranteed Debt Type Operations split by IIW Debt Portfolios

1. FI Number
2. Currency
3. Counterpart ID
4. Denomination of the Counterpart
5. Date of EFSI operation signature
6. Funded/Unfunded
7. Undisbursed Exposure
8. Theoretical Disbursed Exposure (based on contractual capital repayment schedule)
9. Real Disbursed Exposure (based on actual cash-flows received)
10. Accrued Interests on Current Instalments
11. Overdue Capital
12. Unfunded Capital Calls
13. Overdue Interest Penalties, Fees
14. Capital Called but not Paid
15. Interest, Penalties, Fees Called but not Paid
16. Subrogated Capital Amounts
17. Accumulated Amount of Restructuring Losses
18. Net available EU Guarantee (at portfolio level)

Template 2

Outstanding EFSI Guaranteed Equity Type Operations split by IIW Equity Portfolios

1. FI Number
2. Currency
3. Counterpart ID
4. Denomination of the Counterpart;
5. Date of EFSI operation signature
6. Funded/Unfunded
7. Undisbursed exposure
8. Net disbursed carrying amount
9. Unfunded Capital Calls
10. Overdue Fees
11. Value Adjustment on Funded operations
12. Fair value for Funded operations estimated by the Bank³
13. Net available EU Guarantee (at portfolio level)

³ As these investments are in general not traded in an active market, significant judgments and estimates are required to be applied in the assessment of their fair value. The aforementioned judgements and estimates have an impact on the valuation, which by nature can be volatile.

Template 3

Outstanding EFSI Guaranteed Equity Type Operations – additional information

The aggregated information shall be given in form of a reporting package which comprises of information relevant to the:

1. Statement of Financial Position
2. Statement of Financial Performance
3. Cash-flow statement
4. Risk management – and other relevant disclosures (excluding projection and prospective information)

Template 4

Defaulted payments and Subrogated Sums in respect of Debt Type Operations

All amounts to be reported in both the original currency and the EUR equivalent at 31.12. and at the relevant value date as transacted by EIB

1. Instalment Called (flag Y/N)
2. Instalment Paid from EU Guarantee (flag Y/N)
3. Instalment Refunded (flag Y/N)
4. Call ID
5. Call Date
6. EFSI Payment Date
7. FI Number
8. Facility Name
9. Country
10. Instalment Currency
11. Exchange Rate (ECB rate at 31.12)
12. Exchange Rate (prevailing market rate on the relevant value date as transacted by EIB)
13. Total Principal Outstanding
14. Total Principal in Arrears to date
15. Instalment Date
16. Principal Outstanding Not Yet Called (but late)
17. Principal Outstanding Called, not Paid by EFSI
18. Principal Outstanding Called and Paid by EFSI
19. Interest Outstanding Not Yet Called (but late)
20. Interest Outstanding Called, not Paid by EFSI
21. Interest Outstanding Called and Paid by EFSI
22. Other Amounts Outstanding (Borrower Penalties, Commissions, Subsidies) Not yet called (but late)
23. Other Amounts Outstanding (Borrower Penalties, Commissions, Subsidies) Called, not yet paid by EFSI
24. Other Amounts Outstanding (Borrower Penalties, Commissions, Subsidies) Called and Paid by EFSI
25. EFSI Penalty from Calls Generated Penalty not yet called
26. EFSI Penalty from Calls Called, not yet paid by year end
27. EFSI Penalty from Calls Called and Paid
28. EFSI Accrual Accounting Accrued Borrower Penalties by End 201X (P2 For Amount Called And Paid)
29. EFSI Accrual Accounting Accrued Penalty by End 201X (P2 For Amount Called and Not Paid)
30. EFSI Accrual Accounting Accrued Recovery Fees on called amounts by Year End

31. Recovery Principal
32. Recovery Interests
33. Recovery Other Amounts (Borrower Penalties, Commissions, Subsidies)
34. Recovery Fees Paid

Template 5

Information on financial flows related to IIW Debt Portfolio and IIW Equity Portfolio (For each item, information on amount incurred, amount settled and amount outstanding should be provided)

1. Inflows

- 1.1 IIW Debt Portfolios risk sharing revenues
- 1.2 IIW Equity Portfolios revenues – Interests, dividends
- 1.3 IIW Equity Portfolios revenues – Reversed Value Adjustments
- 1.4 IIW Equity Portfolios revenues – Gains on repayments/prepayments or dis-investments
- 1.5 IIW Equity Portfolios revenues for unfunded operations
- 1.6 IIW Debt Portfolios Recovered subrogated amounts
- 1.7 IIW Recalled Amounts:
 - for IIW Debt Portfolio
 - for IIW Equity Portfolio
- 1.8 Interest on the EFSI Account balance
- 1.9 Other EU revenue
- 1.10 Inflows from EIF related to the SMEW Operations (gross amount before application of the amounts as per Article 5 (f) of Schedule VII)
- 1.11 Payments from the EU

2. Outflows

- 2.1 IIW Debt Portfolios Calls of the EU Guarantee – Payment defaults
- 2.2 IIW Debt Portfolios Calls of the EU Guarantee – Restructuring Losses
- 2.3 IIW Debt Portfolios EIB Recoverable Administrative Costs
- 2.4 IIW Debt Portfolios Recovery Costs on subrogated amounts and IIW Equity Portfolio Recovery Costs
- 2.5 IIW Equity Portfolios expenses – Value Adjustments
- 2.6 IIW Equity Portfolios expenses – Losses on repayments/prepayments or dis-investments
- 2.7 IIW Equity Portfolios expenses – EIB Funding Costs
- 2.8 IIW Equity Portfolios expenses for unfunded operations
- 2.9 EU expenses under EIAH agreement
- 2.10 EIB/EIF SMEW Guarantee Calls (as described in the Article 7.2(d)(i))
- 2.11 SMEW Equity Product – EIB Funding Costs split into:
 - costs paid according to Article 5 (f) of Schedule VII;
 - costs called and paid from the EFSI Account according to Article 8.1(c)(iii).
- 2.12 EIB Funding repaid related to SMEW Products funded by EIB, split into:
 - funding repaid according to Article 5 (f) of Schedule VII;
 - outstanding funding called and repaid after the EIB SMEW Funding Repayment Date according to Article 8.1(c)(iv)
- 2.13 SMEW Equity Product – SMEW Portfolio Value Variation Amounts
- 2.14 EIF Administrative Fees paid from the EFSI Account according to Article 6.1(c) of Schedule VII
- 2.15 Other EU expense
- 2.16 Payments to the EU

3. Cash balance on EFSI Account on 1 January

4. Cash balance on EFSI Account on 31 December

Template 6

Information on Sub-window 1 and Sub-window 2 of the SMEW Equity Product, Sub-window 1 (S1) of the SMEW PC Product and SMEW ESCALAR Product

1. SMEW EIB Covered Amount (excluding SMEW Equity Product Funding Costs, SMEW PC Product Funding Costs and SMEW ESCALAR Product Funding Costs)
2. EFSI share of amounts committed (net of de-commitments) under Equity Product Operations, PC Sub-window 1 Operations (EFSI S1 FLP) and SMEW ESCALAR Product Operations (outstanding)
3. Aggregate amount of EIB funding drawn down by the EIF
4. Gross amount of EIB funding drawn and not used for SMEW Operations, neither for hedging (outstanding)
5. EFSI share of amounts disbursed (net of repayments) under EP Operations, PC Sub-window 1 Operations and SMEW ESCALAR Product Operations (outstanding)
6. SMEW Equity Product, S1 of the SMEW PC Product and SMEW ESCALAR Product outstanding hedging amounts in foreign currencies (Converted to EUR at 31/12/XX)
7. Amount of distributions received from operations which are currently classified as recallable repayments in respect of Equity Product (EFSI share for Sub-window 1), S1 of the SMEW PC Product and SMEW ESCALAR
8. Aggregate amount of Equity Product SW1 SMEW Revenues attributed to SW1 EFSI EP Contribution, Equity Product SW2 SMEW Revenues allocated to EFSI IFE Senior Tranche, PC S1 SMEW Revenues allocated to EFSI PC S1 FLP and ESCALAR SMEW Revenues
9. EFSI share of the Net Asset Value of Equity Product Operations, PC Sub-window 1 Operations and SMEW ESCALAR Product Operations (outstanding)
10. SMEW Portfolio Value Variation Amounts as at 31 December allocated to the Sub-window 1 SMEW Equity Product Operations, to the EFSI IFE Equity Participation, to EFSI PC S1 FLP and SMEW ESCALAR Product Operations
11. For the Sub-window 2 SMEW Equity Product, the amount accrued in relation to the Total IFE Senior Tranche IRR allocated to the EFSI IFE Senior Tranche, as per Article 3.1 (ii) of Annex C of the H2020 Delegation Agreement. For the SMEW PC Product the EIF S1 Senior Tranche Capitalized Interest.
12. EFSI S1 FLP Outstanding Amount
13. EIF S1 Senior Tranche
14. EIF S1 Senior Tranche Disbursed Amount less the aggregate of amounts of PC Sub-window 1 Reflows allocated to EIF in respect of the EIF S1 Senior Tranche
15. Aggregate amount of PC Sub-window 1 Portfolio Value Variation Amounts allocated to the EIF S1 Senior Tranche
16. S1 of the SMEW PC Product FLP exposure in respect of the outstanding amounts disbursed under the EIF S1 Senior Tranche
17. S1 of the SMEW PC Product FLP Unfunded Risk Transfer Amount (total accumulated amount)
18. Aggregate amount of S2 of the SMEW PC Product Investor Protection Call Claims allocated, or expected to be allocated, to EIF S2 Senior Tranche and not yet replenished, from PC Sub-window 1 Reflows Allocation or otherwise f
19. Net available EU guarantee for the SMEW Equity Products, S1 of the SMEW PC Product and SMEW ESCALAR Product

Template 7

Information on SMEW Portfolio Guarantee Enhancement Products, Sub-window 2 (S2) of the SMEW PC Product, both windows of the EFSI Combinations Product and SMEW Skills & Education Product (accumulated amounts and amounts of the year under the points 3 - 6)

1. Total EFSI Guarantee ceiling or Maximum EFSI S2 FLP, as applicable
2. SMEW EIB Covered Amounts
3. Amounts called from EIB/EIF guarantee for guarantee calls from operations or S2 Investor Protection Calls allocated to EFSI S2 FLP, as applicable
4. Amounts called from EIB/EIF guarantee for up-front purchase of currencies (hedging) in EUR
5. Amounts paid by EIF for guarantee calls/Investor Protection Calls from operations out of previously purchased non EUR currency
6. SMEW Replenishment Amounts / SMEW PC Product FLP Replenishment Amount
Out of which, SMEW Recovered Amounts
7. SMEW Revenues (Investor Protection Fees), allocated to SMEW PC Product Sub-window 2 (i.e. PC Sub-window 2 SMEW Revenues) and to the windows of the SMEW ECP Product
8. Amounts hedged outstanding in the foreign currencies and in EUR (at closing FX)
9. Amounts drawn/called by EIF but not used for payment under the operations
10. Unrealised and realised gains and losses from currency positions attributable to EFSI

Template 8

Information on SMEW transactions

Section A: SMEW dedicated bank accounts – SMEW Available Amounts, as per Article 5 of Schedule VII

1. SMEW Revenues received during the year
2. Treasury income on SMEW Accounts (net of treasury losses, negative interest and bank charges) during the year
3. Remaining amounts not needed anymore for the purpose of operations

Section B: Additional financial information

1. SMEW Available amounts as at 31 December
2. SMEW Costs
 - SMEW Costs accrued or due to EIF as at 1 January
 - SMEW Costs related to the current the year
 - SMEW Costs paid during the year from SMEW Available Amounts
 - SMEW Costs paid during the year from SMEW Costs Reserve
 - SMEW Costs paid to EIF by EIB
 - SMEW Costs accrued or due to EIF as at 31 December
3. EIF Administrative Fees
 - EIF Administrative fees accrued or due to EIF as at 1 January
 - EIF Administrative fees related to the current year
 - EIF Administrative Fees paid during the year from SMEW Available Amounts

EIF Administrative Fees paid during the year from Expected EIF Administrative Fees reserve

EIF Administrative Fees paid to EIF by EIB

EIF Administrative Fees accrued or due to EIF as at 31 December

4. SMEW Costs Reserve

SMEW Cost Reserve beginning of the year

Increases

Use

SMEW Costs Reserve as at 31 December

5. EIF Administrative Fees reserve

EIF Administrative Fees reserve beginning of the year

Increases

Uses

EIF Administrative Fees reserve as at 31 December

6. Guarantee Fees reserve of the S2 of the SMEW PC Product

Guarantee Fees reserve beginning of the year

Increases

Uses

Guarantee Fees reserve as at 31 December

7. Amounts due to EIF under the EIB/EIF SMEW Guarantee, as per Schedule VII, Article 5(e)

8. Amounts accrued or due to EIF under the EIB/EIF SMEW Guarantee as at 1 January

Amounts related to the current year

Amounts paid to EIF under the EIB/EIF SMEW Guarantee from SMEW Available Amounts

Amounts paid to EIF under the EIB/EIF SMEW Guarantee by EIB

Amounts accrued or due to EIF under the EIB/EIF SMEW Guarantee as at 31 December

9. Amounts to be transferred to EIB as at 31 December (Amounts transferred to EIB during the year are reported by EIB to the Commission as per Schedule III, Section C, Template 5)

Section C: Additional information on signed guarantees and on provisions for risks and liabilities of SMEW Portfolio Guarantee Enhancement Products (H2020; COSME LGF; EaSI Guarantee and CCS GF Enhancement), S2 of the SMEW PC Product, EFSI Combinations Product (SMEW ECP Product), EFSI EAFRD Window, EFSI National Combination Window and SMEW Skills & Education Product

The information on signed guarantees and on provisions for risks and liabilities is allocated to SMEW Portfolio Guarantee Enhancement Products (H2020; COSME LGF; EaSI Guarantee and CCS GF Enhancement), S2 of the SMEW PC Product, EFSI Combinations Product (SMEW ECP Product), EFSI EAFRD Window and EFSI National Combination Window as well as SMEW Skills & Education Product by subtracting the relevant amounts allocated to the EU/other parties contribution, when applicable, and reported under relevant notes of the financial statements of the respective guarantee facilities, when applicable, from the corresponding total amounts calculated by EIF in the same manner but with respect to entire enhancement provided by EC under these guarantee facilities.

The Parties may review the calculation method described above by making the relevant changes thereto by means of exchange of letter duly signed by the Parties and EIF for acknowledgement or by amending this Agreement.

Signed guarantees

1. Amount of signed guarantees
 - Drawn
 - Undrawn
2. Total guarantee cap, if applicable
3. Total amount allocated to the FLP EU Contribution under Horizon 2020, COSME LGF, CCS and, the EaSI Guarantee facility, as applicable and to the Member States/Managing Authority contribution under the windows of the ECP Product
4. Total amount allocated to SMEW Guarantee Product (1-3 for Horizon 2020 and EFSI S2 FLP under the SMEW PC Product Sub-window 2 Operations and 2-3 for remaining SMEW Guarantee Products)

Provision for risks and liabilities allocated to SMEW Guarantee and Private Credit Products

1. Provision for risks and liabilities as at 1 January
2. Additions
3. Reclassification
4. Guarantee calls (or S2 Investor Protector calls for SMEW PC Product)
5. Recoveries
6. Time effect
7. FX impact
8. Provision for risk and liabilities as at 31 December

Section D: Additional information on S2 of the SMEW PC Product

1. Investor Protection Amount Outstanding
2. NAV of the guaranteed investment
3. EFSI S1 FLP Unfunded Risk Transfer Amount, if applicable
4. EFSI S2 FLP Reduced Amounts (Cancellations of a Covered Investor Commitment), if applicable
5. EFSI S2 FLP Outstanding Amount
6. EFSI Sub-window 2 Amortized Amounts
7. EFSI S2 FLP Unfunded Risk Reserve
8. Fee Reserve balance

INFRASTRUCTURE AND INNOVATION WINDOW

RISK AND REVENUE SHARING PRINCIPLES

Article 1 - General Provisions

1. The credit risk pertaining to the IIW and to each IIW operation shall be assessed and quantified by EIB or, where relevant, EIF in accordance with the EIB Credit Risk Guidelines or the EIF Credit Risk Guidelines as appropriate. The relevant parts of the EIB Credit Risk Guidelines or the EIF Credit Risk Guidelines as appropriate have been made available to the Commission prior to the signature of this Agreement and will be further made available in case of any material subsequent change having a direct impact on EFSI Guaranteed Operations. In the case of EFSI Guaranteed Operations structured as loan substitutes/de-linked financing, credit risk will be assessed by reference to an existing identified portfolio of financings.
2. Subject to paragraph 3 below, Debt Type Operations, including Transitional Debt Type Operations, shall be assigned to an IIW Debt Portfolio at the date of signature of the relevant Debt Type Operation or at the date of the entry into force of the decision of the Commission in respect of Transitional Debt Type Operations, whichever occurs later.
3. In certain cases, a Debt Type Operation may take the form of risk-sharing financing with a third party to which multiple individual underlying risk exposures are assigned. Such underlying risk exposures may not all be assigned to the same IIW Debt Portfolio and reallocations between IIW Debt Portfolios may occur. In such cases, for the purposes of risk and revenue sharing, each underlying risk exposure will be treated as an individual Debt Type Operation and will be assigned to an IIW Debt Portfolio at the date of signature or of reallocation.
4. Equity Type Operations, including Transitional Equity Type Operations, shall be assigned to an IIW Equity Portfolio at the date of signature of the relevant Equity Type Operation or at the date of the entry into force of the decision of the Commission in respect of Transitional Equity Type Operations, whichever occurs later. No reallocations between IIW Equity Portfolios may occur unless otherwise agreed with the Commission.
5. A reallocation of an EFSI Guaranteed Operation from an IIW Debt Portfolio to an IIW Equity Portfolio or vice versa may occur only if justified due to changes in the nature of the EFSI Guaranteed Operation or EIB rules, policies and procedures. In such case, the Parties shall agree how to fairly reflect the impact on the risk and revenue sharing. Any such reallocation shall be reflected in the financial reporting under Schedule III.
6. For the purpose of determining the revenue sharing and the allocation of Recovered Amounts, non-euro payments received from counterparts will be converted to EUR using the prevailing market exchange rate at the relevant value date as transacted by EIB in a timely manner.

IIW Debt Portfolios

7. The EU shall provide 100% of the PFLPs for the IIW Debt Portfolios. The PFLPs for the IIW Debt Portfolios shall, in aggregate and subject to Article 7.3 of the Agreement, be ten billion five hundred million euros (EUR 10 500 000 000) prior to the Equity Trigger Date, nine billion six hundred twenty million euros (EUR 9 620 000 000) between the Equity Trigger Date, to the extent that this occurs prior to 6 July 2018, and 6 July 2018, and fifteen billion two hundred forty million euros (EUR 15 240 000 000) after 6 July 2018. The EU Guarantee shall cover Debt Type Operations following Effective Losses up to the respective Net Available PFLPs. Subject to Article 7.3 of the Agreement,

the allocations of PFLP to the "IIW Debt Portfolio – Standard" and to the "IIW Debt Portfolio – Hybrid" are respectively of nine billion five hundred million euros (EUR 9 500 000 000) and one billion euros (EUR 1 000 000 000) prior to the Effective Amendment Date, respectively of eight billion five hundred million euros (EUR 8 500 000 000) and two billion euros (EUR 2 000 000 000) between the Effective Amendment Date and the Equity Trigger Date, respectively of seven billion six hundred twenty million euros (EUR 7 620 000 000) and two billion euros (EUR 2 000 000 000) between the Equity Trigger Date, to the extent that the Equity Trigger Date occurs before 6 July 2018, and 6 July 2018, and respectively of thirteen billion two hundred forty million euros (EUR 13 240 000 000) and two billion euros (EUR 2 000 000 000) after 6 July 2018.

8. EIB shall retain 100% of each RRT. Each RRT bears the full risk of the relevant IIW Debt Portfolio after the relevant PFLP is exhausted.
9. During and at the end of the Investment Period, the Net Available PFLPs shall be of such a size as to allow EIB to retain an acceptable risk on the respective RRTs. In line with Article 7.3(a), under the risk management principles currently applied by EIB, and under current financing assumptions and market conditions, the size is expected to be approximately 25% for the IIW Debt Portfolio – Standard and 33% for the IIW Debt Portfolio – Hybrid at the end of the Investment Period.
10. Due to the addition of new Debt Type Operations, rating migrations, amortisations and occurrence of Effective Losses, the risk profiles of the IIW Debt Portfolios are expected to fluctuate during the Investment Period. EIB shall have the right to suspend allocations of Debt Type Operations to an IIW Debt Portfolio if, as a result of such additional allocation(s), the risk profile of EIB's RRT would migrate/deteriorate to special activity within the meaning of the EIB Credit Risk Guidelines. For the sake of transparent and efficient portfolio management, EIB shall inform the Steering Board without delay if an EIB RRT exceeds 50% of the special activity threshold as defined in the EIB Credit Risk Guidelines and then again as it exceeds 75%, in order to enable the Steering Board to take adequate and timely measures to avoid the reclassification of the RRT as a Special Activity, relying on the provisions of Article 7.3 of the Agreement.
11. Each Net Available PFLP must remain available in full until the time that the aggregate outstanding nominal exposure under the respective IIW Debt Portfolio has decreased to an amount lower than the Net Available PFLP for the respective IIW Debt Portfolio. Thereafter, the Net Available PFLP will decrease in line with the reduction of the aggregate nominal exposure.

IIW Equity Portfolios

12. The EU Guarantee shall cover, in aggregate and subject to Article 7.3 of the Agreement, Equity Type Operations following Effective Losses up to two billion five hundred million euros (EUR 2 500 000 000) prior to the Equity Trigger Date, up to three billion three hundred eighty million euros (EUR 3 380 000 000) between the Equity Trigger Date, to the extent that the Equity Trigger Date occurs prior to 6 July 2018, and 6 July 2018, and up to four billion two hundred sixty million euros (EUR 4 260 000 000) after 6 July 2018 and prior to the Sixth Amendment Effective Date, and four billion ten million euros (EUR 4 010 000 000) from the Sixth Amendment Effective Date.
13. The EU Guarantee shall cover the IIW Equity Portfolio – Standard up to two billion five hundred million euros (EUR 2 500 000 000) prior to the Equity Trigger Date, up to three billion euros (EUR 3 000 000 000) between the Equity Trigger Date, to the extent that the Equity Trigger Date occurs prior to 6 July 2018, and 6 July 2018, and three billion five hundred million euros (EUR 3 500 000 000) after 6 July 2018, which may be adjusted in accordance with Article 7.3 of the Agreement. At any point in time, during and at the end of the Investment Period, the IIW Equity Portfolio – Standard shall be of such a size as to allow EIB to retain negligible residual risk. EIB shall invest *pari passu* for each Equity Type Operation within the IIW Equity Portfolio – Standard the same amount on own risk basis in accordance with Article 3.8(c) of this Agreement.

14. The EU Guarantee shall provide 95% of the PFLP for the IIW Equity Portfolio – NPBs. The EIB shall retain 5% of the PFLP and 100% of the RRT for the IIW Equity Portfolio – NPBs. The RRT bears the full risk of the IIW Equity Portfolio – NPBs after the PFLP is exhausted.
15. Subject to Article 7.3 of the Agreement, the allocations of PFLP to the IIW Equity Portfolio – NPBs provided by the EU Guarantee and retained by the EIB are respectively of nil and nil prior to the Equity Trigger Date, respectively of three hundred eighty million euros (EUR 380 000 000) and twenty million euros (EUR 20 000 000) between the Equity Trigger Date, to the extent that the Equity Trigger Date occurs prior to 6 July 2018, and 6 July 2018, and respectively of seven hundred sixty million euros (EUR 760 000 000) and forty million euros (EUR 40 000 000) after 6 July 2018 and prior to the Sixth Amendment Effective Date, and respectively of five hundred ten million euros (EUR 510 000 000) and twenty-six million eight hundred and forty thousand euros (EUR 26 840 000) from such Sixth Amendment Effective Date.
16. The list of Equity Type Operations with NPBs signed up to the Equity Trigger Date which shall be transferred to the IIW Equity Portfolio – NPBs as of the Equity Trigger Date shall be agreed between the Parties through an exchange of letters.
17. During and at the end of the Investment Period, the Net Available PFLP in respect of the IIW Equity Portfolio – NPBs shall be of such a size as to allow EIB to retain an acceptable risk on the RRT. In accordance with the EIB Credit Risk Guidelines and under current financing assumptions and market conditions, the size of the Net Available PFLP in respect of the IIW Equity Portfolio – NPBs is expected to be approximately 40% at the end of the Investment Period.
18. The EIB is entitled to suspend allocations of Equity Type Operations to the IIW Equity Portfolio – NPBs if, as a result of such additional allocation(s), the risk profile of the RRT would exceed an acceptable level to EIB.
19. The Net Available PFLP in respect of the IIW Equity Portfolio – NPBs must remain available in full until the time that the aggregate outstanding nominal exposure under the portfolio has decreased to an amount lower than the Net Available PFLP. Thereafter, the Net Available PFLP will decrease in line with the reduction of the aggregate nominal exposure.

Article 2 - Debt Waterfalls

1. The following waterfalls define the distribution arrangements between the EU and EIB of all cash flows received from Debt Type Operations, other than Recovered Amounts and Recalled Amounts.
2. The distribution of cash flows from recovery proceedings is detailed in Article 11 of the Agreement.
3. Debt Portfolio Revenues Waterfalls
4. Revenues from each IIW Debt Portfolio are composed of risk-related items, namely the risk margin and any other risk-related fees (together "**Risk Related Income**"), and Non-Risk Related Income items as defined below.
5. Risk Related Income may be received in two forms, **Non-Recurrent Risk Income** and **Recurrent Risk Income**, which are related to the risk pricing methodologies of unfunded and funded products. Recurrent Risk Income shall be charged periodically (normally used for standard loan, mezzanine or guarantee operations) based on the EIB risk pricing components. Non-Recurrent Risk Income allows for a full or partial up-front risk premium calculated as the NPV of the respective pricing component that is to be charged up-front. The remainder (if applicable) would then be charged periodically. EIB reserves the right to change its pricing methodologies in accordance with its policies and procedures.
6. All **Non-Risk Related Income** items, listed below, shall be for the sole benefit of EIB (i.e. they will be fully carved out of the Debt Portfolio Revenues Waterfalls) due to the following rationale:

- (a) EIB funding cost: for funded and unfunded transactions (the latter only in case of drawdown), EIB provides 100% of the financing based on its cost of funding.
 - (b) Administrative Margin: this item will be charged on each Debt Type Operation according to EIB standard procedures, to compensate EIB for its general operating costs.
 - (c) Fee Income: up-front, appraisal and other fees may be charged to counterparts as a compensation for transaction-related structuring work, including support from external consultants.
 - (d) Commitment Fees: these may be charged by EIB to borrowers in order to be compensated for the capital allocation costs as long as the respective loans are not drawn down. Since for funded transactions the remuneration of the RRT is paid only for the disbursed part of each IIW Debt Portfolio, undisbursed loan amounts are compensated through a carve-out of the actual Commitment Fees paid by borrowers.
 - (e) Guarantee Liquidity Premium: for unfunded transactions, specific liquidity provisions may be charged on guarantee beneficiaries in order to meet possible calls on the guarantee, and consequent EIB funding requirements.
 - (f) Upward/Downward Modulation: modulation is defined as a market-related pricing variation, and not considered to be a risk-related pricing element pursuant to the EIB Credit Risk Guidelines.
7. Each Debt Portfolio Revenues Waterfall is thus only composed of the aggregate Risk Related Income on the Debt Type Operations assigned to it in the respective IIW Debt Portfolio, which will be priced according to EIB's relevant pricing methodology.
 8. For the purpose of determining each Debt Portfolio Revenues Waterfall, Non-Recurrent Risk Income will be converted notionally into a "recurrent spread equivalent" at or just after the time it is received by EIB. This will be done by EIB by finding the recurrent risk spread which would be economically equivalent (given its planned amortisation schedule) to the receipt of the Non-Recurrent Risk Income. An operation's recurrent spread equivalent will be recalculated only following receipt of a subsequent Recurrent Risk Income or Non-Recurrent Risk Income. Details of the derivation of the recurrent spread equivalent will be exchanged between the Parties upon signature of this Agreement. Any Non-Recurrent Risk Income which remains undistributed within the Debt Portfolio Revenues Waterfall at the time when the guarantee is called by the beneficiary, and when such call results in a corresponding call by EIB under the EU Guarantee, will be treated as a Recovered Amount and paid to the EFSI Account in accordance with Article 11.4. Should the guarantee call not result in a corresponding call by EIB under the EU Guarantee (due to the creation of a new funded debt transaction between EIB and the guarantee beneficiary) any undistributed non-recurrent risk income will be converted into a recurrent spread equivalent, taking into account the planned amortisation schedule of the new transaction. In case of release of a guarantee for reasons other than a call, any undistributed non-recurrent risk income will not be treated as Risk Related Income since it is deemed to have no corresponding risk that is either outstanding or realised and will therefore be regarded as interest income, to be shared between RRT and PFLP in accordance with point 9(c) below.
 9. At the end of each quarter, the "notional non-recurrent allocation" for that period relating to previously received Non-Recurrent Risk Income (defined as the product of the recurrent spread equivalent and the outstanding nominal of the operation) will be aggregated together with any Recurrent Risk Income received over that period, to arrive at the total Risk Related Income available for sharing for the period.
 10. The Risk Related Income on each IIW Debt Portfolio will always first be used to remunerate the RRT and lastly paid to the EFSI Account as remuneration for the PFLP:

- (a) During the Investment Period, the remuneration of each RRT will reflect its prevailing price-implied credit quality at the time of its calculation. Credit migrations of the underlying IIW Debt Portfolio will be taken into account for any adjustments of the RRT only if such migrations also lead to Risk Related Income pricing adjustments. At the beginning of each quarter, EIB will calculate the RRT spread using EIB's Portfolio Model, as exchanged between the Parties upon signature of this Agreement and as may be modified from time to time by agreement between the Parties. EIB's RRT risk remuneration will be calculated as the product of the RRT spread and the average outstanding nominal amount of the RRT over the quarter (reflecting disbursed amounts in the case of funded transactions and signed and effective amounts in the case of unfunded). EIB's RRT remuneration will be charged on a quarterly basis at the end of the quarter. Following a communication by the Commission of any increase in the amount of the available EU Guarantee in accordance of Article 12.1 of this Agreement, the RRT remuneration will be readjusted.
 - (b) After the Investment Period and until its full amortisation, the risk of each RRT will be remunerated in the form of a fixed coupon, which will be charged for the outstanding part of the respective IIW Debt Portfolio on a quarterly basis based on the prevailing price-implied risk profile of the RRT of the IIW Debt Portfolio at the end of the Investment Period. The fixed coupon will be fixed and can be adjusted by the Steering Board at the request of any Party in the case of major unforeseen change of the RRT risk profile or in the event of any increase in the amount of the available EU Guarantee in accordance of Article 12.1 of this Agreement.
 - (c) The proportion of RRT risk remuneration to the total Risk Related Income available for sharing in each IIW Debt Portfolio for the period will be multiplied by any interest income realised over the relevant period on the not yet distributed Non Recurrent Risk Income and will be paid to EIB on a quarterly basis.
 - (d) The RRT risk remuneration will be determined on the basis of the unconditional allocation of the Net Available PFLP at the time of calculation.
 - (e) EIB will apply its forward foreign exchange matrix to all non-euro Debt Type Operations in order to calculate any RRT remuneration.
 - (f) Any remaining Risk Related Income after the deduction of the RRT remuneration and of the relevant share of the additional interest income referred to in point (c) above, will serve to remunerate the PFLP and be paid into the EFSI Account on a quarterly basis.
11. The EU Revenues shall be paid to the EFSI Account no later than 15 Business Days after the end of the quarter to which they relate.

Debt Principal Waterfalls

12. The Debt Principal Waterfalls correspond to the sums of repayments/prepayments in respect of outstanding principal from the Debt Type Operations in each IIW Debt Portfolio. They first serve to pay any unpaid external fees and expenses (insofar as not yet fully covered by the respective Debt Portfolio Revenues Waterfall) and subsequently for the amortization of the respective IIW Debt Portfolio.

Article 3 - Equity Waterfall

1. The following waterfalls define the distribution arrangements between the EU and EIB of all cash flows received from Equity Type Operations, other than Recovered Amounts and Recalled Amounts.

Equity Portfolio Revenues Waterfall – Standard

- (a) Any cash flows received in respect of the IIW Equity Portfolio – Standard that are classified as revenues in accordance with EIB's accounting policies shall serve to remunerate
 - (i) firstly, the "RSFF Operations" (as defined in Article 1.2 of Schedule A.3.1 to Appendix A.3 of Annex A of the H2020 Delegation Agreement (the "H2020 Schedule")) in accordance with Article 4 of the H2020 Schedule, if applicable, and;
 - (ii) secondly, the EU Guarantee.
- (b) EU Revenues in respect of the IIW Equity Portfolio – Standard shall be paid to the EFSI Account on a date falling no later than 15 Business Days after the end of the quarter to which they relate.
- (c) Each RSFF Transaction, as defined in the H2020 Schedule, shall include an EIB investment such as to respect the principle established in Article 3.8(c) of this Agreement as further described in the last sentence of the Schedule IV, Article 1, paragraph 13.

Equity Portfolio Revenues Waterfall – NPBs

- (d) Any cash flows received in respect of the IIW Equity Portfolio - NPBs that are classified as revenues in accordance with EIB's accounting policies shall be allocated on a quarterly basis in the following order of priority, to the extent sufficient cash is available:
 - (i) firstly, to EIB up to the aggregate amount of accrued and not paid EIB Funding Costs in respect of the IIW Equity Portfolio – NPBs;
 - (ii) secondly, in a proportion of [REDACTED] to EIB and [REDACTED] to the EU until each has received an amount of [REDACTED] and
 - (iii) lastly, to EIB in respect of the RRT on the one hand and to the EU and EIB in respect of the PFLP on the other hand, in proportion to their sizes relative to the portfolio at the time of application of the Waterfall.
2. EU Revenues in respect of the IIW Equity Portfolio – NPBs shall be paid to the EFSI Account on a date falling no later than 15 Business Days after the end of the quarter to which they relate.

Equity Principal Waterfall

3. Any cash flows received under Equity Type Operations, other than Recovered Amounts and Recalled Amounts, that are not classified as revenues in accordance with EIB's accounting policies shall serve for the amortisation of the respective IIW Equity Portfolio and thereafter distributed in accordance with the Equity Type Portfolio Revenues Waterfall – Standard or Equity Type Portfolio Revenues Waterfall – NPBs, as appropriate.

Article 4 – Recovered Amounts, Recalled Amounts and reversals of Value Adjustments

1. At any time, Recovered Amounts, Recalled Amounts and reversals of Value Adjustments shall be allocated in the following manner:
- (a) firstly, to EIB for any amount covered under Article 7.2 of this Agreement which exceeded the Net Available PFLP in respect of the relevant IIW Debt Portfolio or IIW Equity Portfolio;
 - (b) secondly, in accordance with Article 5 of Schedule A.3.1 to Appendix A.3 of Annex A of the H2020 Delegation Agreement, if applicable;
 - (c) thirdly, to reinstate the Net Available PFLP in respect of the relevant IIW Debt Portfolio or IIW Equity Portfolio or, in the case of the IIW Equity Portfolio – Standard, to reinstate the EU Guarantee; and

- (d) lastly, to be allocated in accordance with the Debt Type Portfolio Revenues Waterfalls, Equity Type Portfolio Revenues Waterfalls – Standard or Equity Type Portfolio Revenues Waterfalls – NPBs, as applicable.
- 2. Amounts due to the EU in respect of Recovered Amounts, Recalled Amounts and reversals of Value Adjustments shall be paid to the EFSI Account on a date falling no later than 15 Business Days after the end of the quarter to which they relate. Any such payments shall reinstate the EU Guarantee, including the EU share of the Net Available PFLP where applicable, by the same amount and with immediate effect. Any further increases to the cover available under the EU Guarantee may be implemented in line with Article 12 of this Agreement.

PROCEDURE FOR SUBMISSION OF PROPOSALS TO THE INVESTMENT COMMITTEE

Article 1 - General Provisions

1. The decision procedure for the approval of EFSI Guaranteed Operations is intended to ensure that Investment Committee members shall be able to provide a decision in relation to any particular operation prior to its consideration by the EIB Board of Directors. Consequently the Managing Director shall convene at least one meeting of the Investment Committee normally in Luxembourg but which may also be held by videoconference or other remote means prior to each EIB Board of Directors' meeting to consider the EFSI Guaranteed Operations which are to be presented during that EIB Board of Directors meeting. The Managing Director shall convene each meeting of the Investment Committee by notice circulated at least 15 Business Days in advance. The meeting shall be concluded before the relevant EIB Board of Directors' meeting. The Investment Committee may adopt decisions or provide opinions by written or electronic means.

Proposals on Equity Type Operations in the form of active direct equity investments in Final Recipients shall be presented individually to the Investment Committee. The detailed modalities shall be set out in the rules of procedure.

The Investment Committee shall be informed whenever a proposal has necessitated submission to the Steering Board pursuant to Article 7(14), third sub-paragraph, of the EFSI Regulation.

2. EIB shall submit proposals for potential EFSI Guaranteed Operations to the Investment Committee members which may be by way of a protected web portal. These proposals shall be submitted to the Investment Committee members at the same time as the information on the proposed operation is provided to the EIB Board of Directors.
3. Investment Committee members may ask written questions on matters relevant to their functions and the operations under consideration in advance of the meeting. The questions shall be addressed to the Managing Director up to 2 Business Days prior to the relevant meeting and the Managing Director will either supply written answers prior to the meeting or verbal answers during the meeting.
4. No abstentions will be permitted except in the case of conflict of interest or impossibility to vote due to illness or similar reason that objectively temporarily prevents the member from exercising his or her duties. In exceptional circumstances and subject to the approval of the Managing Director, a member of the Investment Committee can join by videoconference or other electronic means a physical meeting, should he/she be in a situation where travelling is not possible.
5. Investment Committee members shall be subject to confidentiality requirements in relation to the specific details of operations provided to them and shall be prohibited from contacting Final Recipients, Financial Sub-intermediaries, Financial Intermediaries and parties connected to or representing Final Recipients, Financial Sub-intermediaries and Financial Intermediaries.
6. At the request of the Managing Director, EIB may be represented in the meetings to provide additional clarifications on the questions raised by the Investment Committee members.
7. Decisions of the Investment Committee shall be made on a simple majority of voting members present with a quorum of five.
8. All decisions of the Investment Committee are final and binding and EIB shall be capable of relying on such decisions.

9. The Investment Committee members may convene an additional meeting to discuss any issue related to their functions or other issues outside discussion of individual operations where two or more members make a request to the Managing Director in writing.
10. Investment Committee members acting in good faith in the performance of their duties shall not be held liable for any loss by EIB or the EU except in case of gross negligence or wilful misconduct.
11. The decisions approving the use of the EU Guarantee by the Investment Committee shall be communicated to the Commission by the Secretariat.

Article 2 - Information

1. EIB shall submit the following information to the Investment Committee in respect of proposals for potential EFSI Guaranteed Operations. All information shall be provided in English.
 - (a) an EFSI Guarantee Request Form which shall contain the following information:
 - (i) Brief description of the operation and whether the operation is proposed as a Debt Type Operation (including the relevant IIW Debt Portfolio) or an Equity Type Operation (including the relevant IIW Equity Portfolio);
 - (ii) A copy of the information contained in the Scoreboard;
 - (iii) Legal denomination of the obligor (unless not known);
 - (iv) Country of domicile of the obligor;
 - (v) Loan / guarantee / investment amount;
 - (vi) Estimated total investment cost of the operation;
 - (vii) Adequate information to assess whether the operation is in an eligible sector(s) as referred to in Article 9(2) of the EFSI Regulation;
 - (viii) Type of product (more than one may be included);
 - (ix) Adequate information to assess the Additionality of the operation;
 - (x) Initial view on the likely security (if any);
 - (xi) Statement in accordance with Article 16.2 that the proposed operation falls within the EFSI Investment Guidelines.
 - (b) a copy of the information that will be provided to the EIB Board of Directors; and
 - (c) the expected loan grading for the operation (excluding the benefit of the EU Guarantee).
2. The information submitted by the EIB to the Investment Committee shall be as of the date of the submission or any earlier date as stated therein and remains subject to changes in accordance with the EIB rules, policies and procedures. Should, due to a change in circumstances prior to signature, EIB resubmit to its Board of Directors a proposal for which the Investment Committee had already approved the EU Guarantee cover it shall also resubmit the proposal to the Investment Committee for approval of the EU Guarantee coverage unless the change relates to any area not within the competence of the Investment Committee.

EIB operations implicating its own resources, including operations that may be proposed to the Investment Committee as potential EFSI Guaranteed Operations, are subject to Article 19 of the EIB Statute regarding their conformity with EU legislation and policies and, as far as required, a non-objection/consent from the Member State in whose territory the investment will be carried out.

Article 3 - Investment Platforms and NPBs

Proposals to the Investment Committee may include operations in the form of Investment Platforms or proposed initiatives to be undertaken with the participation of NPBs. In these cases, where the Investment Committee has approved use of the EU Guarantee at the level of the proposed Investment Platform or NPB initiative, the operations undertaken pursuant to the Investment Platform or NPB initiative will benefit from the EU Guarantee without individual Investment Committee approval, except in the case where the Investment Committee explicitly states that individual approval of operations for the support of the EU Guarantee is necessary and save that the Investment Committee shall not retain the right to approve the use of the EU Guarantee for sub-projects delegated to financial intermediaries or approved eligible vehicles where the EFSI contribution to such sub-projects is below EUR 3 000 000 000.

Article 4 - Record-keeping

Each response of the Investment Committee members to the Managing Director and each communication of the Managing Director to EIB shall be appropriately electronically stored by EIB so as to ensure that the decisions of the Investment Committee are auditable and capable of proper evaluation.

Article 5 - Transaction limits

1. The Investment Committee shall be informed of a possible application to be made to the Steering Board in accordance with Article 7(c) of the Investment Guidelines and be provided with the appropriate detailed information when taking its decision. The Investment Committee shall, in its deliberations, consider whether additionality and added value are clearly demonstrated, and this shall be recorded in the minutes. The actual derogation referred to in Article 7(c) of the EFSI Investment Guidelines shall be decided upon by the Steering Board subsequently. Absent an approval, the amounts higher than the specific EFSI limits cannot be included into the EFSI portfolio.
2. The request for derogation to the Steering Board shall be made by written procedure, with its decision to occur after the decision of Investment Committee but before that of the EIB Board of Directors. Where this is not possible, the request for derogation is to be made without unreasonable delay following the identification of the need for a derogation.
3. For the avoidance of doubt, in respect of risk sharing operations, only those sub-operations that necessitate a derogation will be presented to the Steering Board for its approval of their inclusion in the EFSI portfolio.

INFRASTRUCTURE AND INNOVATION WINDOW

Product description

1. The following products shall be available under the IIW:
 - (a) loans, guarantees, counter-guarantees, loan substitutes/de-linked financing, syndication platforms, portfolio products, capital market instruments and any other form of funding or credit enhancement products. In each case, directly or indirectly via Financial Intermediaries and Financial Sub-intermediaries, if any, on either a senior or mezzanine or subordinated basis, contingent or not; and
 - (b) equity and quasi-equity participations and investments, including through funds. In each case, directly or indirectly via Financial Intermediaries and Financial Sub-intermediaries, if any.
2. The diverse nature, characteristics and financial requirements of the operations to be contemplated under the IIW dictate that individual and tailor-made solutions be structured for most EFSI Guaranteed Operations under IIW. Where appropriate, EIB may adapt and combine several products into one EFSI Guaranteed Operation under IIW.
3. The decision to appraise an operation, the terms and conditions of any instrument and whether to propose such operation as a Debt Type Operation or an Equity Type Operation shall: (i) be based on EIB's rules, policies and procedures; and (ii) rest exclusively with EIB. In carrying out its risk assessment, EIB shall apply the EIB Credit Risk Guidelines or, where appropriate, EIF shall apply the EIF Credit Risk Guidelines, when implementing IIW in accordance with Article 14.1 of the Agreement.

SCHEDULE VII

SME WINDOW

1. Definitions

1.1. In addition to the defined terms set out in Article 1 of the Agreement, the following terms shall have the meaning opposite to them for the purpose of the SMEW:

"CCS GF Enhancement"	has the meaning attributed to it in Section 5 of Annex I to this Schedule VII;
"COSME LGF Enhancement"	has the meaning attributed to it in Section 2 of Annex I to this Schedule VII;
"EaSI Guarantee Enhancement"	has the meaning attributed to it in Section 4 of Annex I to this Schedule VII;
"EFSI Additional Top-Up"	any increase of the respective ceilings of SMEW EIB Covered Amounts coming into force on the relevant EFSI Additional Top-Up Effective Date with respect to SMEW Products existing prior to the Fourth Amendment and Restatement Agreement, as further specified in the relevant product annexes to this Schedule VII;
"EFSI Additional Top-Up Effective Date"	means, with respect to an EFSI Additional Top-Up, the latest of the following dates: <ul style="list-style-type: none">(i) the signing date of the amendment of the relevant delegation agreement introducing the respective EFSI Additional Top-Ups; and(ii) the signing date of the relevant amendment and restatement of the Agreement introducing the respective EFSI Additional Top-Ups; and(iii) the approval date of the relevant EFSI Additional Top-Ups by the EFSI Steering Board and the Managing Director.
"EIF Administrative Fees"	means administrative fees payable to EIF in connection with the SMEW as further defined for each SMEW Product in the relevant SMEW Product Description;
"Expected EIF Administrative Fees"	means any EIF Administrative Fees (i) accrued and unpaid and (ii) expected to be accrued until the end of the current year;
"Horizon 2020 Enhancement"	has the meaning attributed to it in Section 1 of Annex I to this Schedule VII;
"RCR Operation"	means an investment made by EIF under the RCR Mandate;

"SMEW Available Amounts"	has the meaning attributed to it in Article 5 of this Schedule VII;
"SMEW Costs"	means legal, expert, foreign exchange, bank charges, negative interest, indemnity claims, external audit and any other costs related to the SMEW and which are incurred by, and to be reimbursed or paid to, EIF, for an SMEW Product, as specified in the relevant SMEW Product Description. SMEW Costs are to be reimbursed to EIF in accordance with the order of priority set out in Article 5 of this Schedule and from the SMEW Costs Reserve. To the extent that these sources would not be sufficient, SMEW Costs shall be covered, subject to availability of funds, by debiting the EFSI Account in accordance with Article 19.2 (b) of this Agreement and this shall not reduce the amount of EU Guarantee available. EIF and the Commission shall agree on any necessary measures to ensure that SMEW Costs can be covered by applying Article 5 (a) of this Schedule, the SMEW Costs Reserve and from amounts standing to the credit of the EFSI Account.
"SMEW Costs Reserve"	means an aggregate of the sums reserved in accordance with Article 5 (c) of this Schedule VII for reimbursement of (i) SMEW Costs accrued and unpaid or expected to be accrued until the end of the current year or (ii) any possible SMEW Costs expected to be incurred beyond the end of the current year.
"SMEW Equity Product"	has the meaning attributed to it in Section 3 of Annex I to Schedule VII;
"SMEW Guaranteed Sums"	has the meaning attributed to it in Annex I to this Schedule VII;
"SMEW Quarterly Payment Date"	has the meaning attributed to it in Article 5 of this Schedule VII;
"SMEW Portfolio Guarantee Enhancement Products"	means the SMEW Products that are flagged as "guarantee" products in the relevant SMEW Product Description, being the products described in Section 1 (Horizon 2020 Enhancement), Section 2 (COSME LGF Enhancement), Section 4 (EaSI Guarantee Enhancement) and Section 5 (CCS GF Enhancement) of Annex I to this Schedule VII;

"SMEW Guarantee Products"

means the SMEW Portfolio Guarantee Enhancement Products and the guarantee products described in Section 6 (PC Sub-window 2), Section 7 (EFSI Combination Product) and Section 9 (for SMEW Skills and Education Product);

"SMEW Recoveries"

means, with respect to SMEW Guarantee Products as flagged in the relevant SMEW Product description, the part of a sum actually recovered by and paid to EIF and allocated to SMEW EIB Covered Amounts, as further described in the relevant SMEW Product Description;

"SMEW Revenues"

means, for a particular SMEW Product supported by the EU Guarantee, revenues as determined in accordance with the relevant SMEW Product Description;

"SMEW Schedule"

means this Schedule VII on the SMEW, as may be amended, restated, supplemented or substituted from time to time.

2. The SME Window and the EIB/EIF SMEW Agreement

- 2.1. This SMEW Schedule sets out the terms of the SME Window in implementation of the Agreement and in particular Articles 3.7 and 3.8.
- 2.2. EIB has entrusted EIF with the implementation of the SMEW and the delivery of the SMEW Products, pursuant to this Agreement, and in particular this Schedule VII.
- 2.3. For this purpose EIB has entered into the EIB/EIF SMEW Agreement with EIF. The EIB/EIF SMEW Agreement shall, *inter alia*:
 - (a) where relevant to a particular SMEW Product, provide the terms of the EIB/EIF SMEW Guarantee covering the SMEW EIB Covered Amounts in accordance with this Agreement; and/or
 - (b) where relevant to a particular SMEW Product, set out the terms under which EIB will make financing available to EIF for the purpose of delivering such SMEW Product.
- 2.4. The EIB/EIF SMEW Agreement shall set out the requirements for operational and financial reporting, evaluations and audit for the SMEW, in line with the specific requirements of this Agreement.
- 2.5. The SMEW Products and any EFSI Operations thereunder are not subject to the Investment Guidelines.
- 2.6. As regards the coverage of EIF under the EIB/EIF SMEW Guarantee, neither the obligations of EIB under the EIB/EIF SMEW Guarantee, nor the rights, powers and remedies conferred upon EIF by the EIB/EIF SMEW Guarantee or by law shall be discharged, impaired or otherwise affected by the winding-up, dissolution, administration or reorganisation of the underlying obligor or any other person under any applicable law or any change in the status, function, control or ownership of the underlying obligor or by any obligations of the obligor becoming illegal or unenforceable or ineffective in any respect or by any amendment or variation to any document to which the obligor is a party. This paragraph 2.6 is not relevant to SMEW Products in the form of equity.

- 2.7. The Financial and Administrative Framework Agreement between the EU and EIF dated 28 May 2014 does not apply to the SMEW, other than to the extent relevant under the COSME Delegation Agreement, the H2020 Delegation Agreement, the EaSI Delegation Agreement or the CCS Delegation Agreement or as specified in the relevant SMEW Product Description, in which case the terms of both this Agreement and the EIF FAFA are meant to be complementary and are to be taken as mutually explanatory. However, should such reading reveal a clear conflict or discrepancy between the terms of this Agreement and the terms of the EIF FAFA (as amended, restated, supplemented or substituted from time to time), the terms of EIF FAFA shall prevail, as derogated in the relevant Delegation Agreement.
- 2.8. Where relevant, any amendments to this Agreement pursuant to Article 15 necessary for the inclusion of new SMEW Products shall address, *inter alia*, the funding provided by EIB to EIF, the order of priorities for distributions, EIB Funding Costs and capital repayments.

3. Calls under the EIB/EIF SMEW Guarantee

- 3.1. With respect to SMEW Products that are flagged as "guarantee" products in the relevant SMEW Product Description, the EIB/EIF SMEW Agreement shall provide that EIB under the EIB/EIF SMEW Guarantee as primary obligor and not merely as surety, guarantees the punctual and full performance of any SMEW Guaranteed Sums.
- 3.2. The EIB/EIF SMEW Agreement shall stipulate that amounts drawn under the EIB/EIF SMEW Guarantee are due upon being called by EIF and are payable once per calendar quarter (or more than once per calendar quarter where amounts available to EIF under the relevant SMEW Product are not sufficient) on a date falling 22 Business Days following the written request by EIF to EIB for payment, for any SMEW Guaranteed Sums in respect of which no call under the EIB/EIF SMEW Guarantee has yet been made.

4. Portfolio Value Variations under certain SMEW Products

With respect to SMEW Products that receive funding from EIB which shall be flagged as "equity" products in the relevant SMEW Product Description, the SMEW Product Description shall stipulate the conditions under which SMEW Portfolio Value Variation Amounts are notified by EIF to EIB.

5. SMEW Revenues

SMEW Revenues from time to time paid to EIF shall be retained by EIF in one or more bank accounts dedicated to SMEW Products as specified in the SMEW Product Descriptions in this Schedule VII. Amounts standing to the credit of such bank accounts (including treasury income, however net of any treasury loss, negative interest and bank charges) ("**SMEW Available Amounts**") shall be applied by EIF in full in the following order of priority on the next following 31 March, 30 June, 30 September and 31 December, except as specified in item (b) below (each a "**SMEW Quarterly Payment Date**"):

- (a) first, to pay SMEW Costs due on such SMEW Quarterly Payment Date;
- (b) second, on the SMEW Quarterly Payment Date falling on 30 June, to pay EIF any EIF Administrative Fees payable to EIF under each SMEW Product with respect to the previous calendar year;
- (c) third, to fund a SMEW Costs Reserve up to EUR 5 million;
- (d) fourth, to fund a reserve for Expected EIF Administrative Fees;
- (e) fifth, for the payment of any amounts due to EIF under the EIB/EIF SMEW Guarantee on such SMEW Quarterly Payment Date; and

- (f) sixth, by transferring to EIB any remaining SMEW Available Amounts; which shall be applied by EIB first to pay any EIB Funding Costs relating to SMEW Products funded by EIB, then to prepay or repay any outstanding EIB funding relating to SMEW Products and lastly transferred to the EFSI Account to be distributed in accordance with Article 19.2 of this Agreement.

Any SMEW Cost that is not discharged according to the order of priority set out in this Article 5 will be paid by application of amounts standing to the credit of the EFSI Account in accordance with Article 19.2 (b) of this Agreement. Any SMEW Cost that is not fully discharged in accordance with this Agreement shall not give rise to any recourse against EIB for payment. Such unpaid SMEW Costs shall remain due under this Agreement and be payable to EIF, once the funds become available, in accordance with the terms of this Agreement. For the avoidance of doubt, any payment of SMEW Costs will not constitute a call or utilisation of the EU Guarantee.

6. EIF Administrative Fees

- 6.1. In respect of each SMEW Product, EIF will be entitled to EIF Administrative Fees as further set out in each SMEW Product Description. In accordance also with Article 9(6), last subparagraph, of the EFSI Regulation, the EIF Administrative Fees are payable to EIF once per calendar year on or after 30 June for the previous calendar year in the following order of priority:

- (a) first, by using amounts applied or reserved by the EIF for the payment of EIF Administrative Fees in accordance with Article 5(b) and (d) of this Schedule;
- (b) second, by application of amounts standing to the credit of the EFSI Account as of the issuance date of the invoice referred to in Article 6.3, which shall not constitute a call or utilisation of the EU Guarantee;
- (c) third, the budget article "01.0407 Fees due to the European Investment Fund for increased assistance under the European Fund for Strategic Investments" on the basis of an invoice from EIB in the same form as the corresponding invoice received from EIF which shall include details of amounts utilised under paragraphs (a) and (b) above.

- 6.2. The EIF shall provide to EIB, which EIB shall present to the Commission, estimates for amounts expected to be invoiced under Article 6.1(a) in the current year *n* (for year *n-1*) and the following 3 years. If the estimate for amounts to be invoiced in the current year is higher than zero, the EIF shall also provide an estimate of SMEW Revenues expected to be received under the SMEW Equity Product for the current year.

Such estimates, which are indicative, will be provided twice a year, and no later than 15 January and 15 August of each year.

- 6.3. Any sum payable to EIF by EIB as EIF Administrative Fees under Article 6.1(b) and Article 6.1(c) of this Schedule shall be invoiced by EIF to EIB for payment on the date falling not later than 45 Business Days thereafter. With respect to amounts referred to under Article 6.1(c) invoiced to EIB, the Commission shall pay to EIB not later than 40 Business Days following receipt of a consequential invoice by EIB, up to the lower of (a) amounts invoiced under Article 6.1(c), and (b) the budgetary appropriations available for that year on the budget line "01.0407 Fees due to the European Investment Fund for increased assistance under the European Fund for Strategic Investments". In case the amounts invoiced under Article 6.1(c) are higher than the budgetary appropriations available for that year on the budget line "01.0407 Fees due to the European Investment Fund for increased assistance under the European Fund for Strategic Investments", the Commission shall pay the remaining amount as soon as additional budgetary appropriations are available. EIB's liability in respect of amounts referred to under

Article 6.1(c) invoiced to EIB is limited to the amount received from the EU pursuant to this Article 6.3.

6.4. Any sum payable to EIF under Article 6.1(a) of this Schedule shall be applied by EIF for its payment from the relevant available amounts.

6.5. Any invoice sent to the EU by EIB shall be in the same form as the corresponding invoice received from EIF.

7. Warehoused EIF Operations

The financing and investment operations to which the EU Guarantee has been extended by a decision of the Commission in accordance with Article 24(2) of Regulation 2015/1017 of the European Parliament and of the Council qualify as Warehoused EIF Operations, provided that they fulfil the following criteria and unless the EIF communicated in writing that such operations shall not be deemed to benefit of the cover of the EU Guarantee:

- (a) With respect to the Horizon 2020 Enhancement, InnovFin SMEG operations which are not SME Initiative transactions and which were approved on or after 1 January 2015 and:
 - (i) were signed by EIF as Horizon 2020 Enhancement operations with the relevant Financial Intermediary between 20 April 2015 and 28 January 2016 being the date of initial approval of Horizon 2020 Enhancement by the Steering Board and the Managing Director;
 - (ii) were approved by the EIF Board of Directors as Horizon 2020 Enhancement operations in 2015 but which are not signed as at the date of signature of this Agreement, provided that EFSI requirements (to introduce visibility requirements for EFSI and an undertaking of the relevant Financial Intermediary to inform all Final Recipients under such operations that the financing provided to them benefits of EFSI and InnovFin support) are included in the relevant documentation;
 - (iii) were signed as H2020 SMEG operations after 1 January 2015 and which are amended by EIF with a view (1) to introduce visibility requirements for EFSI at the level of the Financial Intermediary and an undertaking of the relevant Financial Intermediary to inform all Final Recipients under such operations (whether existing or future) that the financing provided to them benefits of EFSI and InnovFin support, and (2) to thereby take into account the anticipated market demand for non-EU 28 transactions which cannot be part of EFSI while still being part of Horizon 2020 SMEG; or
 - (iv) were approved prior to 20 April 2015 (but on or after 1 January 2015) as H2020 SMEG operations but which are not yet signed, provided that EFSI requirements (to introduce visibility requirements for EFSI and an undertaking of the relevant Financial Intermediary to inform all Final Recipients under such operations that the financing provided to them benefits of EFSI and InnovFin support) are included in the relevant documentation.
- (b) With respect to the COSME LGF Enhancement, all COSME LGF operations which are neither SME Initiative transactions nor COSME Securitisation transactions and which were approved on or after 1 January 2015 and:
 - (i) were signed by EIF as COSME LGF Enhancement operations with the relevant Financial Intermediary between 20 April 2015 and 28 January 2016 being the date of initial approval of COSME LGF Enhancement by the Steering Board and the Managing Director;

- (ii) were approved by the EIF Board of Directors in 2015 as COSME LGF Enhancement operations but which are not signed as at the date of signature of this Agreement, provided that EFSI requirements (to introduce visibility requirements for EFSI and an undertaking of the relevant Financial Intermediary to inform all Final Recipients under such operations that the financing provided to them benefits of EFSI and COSME support) are included in the relevant documentation;
- (iii) were signed after 1 January 2015 as COSME LGF operations and which are amended by EIF with a view (1) to introduce visibility requirements for EFSI at the level of the Financial Intermediary and an undertaking of the relevant Financial Intermediary to inform all Final Recipients under such operations (whether existing or future) that the financing provided to them benefits of EFSI and COSME support and (2) to thereby take into account the anticipated market demand for non-EU 28 transactions which cannot be part of EFSI while still being part of COSME LGF; or
- (iv) were approved prior to 20 April 2015 (but on or after 1 January 2015) as COSME LGF operations but which are not yet signed, provided that EFSI requirements (to introduce visibility requirements for EFSI and an undertaking of the relevant Financial Intermediary to inform all Final Recipients under such operations that the financing provided to them benefits of EFSI and COSME support) are included in the relevant documentation.

8. Communication and Visibility

Specific requirements related to communication and visibility in addition to those set out in Article 31 of this Agreement and, if applicable, to those set out in the COSME Delegation Agreement and/or the Horizon 2020 Delegation Agreement and/or the EaSI Delegation Agreement and/or the CCS Delegation Agreement may be set out in the relevant SMEW Product Description.

9. Operational and financial reporting

Specific requirements related to operational and financial reporting in addition to those set out in Schedules II and III of this Agreement are set out in Annex II to this Schedule.

In line with Article 24.13 EIF and the Commission, in consultation with EIB, shall agree the methodology and assumptions used by EIF in preparing its operational reporting under this Agreement.

10. Controls and monitoring

- 10.1 For all SMEW Products, the tasks of EIB defined in Article 25 shall be performed by EIF.
- 10.2 For the Horizon 2020 Enhancement, the COSME LGF Enhancement and the EaSI Guarantee Enhancement, the tasks of EIF in accordance with Article 25 shall be without prejudice to the obligations of the parties to the COSME Delegation Agreement, Horizon 2020 Delegation Agreement, EaSI Delegation Agreement and/or CCS Delegation Agreement, as relevant.

11. RCR Mandate

- 11.1 Operations of EIF under the RCR Mandate Agreement funded by the EIB Contribution ("RCR Operations") are EFSI Operations. RCR Operations are not EFSI Guaranteed Operations and therefore do not benefit, neither directly nor indirectly, from the EU Guarantee. The increase

in the RCR Mandate referred to in this Agreement does not constitute an SMEW Product and is not subject to the relevant provisions on the approval of SMEW Products set out herein.

11.2 RCR Operations shall be included in the reporting of EIB pursuant to Article 24 as being part of the SMEW, subject to the following conditions:

- (a) the relevant RCR Operation has been entered into by EIF on or after 1 January 2015;
- (b) the fund investment policy includes all or part of the EU Member States; and
- (c) where the investment policy of a particular Financial Intermediary/fund in which EIF invests through an RCR Operation, is not limited to investments in the territory of the EU Member States, and to cater for commitments not invested in final beneficiaries (to cover *inter alia* management fees and other expenses) the relevant RCR Operation shall be reported under EFSI:
 - (i) prior to a RCR Operation having been fully invested, by reference to 75% of the potential investments attributable to the RCR Operation, unless EIF is able to better estimate this reference; and
 - (ii) after the RCR Operation being fully invested, by reference to the actual percentage of investments of the relevant Financial Intermediary/fund to final recipients or projects located in the territory of the EU Member States over the aggregate investments by such Financial Intermediary/fund.

The following Annexes shall form an integral part of this Schedule VII:

- | | |
|----------|--|
| Annex I | SMEW Product Descriptions |
| Annex II | SMEW Operational and Financial Reporting |

SMEW PRODUCT DESCRIPTIONS**1. Horizon 2020 Enhancement**

Capitalised terms in this Section 1 of Annex I to Schedule VII not otherwise defined in the Agreement shall have the meaning given to them in the H2020 Delegation Agreement.

Background for the SMEW Product

EIF is implementing the InnovFin SME Guarantee Facility, the instrument under Horizon 2020 that supports lending to RDI intensive SMEG Final Recipients, pursuant to the H2020 Delegation Agreement.

Under the InnovFin SME Guarantee Facility, EIF issues guarantees to financial intermediaries covering portfolios of new financing made available by such financial intermediaries to eligible final recipients, under conditions (including as to loss coverage from the EU budget) further set out in the H2020 Delegation Agreement.

The Horizon 2020 Enhancement was originally provided in the form of temporary frontloading of Horizon 2020 contribution by EFSI (where the EIB/EIF SMEW Guarantee coverage was expected to be reduced by annual Horizon 2020 commitment appropriations), which came into effect on 28 January 2016 (approval date of the EFSI Steering Board and Managing Director) with a retroactive cover of Warehoused EIF Operations, as confirmed by a Commission decision in accordance with Article 7 (a) of Schedule VII.

Since 21 November 2017, the Horizon 2020 Enhancement is provided in the form of the permanent second loss risk taking by EFSI (where the Horizon 2020 Enhancement Ceiling will not be reduced by annual Horizon 2020 commitment appropriations). As a result, under the Horizon 2020 Enhancement, EIF will be in a position to enter into more guarantee exposures under the SMEG during the investment period, as specified in Article 9.3(b) of the EFSI Regulation, than EIF would have signed with the amounts made available to EIF under the H2020 Delegation Agreement, but without EFSI support.

InnovFin SME Guarantee Facility shall continue to provide support to innovation and digitalisation driven SMEs and Mid-caps. Furthermore, as part of the policy response to address the economic disruption caused by COVID-19, EFSI is dedicating additional resources to support working capital finance, as further set out in the H2020 Delegation Agreement.

SMEW Product	<p>EIF shall deliver an SMEW Product in the form of a second loss enhancement of a portfolio of uncapped guarantees supporting lending for RDI-intensive SMEs and Small Mid-caps (such SMEW Product being the "Horizon 2020 Enhancement"). While SMEG supports lending to RDI-intensive SMEs, Small Mid-caps and Mid-Cap Companies, the guarantee calls with respect to Mid-Cap Companies may be covered by EFSI subject to the principle of clawback described in Section "Principles of risk sharing and clawback".</p> <p>The Horizon 2020 Enhancement shall be a guarantee product within the meaning of Article 3.1 of Schedule VII.</p>
SMEW Product objective	<p>The Horizon 2020 Enhancement aims at increasing the SMEG capacity in order to enhance access to finance to the RDI-intensive SMEs and Small Mid-caps in supported policy sectors.</p>

EFSI Guaranteed Operations	Means, for the purpose of the Horizon 2020 Enhancement, all operations entered into by EIF pursuant to the H2020 Delegation Agreement in the form of EFSI SMEG Operations.
SMEW EIB Covered Amounts	<p>With respect to the Horizon 2020 Enhancement, the SMEW EIB Covered Amounts shall be any amounts committed by EIF which exceed the available first loss piece covered by the Horizon 2020 Total Contribution and which are not released by EIF, taking into account the senior risk-taking coverage by EIF, as further specified in the H2020 Delegation Agreement.</p> <p>The SMEW EIB Covered Amounts which will be covered by EIB under the EIB/EIF SMEW Guarantee for the Horizon 2020 Enhancement shall not exceed at any time the Horizon 2020 Enhancement Ceiling.</p>
Horizon 2020 Enhancement Ceiling	<p>Means the amount of one billion two hundred million euros (EUR 1,200,000,000) increased as from the EFSI Additional Top-Up Effective Date by the EFSI Additional Top-Up of two hundred million euros (EUR 200,000,000) introduced by the Sixth Amendment and Restatement Agreement. This increase is intended to support additional capacity for working capital financing to SMEs and Small Mid-caps impacted by COVID-19 as further set out in the Horizon 2020 Delegation Agreement.</p> <p>The total aggregate amount of the Horizon 2020 Enhancement Ceiling is therefore equal to one billion four hundred million (EUR 1,400,000,000).</p>
Principles of risk sharing and clawback	<p>Any guarantee calls related to SMEG Operations will be covered first by the H2020 FLP up to the H2020 FLP Available Amount, second by EFSI SLP (after the H2020 FLP Available Amount has been reduced to zero) by drawing on the EIB/EIF SMEW Guarantee, third by EIF Senior Tranche (after the amount of Junior Tranche has been reduced to zero), in each case as further set out in the Horizon 2020 Delegation Agreement.</p> <p>Only EFSI Guaranteed Operations are covered by EFSI. In accordance with the order of priority set out in the H2020 Delegation Agreement, guarantee calls related to EFSI SMEG Operations may be paid by H2020 FLP. If, after the full exhaustion of the H2020 FLP Available Amount, guarantee calls related to Non EFSI SMEG Operations occur, the guarantee calls related to EFSI SMEG Operations that have been paid by the H2020 FLP will be subject to clawback. This clawback ensures that payments under the EIB/EIF SMEW Guarantee cover only EFSI SMEG Operations, as further set out in the H2020 Delegation Agreement.</p> <p>H2020 Clawback Amounts shall only become payable under the EIB/EIF SMEW Guarantee once the H2020 FLP Available Amount is reduced to zero and only to the extent that the first loss piece provided Horizon 2020 Total Contribution has been used previously to pay for guarantee calls related to EFSI Guaranteed Operations, as further set out in the H2020 Delegation Agreement.</p> <p>Payments under the EIB/EIF SMEW Guarantee in relation to the Horizon 2020 Enhancement shall not exceed the SMEW EIB Covered Amounts.</p> <p>Any guarantee calls under EFSI Guaranteed Operations but related to SMEG Final Recipients which are either (i) not established in a Member State of the EU and/or (ii) Mid-cap Companies, in each case as at the date of signing of the SMEG Final Recipient Transaction shall be treated as if these SMEG Final Recipients Transactions were entered into under Non EFSI SMEG Operations and subject to the principle of a clawback described above.</p>

SMEW Guaranteed Sums	Means the EFSI SMEG Guaranteed Sums as defined in the H2020 Delegation Agreement.
SMEW Replenishment Amount	Following payment of SMEW Guaranteed Sums either by EIB to EIF under the EIB/EIF SMEW Guarantee or payments under Article 5 (e) of Schedule VII to this Agreement, any amount of Horizon 2020 Contribution or SMEW Recoveries allocated to the Horizon 2020 Enhancement as further set out in the H2020 Delegation Agreement and repaid by EIF to EIB to replenish the Horizon 2020 Enhancement up to the Horizon 2020 Enhancement Ceiling.
Release of EFSI SLP	The modalities of any EFSI SLP release are set out in the H2020 Delegation Agreement.
SMEW Revenues	The portion of SMEG Guarantee Fees and other proceeds if any, received by EIF with respect of SMEG Operations and allocated to the Horizon 2020 Enhancement pursuant to the order of priority set out in the H2020 Delegation Agreement, whereby payments towards the Horizon 2020 Enhancement will rank senior to the first loss piece covered by the Horizon 2020 Total Contribution and junior to the payment of EIF Risk Fee, as further specified in the H2020 Delegation Agreement.
SMEW Recoveries	<p>SMEW Recoveries shall refer to any amounts which EIF will have recovered following payments under SMEG Operations and allocated to the Horizon 2020 Enhancement under the relevant order of priority specified in the H2020 Delegation Agreement whereby payments towards the Horizon 2020 Enhancement will rank senior to the first loss piece covered by the Horizon 2020 Total Contribution and junior to the payment of EIF of the guarantee shortfalls, as further specified in the H2020 Delegation Agreement.</p> <p>Any rights of subrogation under Article 10.1 of this Agreement shall not apply.</p>
EIB Funding Costs	No EIB Funding Costs shall arise in connection with the Horizon 2020 Enhancement.
SMEW Costs	<p>SMEW Costs related to EFSI Guaranteed Operations may arise in connection with the Horizon 2020 Enhancement, without prejudice to the provisions of the H2020 Delegation Agreement.</p> <p>SMEW Costs related to EFSI Guaranteed Operations which have not otherwise been discharged under the H2020 Delegation Agreement shall be payable under this Agreement (i.e. a SMEW Cost cannot be covered twice).</p>
EIF Administrative Fees	<p>With respect to the Horizon 2020 Enhancement, EIF shall be entitled to EIF Administrative Fees in accordance with the H2020 Enhancement Fee Appendix provided below.</p> <p>The EIF Administrative Fees with respect to the Horizon 2020 Enhancement are without prejudice to the fees in relation to the Horizon 2020 Total Contribution, as specified under the H2020 Delegation Agreement.</p>
Visibility Requirements	Under the EFSI Guaranteed Operations under the Horizon 2020 Enhancement the relevant SMEG Financial Intermediary shall provide the EIF with a written acknowledgment (whether in the contractual documentation documenting the relevant operation or by separate

	acknowledgment), as further specified in the H2020 Delegation Agreement.
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[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
				[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
		[REDACTED]		[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

2. COSME Loan Guarantee Facility Enhancement

Capitalised terms in this Section 2 of Annex I to Schedule VII not otherwise defined in the Agreement shall have the meaning given to them in the COSME Delegation Agreement.

Background for the SMEW Product

EIF is implementing the Loan Guarantee Facility under the COSME Delegation Agreement, an instrument aiming to contribute to the reduction of the structural shortcoming of the SME financing market by addressing the particular difficulties that viable SMEs face in accessing finance, either due to their perceived higher risk or due to their lack of sufficient available collateral.

Under the Loan Guarantee Facility, EIF issues guarantees to financial intermediaries covering portfolios of new financing made available by financial intermediaries to eligible final recipients, under the conditions further set out in the COSME Delegation Agreement.

The COSME LGF Enhancement was originally provided in the form of temporary frontloading of the COSME LGF contribution by EFSI (where the EIB/EIF SMEW Guarantee was expected to be reduced by annual COSME LGF commitment appropriations), which came into effect on 28 January 2016 (Approval date of the EFSI Steering Board and Managing Director) with a retroactive cover of Warehoused EIF Operations, as confirmed by a Commission decision in accordance with Article 7 (b) of Schedule VII.

Since 29 November 2017 the COSME LGF Enhancement is provided in the form of the permanent second loss risk taking (top-up) by EFSI (where the COSME LGF Enhancement Ceiling will not be reduced by annual COSME commitment appropriations). As a result, under the COSME LGF Enhancement, EIF will be in a position to enter into more guarantee exposures under COSME LGF during the investment period, as specified in Article 9.3(b) of the EFSI Regulation, than EIF would have signed with the amounts made available to EIF under the COSME Delegation Agreement, but without EFSI support.

COSME LGF shall continue to provide support to SMEs. Furthermore, as part of the policy response to address the economic disruption caused by COVID-19, EFSI is dedicating additional resources to support working capital finance, as further set out in the COSME Delegation Agreement.

SMEW Product	EIF shall deliver an SMEW Product in the form of a second loss enhancement of a portfolio of capped guarantees supporting lending for riskier SMEs (such SMEW Product being the “ COSME LGF Enhancement ”). The COSME LGF Enhancement shall be a guarantee product within the meaning of Article 3.1 of Schedule VII.
SMEW Product objective	The COSME LGF Enhancement aims at increasing the COSME LGF capacity in order to enhance access to finance for riskier SMEs, start-ups and SMEs lacking sufficient collateral.
EFSI Guaranteed Operations	Means, for the purpose of the COSME LGF Enhancement, all Operations entered into by EIF pursuant to the COSME Delegation Agreement in the form of COSME LGF Enhancement Operations.
SMEW EIB Covered Amounts	With respect to the COSME LGF Enhancement, the SMEW EIB Covered Amounts shall be any aggregate committed cap amounts of LGF Operations which exceed the EU Contribution Committed Towards LGF Operations and which are not released by EIF, as further specified below in this Section.

	<p>The SMEW EIB Covered Amounts which will be covered by EIB under the EIB/EIF SMEW Guarantee for the COSME LGF Enhancement shall not exceed at any time the COSME LGF Enhancement Ceiling.</p>
COSME LGF Enhancement Ceiling	<p>Means the amount of one billion two hundred and seventy million euros (EUR 1.270,000,000) increased as from the EFSI Additional Top-Up Effective Date by the EFSI Additional Top-Up of two hundred fourteen million euros (EUR 214,000,000) introduced by the Sixth Amendment and Restatement Agreement. This increase is intended to support additional capacity for working capital financing to SMEs impacted by COVID-19 as further set out in the COSME Delegation Agreement.</p> <p>As a result, the total aggregate amount of the COSME LGF Enhancement is one billion four hundred and eighty-four million euros (EUR 1,484,000,000).</p> <p>In addition, the COSME LGF Enhancement Ceiling may be further increased by transferring to it any unused EFSI contribution currently allocated to SMEW ESCALAR Product, under conditions defined under ESCALAR SMEW EIB Covered Amounts, unless otherwise agreed between the Parties and EIF.</p>
Principles of risk sharing and clawback	<p>Any guarantee calls and amounts required for non-euro currency hedging purposes related to COSME LGF Operations will be covered first by the EU Contribution Available Amount on a first loss basis and second by the EFSI second loss piece (after the EU Contribution Available Amount has been reduced to zero) by drawing on the EIB/EIF SMEW Guarantee as further set out in the COSME Delegation Agreement.</p> <p>Only EFSI Guaranteed Operations are covered by EFSI. In accordance with the order of priority set out in the COSME Delegation Agreement, guarantee calls and/or amounts required for non-euro currency hedging purposes related to EFSI Guaranteed Operations may be paid on a first loss basis by the EU Contribution Available Amounts. If, after the full exhaustion of the EU Contribution Available Amounts, guarantee calls and/or amounts required for non-euro currency hedging purposes related to non EFSI Guaranteed Operations occur, the guarantee calls and the amounts required for non-euro currency hedging purposes related to EFSI Guaranteed Operations that have been paid by the first loss piece will be subject to clawback. This clawback ensures that payments under the EIB/EIF SMEW Guarantee cover only EFSI Guaranteed Operations, as further set out in the COSME Delegation Agreement.</p> <p>COSME Clawback Amounts shall only become payable under the EIB/EIF SMEW Guarantee once the EU Contribution Available Amount is reduced to zero and only to the extent that the first loss piece available provided by the COSME EU Contribution has been used previously to pay for guarantee calls and amounts required for non-euro currency hedging purposes related to EFSI Guaranteed Operations, as further set out in the COSME Delegation Agreement.</p> <p>Payments under the EIB/EIF SMEW Guarantee in relation to the COSME LGF Enhancement shall not exceed the SMEW EIB Covered Amounts.</p> <p>Any guarantee calls under EFSI Guaranteed Operations but related to COSME Final Recipients which are not established in a Member</p>

	<p>State of the EU at the date of signing of the COSME Final Recipient Transaction shall be treated as if these COSME Final Recipients Transactions were entered into under non EFSI Guaranteed Operations and subject to the principle of clawback described above.</p> <p>Monies drawn down from the EIB/EIF SMEW Guarantee that are not utilised or not expected to be utilised, in whole or in part, for the purpose of hedging or, as the case may be, paying under a specific COSME LGF Operation, shall be retained by EIF, including if converted to EUR, and applied for any other COSME LGF Operations prior to drawing down further amounts from the EIB. However, if such amounts are not expected to be used in accordance with the previous paragraph, they shall be converted to EUR, if not previously converted, and treated as remaining SMEW Available Amounts, in accordance with point (f) of Article 5 of Schedule VII.</p> <p>For the avoidance of doubt, monies drawn down from the EIB/EIF SMEW Guarantee for the purpose of hedging does not constitute a reduction of the SMEW EIB Covered Amounts.</p>
SMEW Guaranteed Sums	Means the LGF Enhancement Guaranteed Sums as set out in the COSME Delegation Agreement.
SMEW Replenishment Amount	Any LGF Enhancement Guaranteed Sums Paid either by the EIB/EIF SMEW Guarantee or by payments under Article 5(e) of Schedule VII of this Agreement, which may be subsequently reimbursed in accordance with the COSME Delegation Agreement.
Release of the EFSI second loss piece	<p>After the end of the Commitment Period and on an annual basis thereafter until the Termination Date, as soon as the aggregate amounts needed in respect of actual or potential claims of COSME LGF Operations becomes lower than the sum of the SMEW EIB Covered Amounts and the EU Contribution Committed Towards LGF Operations, such difference shall be allocated in accordance with the order of priority specified below:</p> <ul style="list-style-type: none"> • First, release the relevant part of the EIB/EIF SMEW Guarantee until the COSME EFSI Exposure has been reduced to zero; • Second, for the de-commitment of the EU Contribution Committed, as further set out in the COSME Delegation Agreement
SMEW Revenues	The COSME LGF Enhancement shall not give rise to SMEW Revenues
SMEW Recoveries	SMEW Recoveries shall be treated as LGF Enhancement Replenishment Amounts in accordance with Article 9.17.b of the COSME Delegation Agreement. Any rights of subrogation under Article 10.1 of this Agreement shall not apply.
EIB Funding Costs	No EIB Funding Costs shall arise in connection with the COSME LGF Enhancement.
SMEW Costs	<p>SMEW Costs may arise in connection with the COSME LGF Enhancement, without prejudice to the provisions of the COSME Delegation Agreement.</p> <p>SMEW Costs related to EFSI Guaranteed Operations which have not otherwise been discharged under the COSME Delegation</p>

	Agreement shall be payable under this Agreement (i.e. a SMEW Cost cannot be covered twice).
EIF Administrative Fees	<p>With respect to the COSME LGF Enhancement, EIF shall be entitled to EIF Administrative Fees in accordance with the COSME LGF Enhancement Fee Appendix provided below.</p> <p>The EIF Administrative Fees with respect to the COSME LGF Enhancement are without prejudice to fees in relation to COSME EU Contribution Committed, as specified under the COSME Delegation Agreement.</p>
Visibility Requirements	Under the SMEW EFSI Operations under the COSME LGF Enhancement the relevant Financial Intermediary shall provide the EIF with a written acknowledgment (whether in the contractual documentation documenting the relevant operation or by separate acknowledgment), as further specified in the COSME Delegation Agreement.

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
				[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
		[REDACTED]		[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
		[REDACTED]		[REDACTED]	[REDACTED]

[REDACTED]

3. SMEW Equity Product

3.1. General terms

In all functions undertaken in relation to the SMEW Equity Product EIF acts as a SMEW Manager as defined in Article 6.2 of Schedule VIII save in respect of EIF Co-investment.

Definitions	<p>In addition to the defined terms set out elsewhere in the Agreement (including in Schedule VII), the following capitalized terms shall have the meaning opposite to them for the purpose of Section 3 of this Annex I and the capitalized terms used in Section 3 of Annex I not otherwise defined in the Agreement shall have the meaning given to them in IFE:</p> <p>"Blue Economy" covers economic activities that take place in the marine environment or that use sea resources as an input, as well as economic activities outside the marine environment that are involved in the production of goods or the provision of services that will contribute to those activities. They can also be land-based activities such as, for instance, micro-algae production and processing, land-based aquaculture, or similar.</p> <p>"Control" 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>"EFSI EP Contribution" has the meaning given to this term in the Section headed "SMEW Equity Product Funding" in Section 3.1 of this Annex I.</p> <p>"EFSI IFE Equity Participation" has the meaning given to this term in the Section headed "Sub-window 2 SMEW Product" in Section 3.3 of this Annex I.</p> <p>"EIF Co-investment" has the meaning given to this term in the Section headed "EIF Co-investment" in Section 3.2 of this Annex I.</p> <p>"EIF EP Contribution" has the meaning given to this term in the Section headed "SMEW Equity Product funding" in Section 3.1 of this Annex I.</p> <p>"Equity Product Operation" means: (i) with respect to Sub-window 1, a Sub-window 1 Equity Product Operation and (ii) with respect to Sub-window 2, an IFE Operation.</p> <p>"EU Value-added" has the meaning given to this term in the Section headed "EU Value-added – Selection indicators" in Section 3.1 of this Annex I.</p> <p>"Excluded Final Recipient" means an entity that cannot benefit from financing supported by the SMEW Equity Product as a result of application of the Guidelines on EIF Restricted and Excluded Sectors and applicable legislation; in addition, for Sub-window 2, the exclusion criteria defined for IFE Excluded Final Recipients shall also apply.</p> <p>"Expansion and Growth Stage" means the stage of development of a company that has already established a product or service, and has already generated revenue, but may or may not be making a profit and needs financing to grow and expand, including in order to finance increased production capacity, market or product development, provide additional</p>
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	<p>working capital or is used for a transfer of business with a view to further grow the business.</p> <p>"Expansion and Growth Stage Financial Intermediary" means an SMEW Equity Product Financial Intermediary that targets in its investment strategy investments in Expansion and Growth Stage.</p> <p>"Fund-of-Funds" means an SMEW Equity Product Financial Intermediary holding or targeting to build a portfolio of investment entities ("Portfolio Funds") rather than investing directly in final recipients.</p> <p>"Hybrid Debt-Equity Instrument" means non-bank alternative financing in the form of a debt financial instrument (alone or in conjunction with an equity component or link), which, in light of its bespoke or subordination nature or other special circumstances of the issuer, is expected to yield a return in excess of standardized senior bank financing.</p> <p>"IFE" means the InnovFin Equity Facility for Early Stage (attached as Annex C of the H2020 Delegation Agreement), as amended, restated, supplemented or substituted from time to time.</p> <p>"IFE EP Contribution" has the meaning given to this term in the Section headed "SMEW Equity Product Funding" in Section 3.1 of this Annex I.</p> <p>"Impact Investing" means an investment approach aimed at generating social benefits to individual stakeholders and the society at large alongside a financial return to the investor. In doing so, impact investing considers social impact accruing to societal stakeholders as an investment objective at least at-par with the financial risk/return profile. The purpose of impact investing in enterprises hence is to support businesses whose business model seeks to generate an intentional and measureable positive impact alongside economic value, and which are managed in an accountable and transparent way. This definition is to be implemented taking into account the note titled <i>Scaling Up intervention in impact investing space through EFSI</i>⁴.</p> <p>"Life Sciences" encompasses activities in the fields of therapeutics, biologics, biotechnology, pharmaceuticals, medical technologies and devices, diagnostics, digital health and healthcare.</p> <p>"Minimum Allocation" has the meaning given to this term in the Section headed "Sub-window 1 Investment Criteria" in Section 3.2 of this Annex I.</p> <p>"Pan-European VC Fund-of-Funds Secondary Investment" means a transaction entailing a transfer of an existing investment from an existing investor to a Pan European VC Fund-of-Funds or of a Portfolio Fund of the Pan European VC Fund-of-Funds, and which does not result in financing flowing directly or indirectly into the final beneficiary. Also any follow-on investments to such beneficiary shall be considered as a Pan-European Secondary Investment.</p> <p>"Pan-European VC Fund-of-Funds" means one or more privately managed Fund(s)-of-Funds to which an aggregate commitment(s) of a target amount of three hundred million euros (EUR 300,000,000) shall be made under Equity Product Operations and for which the EIF and the Commission shall agree upon an application and selection process distinct from the SMEW Equity Product application and selection process set forth below and may determine a distinct set of investment requirements. The</p>
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⁴ Ref. Ares(2019)6406130 - 16/10/2019

	<p>primary objective of the Pan-European VC Fund-of-Funds shall be attracting private investment.</p> <p>"Payment by Results (or PbR) Investment Scheme" means a financial mechanism whereby the payment of returns is linked directly to the achievement by Social Enterprises or Social Sector Organizations of specific measurable and verified results (outcomes).</p> <p>"Portfolio Funds" has the meaning given to this term in the Section headed "Definitions" in Section 3.1 of this Annex I.</p> <p>"SMEW Equity Product" has the meaning given to this term in the Section headed "SMEW Product" in Section 3.1 of this Annex I.</p> <p>"SMEW Equity Product Account" has the meaning given to this term in the Section headed "SMEW Equity Product Account and drawdowns" in Section 3.1 of this Annex I.</p> <p>"SMEW Equity Product Financial Intermediary" has the meaning given to this term in the Section headed "SMEW Equity Product Financial Intermediary" in Section 3.1 of this Annex I.</p> <p>"SMEW Equity Product Target Recipient" means (i) an SME, a Small Mid-cap, a Social Enterprise, a Social Sector Organization or an IFE Final Recipient financed directly or indirectly by a SMEW Equity Product Financial Intermediary under a Primary Investment (ii) established or operating in the EU, and which is not an Excluded Final Recipient. The above criteria shall be met at the time of the first investment therein by an SMEW Equity Product Financial Intermediary.</p> <p>"Social Impact Bonds (or SIB) Investment Scheme" means the specific type of PbR Investment Scheme in which investors' return depends on payments public or private commissioners undertake to make subject to the delivery of pre-defined social outcomes by Social Enterprises or Social Sector Organizations.</p> <p>"Social Enterprise"⁵ means an undertaking, regardless of its legal form, which:</p> <ul style="list-style-type: none"> (a) in accordance with its articles of association, statutes or with any other legal document by which it is established, has as its primary objective the achievement of measurable, positive social impacts rather than generating profit for its owners, members and shareholders, and which: <ul style="list-style-type: none"> a. provides services or goods which generate a social return; and/or b. employs a method of production of goods or services that embodies its social objective; (b) uses its profits first and foremost to achieve its primary objective and has predefined procedures and rules covering any distribution of profits to shareholders and owners that ensure that such distribution does not undermine the primary objective; and (c) is managed in an entrepreneurial, accountable and transparent way, in particular by involving workers, customers and stakeholders affected by its business activities.
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⁵ This definition is taken from Regulation n°1296/2013 as applicable on the date of entry into force of this Annex I.

	<p>This definition shall be implemented taking into account any guidance note agreed between the EIF and the Commission.</p> <p>"Social Impact" means the positive net change in social terms induced through the business activity or service provision of a Social Enterprise or a Social Sector Organization.</p> <p>"Social Sector Organization" means an organization or a consortium of organizations, regardless of its legal form, that is responsible for social services delivery and pursues defined social missions, including Social Impact objectives.</p> <p>"Sub-window 1" has the meaning given to this term in the Section headed "SMEW Product" in Section 3.1 of this Annex I.</p> <p>"Sub-window 2" has the meaning given to this term in the Section headed "SMEW Product" in Section 3.1 of this Annex I.</p>
SMEW Product	<p>EIF shall deliver an SMEW Product (qualifying as an "equity" product for the purpose of Article 4 of this Schedule VII) in the form of commitments to or alongside SMEW Equity Product Financial Intermediaries in accordance with the terms of Section 3 of this Annex I (such SMEW Product being the "SMEW Equity Product").</p> <p>The SMEW Equity Product is composed of the following two sub-windows: (i) "Sub-window 1" as further set out in Section 3.2 of this Annex I (ii) "Sub-window 2" as further set out in Section 3.3. of this Annex I.</p>
SMEW Equity Product objective	<p>The SMEW Equity Product aims at enhancing access to financing for SMEs, Small Mid-caps, Social Sector Organizations and Social Enterprises⁶, in areas relevant to the achievement of EU policy objectives in a period of market failures, to operations presenting an EU Value-added (as defined below), including through co-investments with, and increased collaboration and knowledge sharing among, participating NPBs.</p> <p>The SMEW Equity Product shall aim at mobilizing investments in SMEW Equity Product Target Recipients for an amount of at least 12 times the EFSI EP Contribution drawn down by an SMEW Equity Product Financial Intermediary for the purpose of investment.</p> <p>In implementing the SMEW Equity Product, EIF will aim that:</p> <ol style="list-style-type: none"> a. commitments made under Equity Product Operations represent at least: <ol style="list-style-type: none"> a) one hundred and fifty million euros (EUR 150,000,000) to activities aiming to deliver Social Impact, with a view to reach at least (indicatively), depending on market demand: <ul style="list-style-type: none"> ▪ thirty million euros (EUR 30,000,000) in or alongside SMEW Equity Product Financial Intermediaries linked to incubators, accelerators and/or that provide incubation services⁷ to Social Enterprises, including in their Early Stage;

⁶ It being understood that, with respect to Social Enterprises, the Commission's policy objective in this area is to support smaller investments, including those with initial investments of up to five hundred thousand euros (EUR 500,000).

⁷ Such as professional consultancy, coaching, mentorship, business advice, networking.

	<ul style="list-style-type: none"> ▪ twenty-five million euros (EUR 25,000,000) through investments in BA Funds or through co-investments alongside Business Angels targeting Social Enterprises; <p>twenty-five million euros (EUR 25,000,000) through Payment by Results Investment Schemes (including Social Impact Bonds Investment Schemes) implemented through or targeting Social Enterprises and/or Social Sector Organizations, mainly for the benefit of vulnerable groups, including migrants, asylum seekers, and refugees.</p> <p>For the avoidance of doubt, Payment by Results Investment Schemes can be implemented only via Sub-window 1; and, depending on market demand, risk profile and absorption, the implementation of the products referred to under the first two bullets above may take place either through Sub-window 1 or through IFE;</p> <ul style="list-style-type: none"> b) eighty million euros (EUR 80,000,000) in the area of Technology Transfer; c) one hundred and twenty million euros (EUR 120,000,000) to or alongside Business Angels; b. commitments made under Equity Product Operations entered into under Sub-window 1 represent at least nine hundred million euros (EUR 900,000,000) to SMEW Equity Product Financial Intermediaries targeting to invest in SMEs in the Expansion and Growth Stage established in the EU; and c. commitments made under Equity Product Operations represent up to three hundred million euros (EUR 300,000,000) to Pan-European VC Fund-of-Funds; d. commitments made under Equity Product Operations represent at least fifty million euros (EUR 50,000,000) in the area of Impact Investing; e. commitments made under Equity Product Operations represent at least seventy five million euros (EUR 75,000,000) in the area of Blue Economy, contributing to goals such as sustainability, use of renewable resources and circular economy; f. commitments made under Equity Product Operations through Fund-of-Funds managed or advised by EIF represent at least seventy five million euros (EUR 75,000,000) and up to one hundred and fifty million euros (EUR 150,000,000) in the area of Life Sciences; <p>it being understood that the achievement of the above objectives shall be rewarded by the payment to EIF of performance fees as set forth in Section 3.4 of this Annex I.</p> <p>For the avoidance of doubt, Equity Product Operations covering the policy objectives referred to under points d, e, f above may be entered into under Sub-window 1.</p>
SMEW Equity Product Funding	<p>The SMEW Equity Product will be funded from the following resources in the following amounts expected to be available for Equity Product Operations:</p>

	<ul style="list-style-type: none"> • up to two billion seven hundred and fifty million euros (EUR 2,750,000,000), in accordance with this Agreement (the “EFSI EP Contribution”), out of which: <ul style="list-style-type: none"> ○ for Sub-window 1: up to one billion nine hundred and fifty million euros (EUR 1,950,000,000, increased as from the EFSI Additional Top Up Effective Date by three hundred and seventy million euros (EUR 370,000,000) introduced by Fifth Amendment and Restatement Agreement, up to the aggregate of two billion three hundred and twenty million euros (EUR 2,320,000,000), on the terms set out in Sections 3.1 and 3.2 of this Annex I; and ○ for Sub-window 2: up to three hundred and seventy million euros (EUR 370,000,000), increased as from the EFSI Additional Top Up Effective Date by sixty million euro (EUR 60,000,000) introduced by the Fifth Amendment and Restatement Agreement, up to the aggregate of four hundred and thirty million euros (EUR 430,000,000), in each case on the terms set out in Sections 3.1 and 3.3 of this Annex I. <p>The funding made available under Sub-window 2 shall be used together with funding of up to:</p> <ul style="list-style-type: none"> • seven hundred and twenty-seven million euros (EUR 727,000,000) (excluding fees and costs) out of EU Contribution, in accordance with and on the terms of the IFE (the “IFE EP Contribution”); and • four hundred sixty five million euros (EUR 465,000,000) made available by the EIF for IFE, in accordance with and on the terms of the IFE (the “EIF EP Contribution”), <p>provided that IFE Operations shall always be financed by the EFSI EP Contribution, the IFE EP Contribution, and the EIF EP Contribution using the resource made available thereunder and on a <i>pro rata</i> basis in accordance with the split set out under Article 2(1) of the Annex C to the Horizon 2020 Delegation Agreement.</p>
EU Value-added – Selection Indicators	<p>The EIF shall assess the EU-relevant value-added (the “EU Value-added”) of each Equity Product Operation proposal prior to its approval by the relevant governing body of EIF.</p> <p>EIF’s assessment of the EU Value-added shall result in a score of “High”, “Significant”, “Medium” or “Low” (to be reported as KPI 1 for the purpose of the SMEW Equity Product) on the basis of whether the Equity Product Operation proposal meets at least one indicator below:</p> <ul style="list-style-type: none"> a) the applicant SMEW Equity Product Financial Intermediary targets to proactively invest in more than one (or in the case of Fund-of-Funds, three) Member State(s) of the EU, based <i>inter alia</i> on its management team’s track-record, strategy, pipeline, office location, composition, or on the fact that it targets to invest less than 75 % of its invested amounts in any single Member State of the EU; b) the applicant SMEW Equity Product Financial Intermediary targets to support internationalization of at least 50% of the portfolio companies;

	<p>c) the applicant SMEW Equity Product Financial Intermediary targets to invest at least 50% of its invested amounts in Member States of the EU where, according to Invest Europe (formerly known as European Private Equity and Venture Capital Association - EVCA) (as published in its 2015 report on European Private Equity Activity) the industry statistics for private equity investment volumes as a percentage of GDP are below the European average⁸;</p> <p>d) the applicant SMEW Equity Product Financial Intermediary targets to invest at least 70% of its invested amounts in Social Enterprises and/or Social Sector Organizations;</p> <p>e) the applicant SMEW Equity Product Financial Intermediary targets to invest at least 50% of its invested amounts in Technology Transfer;</p> <p>f) the applicant SMEW Equity Product Financial Intermediary targets to invest at least 50% of its invested amounts in co-investments with Business Angels or in vehicles or arrangements to be managed by Business Angels;</p> <p>g) the applicant targets to focus on areas covered by the societal challenges and industrial leaderships of Horizon 2020, including in the area of Life Sciences, Blue Economy, Impact Investing, or otherwise targets technological, non-technological, organizational or social innovation;</p> <p>h) the applicant SMEW Equity Product Financial Intermediary contributes to availability of non-bank alternative debt and/or equity financing in the EU and targets to invest at least 50% of its investable amounts in Hybrid Debt-Equity Instruments;</p> <p>i) the applicant SMEW Equity Product Financial Intermediary targets to invest at least 70% of its invested amounts in the area of Impact Investing.</p> <p>For any SMEW Equity Product Financial Intermediary qualifying as a Fund-of-Funds, each indicator above shall be assessed at the Fund-of-Funds' level, with the understanding that the Fund-of-Funds targets to reach such indicator indirectly on an aggregate level through the investment activities of the entities in which it contemplates to invest.</p> <p>For any SMEW Equity Product Financial Intermediary qualifying as a co-investment scheme, each indicator above may be assessed at the level of the single co-investment agreement with a single fund manager or co-investor or in a single portfolio company, but may also be assessed – in the case of co-investment schemes set up by EIF as platforms targeting co-investments alongside multiple fund managers or co-investors and multiple NPBs – at the level of the platform.</p> <p>If none of the above indicators are met, the EU Value-added of the Equity Product Operation proposal will be assessed by the EIF as "Low" and the proposal will not be eligible for investment under the SMEW Equity Product.</p> <p>If one or more of the above indicators are met, the EU Value Added of the Equity Product Operation proposal will be assessed by the EIF as</p>
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⁸ Such Member States of the EU being: Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, the Netherlands, Estonia, Finland, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, and Spain (reference: <http://www.investeurope.eu/media/476271/2015-European-Private-Equity-Activity.pdf>).

	"Medium", "Significant" or "High", and may be considered for investment under the SMEW Equity Product.
EIF – NPB cooperation	The EIF will put in place actions including via an EIF - NPB equity platform with a view to facilitate co-investments with NPBs supporting the deployment of the SMEW Equity Product.
SMEW Equity Product Financial Intermediary	The EIF shall implement the SMEW Equity Product by investing in Sub-window 1 Equity Product Financial Intermediaries as set forth in Section 3.2 of this Annex I and Sub-window 2 SMEW Equity Product Financial Intermediaries as set forth in Section 3.3. of this Annex I (any such entity being a "SMEW Equity Product Financial Intermediary").
EFSI Guaranteed Operations	For the purposes of the SMEW Equity Product, means the Sub-window 1 Guaranteed Operations and the Sub-window 2 Guaranteed Operations as set forth respectively, in Sections 3.2 and 3.3 of this Annex I.
Implementation Framework	In implementing Equity Product Operations, the EIF shall apply its relevant internal policies and guidelines, such as the "EIF Guidelines for Equity Investments", the "Guidelines for Technology Transfer Investments", the "EIF Anti-Fraud Policy", the "EIB Group Policy towards Weakly Regulated, Non-transparent and Non-cooperative Jurisdictions and Tax Good Governance", the "EIF Transparency Policy" and the "Guidelines on EIF Restricted and Excluded Sectors", as such internal policies and guidelines may be amended or replaced from time to time, provided that in case of any conflict or discrepancy between the terms of any such internal policies and guidelines and the terms of this Agreement, this Agreement shall prevail. Such internal policies and guidelines shall be communicated to the EU. Nothing in this provision shall restrict the full applicability of Article 2.1 and Article 3 of this Agreement, as they have been acknowledged by the EIF in relation to the SMEW.
SMEW Equity Product Funding Costs	Means the EIB Funding Costs relating to the SMEW Equity Product which shall be calculated in accordance with this Agreement.
SMEW Equity Product Hedging	<p>Equity Product Operations might be in non-EUR therefore creating currency risk. To secure the maximum amount of EUR needed to cover the disbursement of non-EUR denominated Equity Product Operations, where possible, currency risk hedging shall be achieved by drawing in EUR under the SMEW Equity Product Funding to purchase on or about the signature date of the Equity Product Operation:</p> <ol style="list-style-type: none"> 1) in case of Sub-window 1: the entire amount committed or to be committed in non-EUR currency for the non-EUR Equity Product Operations; 2) in case of Sub-window 2: the entire amount committed or to be committed out of the EFSI EP Contribution in non-EUR currency for the non-EUR Equity Product Operations.
SMEW Equity Product Account and drawdowns	Means any bank account to be opened and operated by the EIF in any currency with one or more banks selected by the EIF among European financial institutions for all purposes provided for under this Agreement, with a long term rating of at least "A2" Moody's equivalent or, for non-EUR deposits, of at least "Baa3" Moody's equivalent ("SMEW Equity Product Account").

	<p>Without prejudice to the provisions on the SMEW Equity Product hedging, drawdowns under the SMEW Facility (as defined in the EIB/EIF SMEW Agreement) shall be made only if, taking into account expected disbursements, commitments made and the SMEW Funding Facility Period and any extension thereof, reasonably required or necessary for the due implementation of the SMEW Equity Product (including any obligations that EIF may have in respect of the Equity Product Operations after the final repayment date of any amounts drawn down and outstanding under the SMEW Facility, as defined in the EIB/EIF SMEW Agreement) and subject to draw downs being for a minimum amount to be agreed between the Parties and EIF. EIF shall apply its professional due diligence in respect thereof.</p> <p>Without prejudice to the foregoing, monies drawn down under the SMEW Facility (as defined in the EIB/EIF SMEW Agreement) that are not utilized or not expected to be utilized, in whole or in part, for the purpose of financing a specific Equity Product Operation (including SMEW Equity Product hedging), or as the case may be paying under a specific Equity Product Operation, shall be retained on the relevant SMEW Equity Product Account, including if converted to EUR, and applied for any other Equity Product Operation prior to drawing down further amounts from the EIB. However, if such amounts are not expected to be used in accordance with the previous paragraph, they shall be converted to EUR, if not previously converted, and treated as remaining SMEW Available Amounts, in accordance with point (f) of Article 5 of Schedule VII.</p>
SMEW Costs	Means the costs as specified in Article 1 of Schedule VII incurred by EIF for the implementation of the SMEW Equity Product and which shall be reimbursed or paid to EIF in accordance with item (a) of Article 5 of Schedule VII.
SMEW Portfolio Value Variation Amount	<p>Means the sum of the Sub-window 1 Portfolio Value Variation Amount and the Sub-window 2 Portfolio Value Variation Amount.</p> <p>SMEW Equity Product Portfolio Value Variation shall be reported annually to the EIB and shall give rise to the right to a guarantee call from the EU Guarantee under this Agreement.</p>
SMEW EIB Covered Amounts	<p>Means:</p> <ul style="list-style-type: none"> a) the Sub-window 1 SMEW Covered Amounts and the Sub-window 2 SMEW Covered Amounts, provided that the total aggregate amount of which shall not exceed two billion seven hundred and fifty million euros (EUR 2,750,000,000); and b) the EIB Funding Costs in relation to the SMEW Equity Product.
SMEW Guaranteed Sums	<p>Means:</p> <ul style="list-style-type: none"> a) the Sub-window 1 Guaranteed Sums and the Sub-window 2 Guaranteed Sums; and b) the EIB Funding Costs in relation to the SMEW Equity Product;
SMEW Revenues	Means the sum of the Sub-window 1 SMEW Revenues and the Sub-window 2 SMEW Revenues.

SMEW Recoveries	<p>No SMEW Recoveries shall arise in connection with the SMEW Equity Product.</p> <p>Any rights of subrogation under Article 10.1 of this Agreement shall not apply.</p>
EIF Administrative Fees	<p>For the purpose of the SMEW Equity Product, EIF shall be entitled to EIF Administrative Fees of an amount up to [REDACTED] of the EFSI EP Contribution. The EIF Administrative Fees shall be calculated on the basis of the Fee Appendix provided in Section 3.3 of this Annex I.</p> <p>Unless otherwise specified elsewhere in this Agreement, EIF Administrative Fees shall be payable in accordance with Article 6 of Schedule VII of this Agreement.</p> <p>The EIF shall, in addition, be entitled to fees in relation to the IFE EP Contribution as specified under the H2020 Delegation Agreement.</p>
Visibility Requirements	<p>Article 8 of Schedule VII and Article 31 of this Agreement shall apply, except for Pan-European VC Fund-of-Funds Secondary Investments, in line with the separate implementing arrangements issued by the Commission to the EIF in the context of IFE and COSME EFG investments in the pan European VC Fund-of-Funds⁹, which shall be applied <i>mutatis mutandis</i> to EFSI investment in the Pan European VC Fund-of-Funds. No additional visibility requirements shall be required for Equity Product Operations.</p>
Controls, audit and evaluations	<p>Part J of this Agreement shall apply to Equity Product Operations, save for Articles 25, 26, 27 and 31.8 of the Agreement which may not apply with respect to Pan-European VC Fund-of-Funds Secondary Investments, in line with the separate implementing arrangements issued by the Commission to the EIF in the context of IFE and COSME EFG investments in the Pan European VC Fund-of-Funds⁹, which shall apply <i>mutatis mutandis</i> to EFSI investment in the Pan European VC Fund-of-Funds. For the avoidance of doubt, in cases where COSME EFG resources are invested to a Fund-of-Funds, the provisions with regard to record keeping as spelled out in the letter ARES (2018)1499972-19/03/2018 shall apply.</p>
SMEW Equity Product Application Process	<p>The EIF shall select the SMEW Equity Product Financial Intermediaries through an open and transparent call for expression of interest organized under its own rules and procedures.</p> <p>Should any application for financing be made to the EIF without specifically referring to the call for expression of interest referred to above, and should the EIF consider this application eligible for the SMEW Equity Product, the EIF shall inform the applicant thereof in writing (including by e-mail) and therefore, should the selection under the SMEW Equity Product occur, the respective terms and conditions of the call for expression of interest will apply. Any of the selection steps undertaken by the EIF until such reallocation of the application shall remain valid.</p> <p>Any application complying with the IFE application process shall be deemed to comply with the SMEW Equity Product Application Process.</p> <p>The foregoing does not apply to SMEW Equity Product Financial Intermediaries in the form of Fund-of-Funds managed or advised by EIF.</p>

⁹ ARES(2018)996444-21/02/2018-; ARES(2018)289082-17/01/2018; ARES (2018)1499972-19/03/2018, ARES (2017) 5897048-01/12/2017

	<p>Pan-European VC Fund-of-Funds</p> <p>Notwithstanding the above, for the Pan-European VC Fund-of-Funds only, the application process will be organized as a separate, time-bound call for expressions of interest with a fixed deadline. The content and specific details for the call for expression of interest shall be agreed between the EIF and the Commission.</p> <p>EIF managed/advised Fund-of-Funds</p> <p>Notwithstanding the above, for Fund-of-Funds managed or advised by EIF, the EIF will make available on its website the indicative terms and conditions for the prospective underlying Portfolio Funds. The EIF will consult the Commission prior to such publication.</p>
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3.2. Specific terms for Sub-window 1 of the SMEW Equity Product

EIF Co-investment	<p>Under Sub-window 1, EIF shall co-invest with the Equity Product Operation an amount such that the overall investment by EIF is funded as follows: 95% from the EFSI EP Contribution (representing the Equity Product Operation) and 5% from EIF's own resources (the "EIF Co-investment").</p> <p>Without prejudice and in addition to the above, EIF may commit to SMEW Equity Product Financial Intermediaries using any other resources available to EIF (whether in its own name or through separate vehicles for which EIF acts as manager or advisor), with the exception of the resources deployed by EIF under the terms of Annex Ia of the COSME Delegation Agreement, which shall not be used in conjunction with investments made under the Equity Product Operations entered into under Sub-window 1.</p>
Sub-window 1 SMEW Product	<p>Under Sub-window 1, EIF shall provide equity type investments in particular, in or alongside,</p> <ul style="list-style-type: none"> (i) Expansion & Growth Stage Financial Intermediaries, (ii) multi-stage financial intermediaries, and (iii) any Sub-Window 1 SMEW Financial Intermediary investing in one or more of the priority areas as set forth in the Section headed "SMEW Equity Product objective" in Section 3.1 of this Annex I. <p>Without prejudice to the foregoing, resources from Sub-window 1 may be invested in, or alongside, the Multi-Stage Financial Intermediaries together with resources from Sub-window 2, as further set out in IFE.</p> <p>When publishing the terms and conditions of the Impact Investing product, the EIF should indicate that EFSI participates in the product on a pilot basis.</p>
Sub-window 1 Equity Product Operation	<p>Means a commitment or an agreement in any form entered into by EIF with an SMEW Equity Product Financial Intermediary to invest in or alongside such SMEW Equity Product Financial Intermediary, excluding the EIF Co-investment and any other co-investments from other resources managed or advised by EIF, if any.</p>
Sub-window 1 SMEW Equity Product Financial Intermediary	<p>Means an investment fund, a Fund-of-Funds, a (co-) investment scheme in any form (including managed accounts and other types of contractual arrangements), and a special purpose vehicle, in any form, established or to be established, that undertakes long term risk capital investments in the form of equity, preferred equity, Hybrid Debt-Equity Instruments, other type of mezzanine financing, and/or debt in case of PbR Investment Schemes and/or SIB Investment Schemes, but excluding entities targeting buy-out (or replacement capital) intended for asset stripping.</p>

Sub-window 1 Investment Criteria	<p>EIF shall ensure that the following investment criteria apply to each Equity Product Operation at the time of the signature of the relevant Equity Product Operation:</p>
	<p>(a) the SMEW Equity Product Financial Intermediary shall be managed by an independent management team¹⁰ combining the appropriate mix of skills and experience to demonstrate the necessary capability and credibility to manage a risk capital fund¹¹ and which, during the due diligence process, demonstrated to EIF that they (i) have a clear strategy to make a sufficient number of investments into SMEW Equity Product Target Recipients, create adequate deal flow 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>(b) EIF ranks at least pari passu (i.e. like risk, like reward) with other investors (including NPBs). The legal documentation implementing an Equity Product Operation (including, where relevant, any side letter entered into by the EIF) shall reflect such key requirement;</p>
	<p>the foregoing may not apply for the purpose of investments in the area of Social Impact as set forth in the first bullet of item (A) a) of the Section headed "SMEW Equity Product objective" in Section 3.1 of this Annex I;</p>
	<p>for the avoidance of doubt, the fact that the EIF benefits from terms more favorable than those applicable to other investors in an Equity Product Operation shall not constitute a breach of this pari passu investment criteria;</p>
	<p>(c) the amount committed under the Equity Product Operation does not exceed fifty million euros (EUR 50,000,000) or its EUR equivalent at time of commitment; except if the Equity Product Operation is entered into with a Fund-of-Funds, including, for the avoidance of doubt, a Pan-European VC Fund-of-Funds, in which case the amount committed thereunder shall not exceed three hundred million euros (EUR 300,000,000) or its EUR equivalent at time of commitment;</p> <p>(d) the amount committed under the Equity Product Operation represents at least 7.5% of the commitments made at the closing at which EIF is admitted (excluding any amount committed to the SMEW Equity Product Financial Intermediary in previous closings, if any);</p>
	<p>for the purpose of applying the limits set under items c) and d) above to Equity Product Operations where the SMEW Equity Product Financial Intermediary is a co-investment scheme, in the case of co-investment schemes set up by EIF as platforms targeting co-investments through co-investment vehicles alongside</p>

¹⁰ Independent management teams include teams operating within a corporate or university structure, a foundation, or any financial institution established under any other form, provided that the operation of the fund management business has a high degree of independence in making investment decisions from the parent company / organization. In case of the Payment by Results Investment Schemes (including Social Impact Bonds Investment Schemes), such requirement of independence in making investment decisions is met also when the team structuring and/or investing in PbR Investment Schemes has a high degree of independence in the investment and/or structuring process from the parent company/organisation. With respect to SMEW Equity Product Financial Intermediaries managed or advised by EIF this condition is deemed to be met.

¹¹ 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 SMEW Equity Product Financial Intermediary, whereby the management team as a whole will be evaluated and this criteria does not have to be fulfilled by each individual member of the management team.

	<p>fund managers, EIF's commitment to each co-investment vehicle is to be considered a separate Equity Product Operation;</p> <p>(e) the amount committed by the EIF¹² does not exceed 50% of the aggregate commitments made to the SMEW Equity Product Financial Intermediary, except in case of (i) SMEW Equity Product Financial Intermediaries investing in the area of Social Impact, co-investment schemes, including BA Co-investment Funds and (ii) Funds-of-Funds managed/advised by EIF, in which case such requirement shall be ensured at the level of their underlying Portfolio Funds, other than Portfolio Funds which qualify as an SMEW Equity Product Financial Intermediary referred to in item (i) above; (iii) SMEW Equity Product Financial Intermediaries investing in the area of Blue Economy when the EIF commitment under an Equity Product Operation is made at a first closing;</p> <p>(f) the lifetime of the SMEW Equity Product Financial Intermediary shall be in line with market standards and in any case shall not exceed 15 years as from the date on which the Equity Product Operation becomes effective (or 20 years in case of investments in a Fund-of-Funds or in TT Financial Intermediaries or Sub-intermediaries), plus up to 3 years extension. Appropriate arrangements for the timely and cost effective winding-up of SMEW Equity Product Operations shall be determined in good faith between EIF and the Commission with an objective that such operations do not extend beyond the EIB SMEW Funding Final Repayment Date, to the extent permitted under the relevant underlying documentation. Such arrangements may include the sale of the SMEW Equity Product participation in a SMEW Equity Product Financial Intermediary with a discount on its Net Asset Value, if it is deemed more cost-effective than the continuation of the SMEW Equity Product Operation;</p> <p>(g) the SMEW Equity Product Financial Intermediary shall target in its investment strategy (applicable at signature of the relevant Equity Product Operation) to invest in SMEW Equity Product Target Recipients an amount equal to at least the lower of:</p> <p>(i) 2 times the amount drawn down by the SMEW Equity Product Financial Intermediary from EIF under the Equity Product Operation (which comprises in case of Multi-Stage Financial Intermediaries, both Sub-window 1 and IFE resources), as the case may be, for the purpose of investment; and</p> <p>(ii) two thirds of the aggregate amount drawn down by the SMEW Equity Product Financial Intermediary from its investors for the purpose of investment (the "Minimum Allocation");</p> <p>(h) if (i) the SMEW Equity Product Financial Intermediary is established (or is to be established) in the EU, it shall include in its investment strategy to invest more than 50% of its invested amounts directly or indirectly, in SMEW Equity Product Target Recipients (in the case of a Fund-of-Funds, this is to be assessed by reference to the aggregate invested amounts of its Portfolio Funds, directly or indirectly, in SMEW Equity Product Target Recipients) or, (ii) the SMEW Equity Product Financial Intermediary is established in a jurisdiction outside of the EU (the list of which, if any, may be notified to the EIF by the Commission), it shall include in its investment strategy to invest more than 75% of its invested</p>
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¹² An investment made by EIF on behalf and at the risk of an NPB where decision to enter into such investment is fully or partially at the discretion of the NPB shall not be included in the 50% threshold.

	<p>amounts (in the case of a Fund-of-Funds this is to be assessed by reference to the aggregate invested amounts of its Portfolio Funds), directly or indirectly, in SMEW Equity Product Target Recipients, provided that in the case of Pan-European VC Fund-of-Funds, the invested amounts referred to above shall exclude Pan-European VC Fund-of-Funds Secondary Investments.</p> <p>For any SMEW Equity Product Financial Intermediary qualifying as a Fund-of-Funds, the above requirements shall apply at the Fund-of-Funds level (with the understanding that the Fund-of-Funds targets to reach such requirement(s) indirectly on an aggregate level through the investment activities of the entities in which it contemplates to invest).</p> <p>For the avoidance of doubt, SMEW Equity Product Financial Intermediaries may invest in entities (and for Fund-of-Funds, in investment entities which invest in entities) that are not SMEW Equity Product Target Recipients; provided however that investments in such entities shall not count towards the total investments target to be achieved under the SMEW.</p> <p>(i) With respect to SMEW Equity Product Financial Intermediaries other than: (a) Funds-of-Funds managed or advised by EIF, (b) SMEW Equity Product Financial Intermediaries investing in the area of Social Impact, and co-investment schemes, including BA Co-investment Funds, and, (c) only with respect to item (i) below, SMEW Equity Product Financial Intermediaries investing in the area of Blue Economy when the EIF commitment under an Equity Product Operation is made at a first closing, the following additional conditions shall apply:</p> <p>(i) at least 30% of total commitments to such entity at the time of the closing of the relevant Equity Product Operation (including commitments made in earlier closings, if any) are made by independent private investment sources (as set forth below), provided that with respect to Fund-of-Funds managed or advised by EIF, such condition shall only apply to the commitments of such Fund-of-Funds in their underlying Portfolio Funds, other than Portfolio Funds which qualify as an SMEW Equity Product Financial Intermediary referred to in item (b) above; and</p> <p>(ii) such entity, other than in the case of TT Financial Intermediaries and Business Angels, shall be managed by entities which are Controlled by individuals or privately held entities.</p> <p>For the purpose of items (i)(i) and (i)(ii) above (except for NPBs as regards to the application of (ii) above) and without prejudice to the rules governing the KPI and KMI calculations, the following categories of investors or resources shall be deemed to be independent private investment sources or privately held entities (as applicable):</p> <ul style="list-style-type: none"> • EIF/EIB own resources, invested at own risk and excluding public parts of mandates • financial institutions (investing at own risk and from own resources) • private endowments & foundations • family offices & Business Angels (including joint investment vehicles set-up by/with Business Angels) • corporate investors • insurance companies • pension funds
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	<ul style="list-style-type: none"> • private individuals • academic institutions (including universities and public and private research institutions) • other categories of investors may also be considered private investment sources (e.g. sovereign wealth funds or fund-of-funds) where the resources invested are generated by commercial activities and are invested on commercial terms; • fund-of-funds provided that they invest exclusively on commercial terms and are managed or advised by a privately held asset manager, save that: <ul style="list-style-type: none"> ○ any fund-of-funds fully funded by state budget resources shall not be considered an independent private investment source; ○ where a fund-of-funds is partially funded by state budget resources, the investment made by such a fund-of-funds into an SMEW Equity Product Financial Intermediary shall be considered as an independent private investment source pro rata to the amounts invested by the fund-of-funds which are not directly funded by state budget resources; • NPBs investing own resources, for their own risk, and on commercial terms. <p>For the purpose of these provisions, state budget resources shall include European Structural and Investment Funds.</p> <p>In assessing compliance with the requirements of this Section, the EIF may rely on a declaration, representation or undertaking from the relevant entity.</p> <p>For the avoidance of doubt, the EFSI EP Contribution and the IFE EP Contribution are not considered an independent private investment source.</p>
<p>Sub-window 1 non-participation in certain investments</p>	<p>The EIF shall ensure that SMEW Equity Product Financial Intermediaries shall not be entitled to issue any drawdown notice relating to an investment in any Excluded Final Recipient.</p> <p>Should the EIF, during the investment period of any SMEW Equity Product Financial Intermediary, based on the following elements set forth in a drawdown notice received from that SMEW Equity Product Financial Intermediary: (i) the confirmation made therein by the SMEW Equity Product Financial Intermediary of whether the contemplated investment is in line with the investment policy of the SMEW Equity Product Financial Intermediary (as set forth in its underlying documentation), (ii) the information provided on the country of establishment of the contemplated recipient, and (iii) the information provided on the sector of activity of the contemplated recipient, become certain that a contemplated investment would result in an irremediable breach of the Minimum Allocation as agreed at the time of the EIF commitment in the SMEW Equity Product Financial Intermediary, the EIF shall not participate (subject to applicable law), fully or partially, through the SMEW Equity Product Financial Intermediary in such investment and shall inform the SMEW Equity Product Financial Intermediary accordingly and, for the avoidance of doubt, shall not benefit from profits nor suffer from losses deriving from such investment.</p> <p>Without prejudice to the paragraph above, should the EIF become aware that (a) an SMEW Equity Product Financial Intermediary has invested in an entity that, at the time of the first investment, qualified as an Excluded Final Recipient or (b) an investment made by an SMEW Equity Product Financial Intermediary has caused the SMEW Equity Product Financial Intermediary</p>

	<p>to be in breach of the Minimum Allocation as agreed at the time of the EIF commitment in the SMEW Equity Product Financial Intermediary and those situations under (a) or (b) cannot be reasonably remedied, then the relevant governing bodies of the EIF (as determined on the basis of EIF's internal procedures) shall be informed of such breach and shall decide on the action (proposed to be) taken by the EIF in response.</p> <p>In case of EIF's investment in a Fund-of-Funds, the foregoing provisions do not apply to the EIF. In addition, the EIF may choose not to require the Fund-of-Funds to apply the foregoing provisions with respect to its investee funds provided that in such case, the EIF, as part of its due diligence, shall ensure that the Fund-of-Funds has appropriate policies and procedures in place to monitor the Minimum Allocation.</p>
Sub-window 1 SMEW Covered Amounts	Means the total aggregate amount of EFSI EP Contribution committed to Sub-window 1 Equity Product Operations, up to two billion three hundred and twenty million euros (EUR 2,320,000,000).
Sub-window 1 SMEW Guaranteed Sums	<p>SMEW Guaranteed Sums with respect to the Sub-window 1 SMEW Covered Amounts means:</p> <p>a) EFSI Sub-window 1 SMEW Portfolio Value Variation Amounts reported from time to time by the EIF to the EIB;</p> <p>b) the aggregate amount of EFSI EP Contribution drawn down by the EIF from the EIB under the SMEW Facility (as defined in the EIB/EIF SMEW Agreement) for the purpose of making Sub-window 1 Equity Product Operations (including SMEW Equity Product Hedging) not repaid to the EIB on the final repayment date of the SMEW Equity Product Funding, such date determined in Article 5 of the EIB/EIF SMEW Agreement.</p>
Sub-window 1 EFSI Guaranteed Operations	All Sub-window 1 Equity Product Operations shall benefit from the EU Guarantee.
EFSI Sub-window 1 Portfolio Value Variation Amount	The EFSI Sub-window 1 Portfolio Value Variation Amount, calculated by the EIF, means the aggregate of the impairment amounts in relation to the relevant Sub-window 1 Equity Product Operations identified by the EIF as impaired and calculated by the EIF in accordance with its policies and procedures in line with applicable accounting rules plus the aggregate of the realized losses from Sub-window 1 Equity Product Operations.
Sub-window 1 SMEW Revenues	Means any non-recallable amounts received from SMEW Equity Product Financial Intermediaries under Sub-window 1 Equity Product Operations or, in case of Multi-Stage Financial Intermediaries, the <i>pro rata</i> amount attributed to Sub-window 1 Equity Product Operations.
Sub-window 1 SMEW Equity Product Commitment Period	EIF shall be entitled to enter into Equity Product Operations during the Investment Period, provided that the relevant operation was approved by EIF's Board of Directors on or before 31 December 2020.
Sub-window 1 Complementary Implementation Framework	As a complement to the "EIF Guidelines for Equity Investments", the EIF applies detailed internal guidelines on good market practice for equity investments (which are revised and updated from time to time as required in response to changes in market practice deemed good and acceptable to

	<p>the EIF) and which address topics such as borrowing and lending by funds, on the date of effectiveness of this Section 3 of Annex I, as follows:</p> <p>“• <i>Borrowing by Funds: Borrowing by Funds should be limited in amount and short-term in nature. Notwithstanding the foregoing, long term borrowings may be allowed in specific cases if:</i></p> <ul style="list-style-type: none"> - <i>provided by the investors in such Funds alongside their equity only in their role as investors; or</i> - <i>in case of Funds pursuing hybrid debt/equity investments, provided by third parties and limited at any time to a debt-equity ratio of 1:1 per Fund.</i> <p>• <i>Lending by Funds: Lending by Funds, other than credit-focused funds, should only be made alongside or for the preparation of equity investments and should be limited to a maximum of 20% of the aggregate commitments at any point in time.</i></p> <p><i>Attention should be paid to the economic terms of the “loan” rather than its legal structure – it should be clear that, where lending structures are used by a Fund (e.g. a mezzanine fund) to make an investment carrying equity or mezzanine risk, such funding should be considered as equity or mezzanine irrespective of its legal form (convertible bonds/loans, loan with warrants, etc.).”</i></p>
Sub-window 1 SMEW Equity Product Selection Process	<p>Proposals submitted under the call will be selected in due consideration of the general principles of transparency, equal treatment and non-discrimination and in accordance with the following selection process:</p> <ul style="list-style-type: none"> (i) screening; (ii) due diligence; (iii) assessment and approval in accordance with EIF's internal assessment and decision making rules; and (iv) negotiation and signature. <p>At any time of the selection process, EIF may reject a proposal and shall inform the applicant accordingly and each applicant shall have the right to withdraw its proposal.</p> <p>The foregoing does not apply to Sub-window 1 Equity Product Operation made to SMEW Equity Product Financial Intermediaries managed or advised by EIF in the form of Fund-of-Funds.</p>
Sub-window 1 SMEW Equity Product Selection Criteria	<p>Any potential Sub-window 1 Equity Product Operation is subject to an assessment made by EIF (based on EIF's internal procedures) of the following criteria:</p> <ul style="list-style-type: none"> (i) EU Value-added of “High”, “Significant”, “Medium” or “Low”; (ii) specific market needs; (iii) structuring input; (iv) catalytic effect (with particular focus on potential crowding-in of private investments); and (v) expected performance. <p>Pan-European VC Fund-of-Funds</p> <p>Notwithstanding the foregoing, for the Pan-European VC Fund-of-Funds only, a specific selection process and specific selection criteria will be</p>

	agreed between the EIF and the Commission by the date of publication of the call of expression of interest.
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3.3. Specific terms for Sub-window 2 of the SMEW Equity Product

Sub-window 2 EFSI Guaranteed Operations	All IFE Operations shall benefit from the EU Guarantee, provided that, at any time, the aggregate amount of commitments to IFE Operations that are not EFSI-IFE Operations does not exceed the amount of IFE EP Contribution committed to IFE.
Sub-window 2 SMEW Product	<p>Means the EFSI contribution to the EFSI IFE Senior Tranche as defined in Sections 3.1 and 3.3 of this Annex I ("EFSI IFE Equity Participation").</p> <p>The amount of the EFSI EP Contribution (which includes the funding provided by the EIB for Sub-window 2) for the purpose of contributing to the EFSI IFE Senior Tranche shall not exceed four hundred and thirty million euros (EUR 430,000,000).</p> <p>In addition to the EFSI EP Contribution, IFE will be funded by the following resources:</p> <ul style="list-style-type: none"> (a) Up to seven hundred and twenty-seven million euros (EUR 727,000,000) (net of fees and management costs) out of IFE EP Contribution made available by EU to EIF to be contributed to the IFE FLP, as further set out in IFE, (b) Up to four hundred and sixty five million euros (EUR 465,000,000) out of the EIF EP Contribution made available by EIF to be contributed to the EIF IFE Senior Tranche, as further set out in the IFE. <p>Under the IFE, EIF provides equity investments to the IFE Financial Intermediaries that target IFE Final Recipients in their Early Stage. IFE shall be able to make co-investments in the Multi-Stage Financial Intermediaries together with the resources of Sub-window 1, as further set out in the IFE.</p>
Terms of the EFSI IFE Participation	<p>The EFSI EP Contribution, the EIF EP Contribution and the IFE EP Contribution shall fund each and every IFE Operation on a <i>pro rata</i> basis, as further set out in the IFE.</p> <p>Any reflows from the IFE Operations, other than IFE Recallable Amounts shall be allocated pursuant to the order of priority set out in the IFE. Any reflows allocated to the EFSI IFE Senior Tranche constitute Sub-window 2 SMEW Revenues.</p> <p>With respect to allocation of reflows, the EFSI EP Contribution contributed to the EFSI IFE Senior Tranche and the EIF EP Contribution contributed to the IFE EIF Senior Tranche (i) rank <i>pari passu</i> and (ii) rank senior to the IFE EP Contribution contributed to the IFE FLP.</p>
Sub-window 2 SMEW Equity Product Financial Intermediary	Means an IFE Financial Intermediary that has entered into an EFSI-IFE Operation.

EFSI-IFE Operation	<p>Means an IFE Operation which fulfills the relevant provisions of Section 3.1 and provided that:</p> <ul style="list-style-type: none"> (i) the relevant IFE Operation falls into the geographical scope set out in points g) and h) in the Section headed "Investment Criteria" in Section 3.2 of this Annex I; and (ii) the relevant IFE Operation is an IFE Grandfathered Operation or has been entered into after the IFE Second Commitment Period Start Date; and (iii) the relevant IFE Operation has been assessed at least "Medium" according to one or more of the EU Value-added criteria, as further set out in Section 3.1 of this Annex I and, for IFE Grandfathered Operations, in IFE; and (iv) the relevant IFE Financial Intermediary (other than a TT Financial Intermediary, a BA Fund, or a an IFE Financial Intermediary investing in the area of Social Impact) is managed by an entity which is controlled by individuals or privately held entities, as set forth in point (i) 2) of the Section headed "Investment Criteria" in Section 3.2 of this Annex I; and (v) the contractual documentation of the relevant IFE Operation contains the visibility language for EFSI, as set out in Article 51 of IFE. <p>At any time, the aggregate amount of commitments to IFE Operations which are not EFSI-IFE Operations shall not be greater than the Aggregate EU Contribution committed to IFE.</p> <p>As of 31 December 2020, the aggregate amounts of EFSI-IFE Operations approved in accordance with EIF's standard internal decision making process shall not be lower than the amount of the EFSI IFE Senior Tranche.</p> <p>Without prejudice to the foregoing paragraph, the EIF will aim that, as of 31 December 2022 the aggregate amount of commitments to EFSI-IFE Operations should not be lower than two times the amount of the EFSI IFE Senior Tranche.</p>
Sub-window 2 non-participation in certain investments	For EFSI-IFE Operations, Article 19 of the IFE shall apply.
Sub-window 2 SMEW Covered Amounts	For the EFSI IFE Equity Participation, the SMEW Covered Amounts means the total aggregate amount of the EFSI EP Contribution drawn down by the EIF from the EIB for the purpose of the EFSI IFE Equity Participation (including SMEW Equity Product Hedging) up to four hundred and thirty million euros (EUR 430,000,000).
Sub-window 2 SMEW Guaranteed Sums	<p>SMEW Guaranteed Sums with respect to the Sub-window 2 SMEW Covered Amounts means:</p> <ul style="list-style-type: none"> a) EFSI Sub-window 2 SMEW Portfolio Value Variation Amounts calculated in accordance with the IFE and reported from time to time by EIF to the EIB, net of aggregate of Sub-window 2 SMEW Replenishment Amounts;

	b) the aggregate amount of EFSI EP Contribution drawn down by EIF from EIB under the SMEW Facility (as defined in the EIB/EIF SMEW Agreement) for the purpose of making the EFSI IFE Equity Participation (including SMEW Equity Product Hedging) not repaid to EIB on the final repayment date of the SMEW Equity Product Funding, such date determined in Article 5 of the EIB/EIF SMEW Agreement.
Sub-window 2 SMEW Portfolio Value Variation Amount	Means the EFSI IFE Senior Tranche Impairment Amount which is the portion of the amount of IFE Impairments that exceeds the IFE FLP Outstanding Amount that is allocated to EFSI <i>pro rata</i> and <i>pari passu</i> with EIF IFE Senior Tranche Impairment Amount, as set out in the IFE.
Sub-window 2 SMEW Revenues	<p>Means the portion of non-recallable reflows received from IFE Operations and allocated by EIF to the EFSI IFE Senior Tranche on a <i>pro rata</i> and <i>pari passu</i> basis with amounts attributable to the EIF IFE Senior Tranche, as further set out in the IFE.</p> <p>Sub-window 2 SMEW Revenues comprise: (i) any repayment of commitments of the EFSI IFE Senior Tranche, (ii) any payment of the preferred return realized on the EFSI IFE Senior Tranche, (iii) any payment of the IFE Senior Tranche Funding Cost realized on the EFSI IFE Senior Tranche, and (iv) any payment allocated to the EFSI IFE Senior Tranche once the IFE FLP has been repaid in full, in each case as further set out in the IFE.</p>
Sub-window 2 SMEW Replenishment Amount	Means, in the case of Sub-window 2 SMEW Portfolio Value Variation Amount, the relevant portion of the EU Contribution subsequently committed and paid to IFE, if any, and allocated to EIB pursuant to the terms of the IFE.
Sub-window 2 Selection Process	The selection process set forth in IFE shall apply.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]		[REDACTED]		[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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<p>1. Introduction</p> <p>The purpose of this study is to investigate the effects of a new educational program on student performance. The program is designed to improve critical thinking and problem-solving skills through a series of interactive exercises and projects.</p>	<p>2. Methodology</p> <p>The study was conducted using a quasi-experimental design. A sample of 100 students was divided into two groups: an experimental group that received the new program and a control group that followed the traditional curriculum. Data was collected through pre-tests, post-tests, and a series of surveys.</p>	<p>3. Results</p> <p>The results of the study show that the experimental group performed significantly better than the control group on all measures of critical thinking and problem-solving. The improvement was most pronounced in the areas of logical reasoning and creative problem-solving.</p>	<p>4. Conclusion</p> <p>The findings of this study suggest that the new educational program is effective in enhancing student performance. The program should be implemented more widely in schools to provide all students with the opportunity to develop these essential skills.</p>
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[illegible]

3. EaSI Guarantee Enhancement

Capitalised terms in this Section 4 of Annex I to Schedule VII not otherwise defined in the Agreement shall have the meaning given to them in the EaSI Delegation Agreement.

Background for the SMEW Product

EIF is implementing the EaSI Guarantee Instrument. The instrument is provided in the form of capped guarantees covering portfolios of new financing made available by financial intermediaries for micro-finance and to social enterprises and has a twofold purpose:

- a) increase access to and the availability of microfinance for:
 - (i) vulnerable persons who have lost or are at risk of losing their job, or have difficulty in entering or re-entering the labour market, or are at risk of social exclusion, or are socially excluded, and are in a disadvantaged position with regard to access to the conventional credit market and who wish to start up or develop their own micro- enterprises, including self-employment; or
 - (ii) micro-enterprises in both start-up and development phase, especially micro-enterprises which employ persons as referred to in point (i);
- b) facilitate access to finance for social enterprises.

From 16 December 2016 and until 8 December 2017, the EaSI Guarantee Enhancement was provided in the form of a temporary frontloading by EFSI of the EU Contribution Committed towards the EaSI Guarantee Instrument (whereby the EIB/EIF SMEW Guarantee coverage was expected to be reduced by the annual EU Contribution thereafter).

Since 8 December 2017, the EaSI Guarantee Enhancement is provided in the form of the permanent second loss risk taking (top-up) by EFSI (whereby the EaSI Enhancement Ceiling will not be reduced by the annual EU Contribution). As a result, under the EaSI Guarantee Enhancement, EIF will be in a position to sign more guarantees under the EaSI Guarantee Instrument during the investment period (as this term is defined in Article 9.3(b) of the EFSI Regulation) than EIF would have signed with the amounts made available to EIF under the EaSI Delegation Agreement, but without the EFSI support.

SMEW Product or EaSI Guarantee Enhancement	EIF shall deliver an SMEW Product in the form of a second loss enhancement of capped guarantees covering transactions benefitting to micro-finance and social enterprises respectively. The EaSI Guarantee Enhancement shall be a guarantee product within the meaning of Article 3.1 of Schedule VII.
SMEW Product objective	The EaSI Guarantee Enhancement aims at increasing the EaSI Guarantee Instrument's capacity to improve access to finance for Final Recipients as further outlined in the EaSI Delegation Agreement.
EFSI Guaranteed Operations	Means, for the purpose of the EaSI Guarantee Enhancement, all Enhancement Operations as defined in the EaSI Delegation Agreement
SMEW EIB Covered Amounts	With respect to the EaSI Guarantee Enhancement, the SMEW EIB Covered Amounts shall be any amounts committed by EIF which exceed the EU Contribution Committed (net of Fees and Exceptional and Unforeseen Expenses as specified in the EaSI Delegation Agreement) for EaSI Guarantee Operations, and which are not released by EIF, as further specified below in this Annex. The SMEW EIB Covered Amounts which will be covered by EIB under the EIB/EIF SMEW Guarantee shall not exceed at any time the EaSI Enhancement Ceiling.

EaSI Enhancement Ceiling	Means the amount of one hundred million euros (EUR 100,000,000) increased as from the EFSI Additional Top-Up Effective Date by the EFSI Additional Top-Up of two hundred million euros (EUR 200,000,000), up to the total aggregate amount of three hundred million euros (EUR 300,000,000).
Principles of risk sharing and clawback	<p>Any guarantee calls and amounts required for non-euro hedging currency purposes related to EaSI Guarantee Operations will be covered first by the relevant EU Contribution Available either for the EaSI Microfinance Guarantee or for the EaSI Social Entrepreneurship Guarantee, and then, after the relevant EU Contribution Available has been reduced to zero, by the EFSI second loss piece by drawing on the EIB/EIF SMEW Guarantee as further set out in the EaSI Delegation Agreement.</p> <p>Only EFSI Guaranteed Operations are covered by EFSI. In accordance with the order of priority set out in the EaSI Delegation Agreement guarantee calls and/or amounts required for non-euro currency hedging purposes related to EFSI Guaranteed Operations may be paid by the relevant EU Contribution Available (on a first loss basis). If, after the full exhaustion of the relevant EU Contribution Available, guarantee calls and/or amounts required for non-euro currency hedging purposes related to non EFSI Guaranteed Operations occur, the guarantee calls and the amounts required for non-euro currency hedging purposes related to EFSI Guaranteed Operations that have been paid by the first loss will be subject to clawback. This clawback ensures that payments under the EIB/EIF SMEW Guarantee cover only EFSI Guaranteed Operations, as further set out in the EaSI Delegation Agreement.</p> <p>Clawback Amounts under the EaSI Delegation Agreement shall only become payable under the EIB/EIF SMEW Guarantee once the relevant EU Contribution Available is reduced to zero and only to the extent that the first loss piece available provided by EU Contribution has been used previously to pay for guarantee calls and amounts required for non-euro currency hedging purposes related to EFSI Guaranteed Operations, as further set out in the EaSI Delegation Agreement.</p> <p>Payments under the EIB/EIF SMEW Guarantee in relation to the EaSI Guarantee Enhancement shall not exceed the SMEW EIB Covered Amounts.</p> <p>Any guarantee calls under EFSI Guaranteed Operations but related to Final Recipients which are not established in a Member State of the EU at the date of signing of the Final Recipient Transaction shall be treated as if these Final Recipients Transactions were entered into under non EFSI Guaranteed Operations and subject to the principle of clawback described above.</p> <p>Monies drawn down from the EIB/EIF SMEW Guarantee that are not utilised or not expected to be utilised, in whole or in part, for the purpose of hedging or, as the case may be, paying under a specific EaSI Guarantee Operation, shall be retained by EIF, including if converted to EUR, and applied for any other EaSI Guarantee Operations prior to drawing down further amounts from the EIB. However, if such amounts are not expected to be used in accordance with the previous paragraph, they shall be converted to EUR, if not previously converted, and treated as remaining SMEW Available Amounts, in accordance with point (f) of Article 5 of Schedule VII.</p> <p>For the avoidance of doubt, monies drawn down from the EIB/EIF SMEW Guarantee for the purpose of hedging does not constitute a reduction of the SMEW EIB Covered Amounts.</p>

SMEW Guaranteed Sums	Means the Guaranteed Enhancement Amount as set out in the EaSI Delegation Agreement.
SMEW Replenishment Amount	Any Guaranteed Enhancement Amount paid by the EIB/EIF SMEW Guarantee or payments under Article 5(e) of Schedule VII of this Agreement which may be subsequently reimbursed in accordance with the EaSI Delegation Agreement.
Release of the EFSI second loss piece	<p>After the end of the Commitment Period and on an annual basis thereafter until the Termination Date, as soon as the aggregate amounts needed in respect of actual or potential claims of Operations become lower than the sum of the SMEW EIB Covered Amounts and the relevant EU Contribution Committed towards EaSI Guarantee Operations, such difference shall be allocated in accordance with the order of priority specified below:</p> <p>First, release the relevant part of the EIB/EIF SMEW Guarantee until the EFSI Exposure has been reduced to zero;</p> <p>Second, for the de-commitment of the relevant EU Contribution Committed, as further set out in the EaSI Delegation Agreement.</p>
SMEW Revenues	The EaSI Guarantee Enhancement shall not give rise to SMEW Revenues
SMEW Recoveries	SMEW Recoveries, if any, shall be treated as Replenishment Amounts in accordance with the EaSI Delegation Agreement. Any rights of subrogation under Article 10.1 of this Agreement shall not apply.
EIB Funding Costs	No EIB Funding Costs shall arise in connection with the EaSI Guarantee Enhancement.
SMEW Costs	<p>SMEW Costs related to EFSI Guaranteed Operations may arise in connection with the EaSI Guarantee Enhancement, without prejudice to the provisions of the EaSI Delegation Agreement.</p> <p>SMEW Costs related to EFSI Guaranteed Operations which have not otherwise been discharged under the EaSI Delegation Agreement shall be payable under this Agreement (i.e. a SMEW Cost cannot be covered twice).</p>
EIF Administrative Fees	<p>With respect to EaSI Guarantee Enhancement, EIF shall be entitled to EIF Administrative Fees in accordance with the EaSI Guarantee Enhancement Fee Appendix provided below.</p> <p>The EIF Administrative Fees with respect to EaSI Guarantee Enhancement are without prejudice to fees in relation to EaSI Contribution Committed, as specified under the EaSI Delegation Agreement.</p>
Visibility Requirements	Under the SMEW EFSI Operations under the EaSI Guarantee Enhancement the relevant Financial Intermediary shall provide the EIF with a written acknowledgment (whether in the contractual documentation documenting the relevant operation or by separate acknowledgment), as further specified in the EaSI Delegation Agreement.

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
			[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

5. Cultural and Creative Sectors Guarantee Facility Enhancement

Capitalised terms in this Section 2 of Annex I to Schedule VII not otherwise defined in the Agreement shall have the meaning given to them in the CCS Delegation Agreement.



Background for the SMEW Product

EIF is implementing the Cultural and Creative Sectors Guarantee Facility under the CCS Delegation Agreement, an instrument aiming to contribute to the reduction of the structural shortcoming of the SME financing market by addressing the particular difficulties that viable SMEs in the Cultural and Creative Sectors face in accessing finance, due *inter alia* to the intangible nature of many of their assets, the prototype profile of their activities, and their intrinsic need to take risks and experiment in order to innovate.

Under the Cultural and Creative Sectors Guarantee Facility, EIF issues guarantees to financial intermediaries covering portfolios of new financing made available by financial intermediaries to eligible final recipients, under the conditions further set out in the CCS Delegation Agreement.

The Cultural and Creative Sectors Guarantee Facility was originally implemented using exclusively the EU Contribution Committed available on a yearly basis under the CCS Delegation Agreement.

Since 12 December 2017 the CCS GF Enhancement is provided in the form of the permanent second loss risk taking (top-up) by EFSI. As a result, under the CCS GF Enhancement, EIF will be in a position to enter into more guarantee exposures under CCS GF during the investment period, as specified in Article 9.3(b) of the EFSI Regulation, than EIF would have signed with the amounts made available to EIF under the CCS Delegation Agreement, but without EFSI support.

SMEW Product	EIF shall deliver an SMEW Product in the form of a second loss enhancement of a portfolio of capped guarantees supporting lending for SMEs and other eligible final recipients in the cultural and creative sectors (such SMEW Product being the "CCS GF Enhancement"). The CCS GF Enhancement shall be a guarantee product within the meaning of Article 3.1 of Schedule VII.
SMEW Product objective	The CCS GF aims at increasing the CCS GF capacity in order to enhance access to finance for eligible final recipients in the cultural and creative sectors
EFSI Guaranteed Operations	Means, for the purpose of the CCS GF Enhancement, all Operations entered into by EIF pursuant to the CCS Delegation Agreement in the form of CCS GF Enhancement Operations.
SMEW EIB Covered Amounts	With respect to the CCS GF Enhancement, the SMEW EIB Covered Amounts shall be any amounts committed by EIF which exceed the EU Contribution Committed Towards CCS GF Operations and which are not released by EIF, as further specified below in this Annex. The SMEW EIB Covered Amounts which will be covered by EIB under the EIB/EIF SMEW Guarantee for the CCS GF Enhancement shall not exceed at any time the CCS GF Enhancement Ceiling.
	

<p>Principles of risk sharing and clawback</p>	<p>Any guarantee calls and amounts required for non-euro currency hedging purposes related to CCS GF Operations will be covered first by the EU Contribution Available Amount on a first loss basis, second by the EFSI second loss piece (after the EU Contribution Available Amount has been reduced to zero) by drawing on the EIB/EIF SMEW Guarantee as further set out in the CCS Delegation Agreement.</p> <p>Only EFSI Guaranteed Operations are covered by EFSI. In accordance with the order of priority set out in the CCS Delegation Agreement, guarantee calls and/or amounts required for non-euro currency hedging purposes related to EFSI Guaranteed Operations may be paid by by EU Contribution Available on a first loss basis. If, after the full exhaustion of the EU Contribution Available Amounts, guarantee calls and/or amounts required for non-euro currency hedging purposes related to non EFSI Guaranteed Operations occur, the guarantee calls and the amounts required for non-euro currency hedging purposes related to EFSI Guaranteed Operations that have been paid by the first loss will be subject to clawback. This clawback ensures that payments under the EIB/EIF SMEW Guarantee cover only EFSI Guaranteed Operations, as further set out in the CCS Delegation Agreement.</p> <p>CCS Clawback Amounts shall only become payable under the EIB/EIF SMEW Guarantee once the EU Contribution Available Amount is reduced to zero and only to the extent that the first loss piece available provided by the CCS EU Contribution has been used previously to pay for guarantee calls and amounts required for non-euro currency hedging purposes related to EFSI Guaranteed Operations, as further set out in the CCS Delegation Agreement.</p> <p>Payments under the EIB/EIF SMEW Guarantee in relation to the CCS GF Enhancement shall not exceed the SMEW EIB Covered Amounts.</p> <p>Any guarantee calls under EFSI Guaranteed Operations but related to CCS Final Recipients which are not established in a Member State of the EU at the date of signing of the CCS Final Recipient Transaction shall be treated as if these CCS Final Recipients were entered into under non EFSI Guaranteed Operations and subject to the principle of clawback described above.</p> <p>Monies drawn down from the EIB/EIF SMEW Guarantee that are not utilised or not expected to be utilised, in whole or in part, for the purpose of hedging or, as the case may be, paying under a specific CCS GF Operation, shall be retained by EIF, including if converted to EUR, and applied for any other CCS GF Operations prior to drawing down further amounts from the EIB. However, if such amounts are not expected to be used in accordance with the previous paragraph, they shall be converted to EUR, if not previously converted, and treated as remaining SMEW Available Amounts, in accordance with point (f) of Article 5 of Schedule VII.</p> <p>For the avoidance of doubt, monies drawn down from the EIB/EIF SMEW Guarantee for the purpose of hedging does not constitute a reduction of the SMEW EIB Covered Amounts.</p>
<p>SMEW Guaranteed Sum</p>	<p>Means the CCS GF Enhancement Guaranteed Sums as set out in the CCS Delegation Agreement.</p>
<p>SMEW Replenishment Amount</p>	<p>Any CCS GF Enhancement Guaranteed Sums Paid either by the EIB/EIF SMEW Guarantee or payments under Article 5(e) of Schedule VII of this Agreement which may be subsequently reimbursed in accordance with the CCS Delegation Agreement.</p>

Release of the EFSI second loss piece	<p>After the end of the Commitment Period and on an annual basis thereafter until the Termination Date, as soon as the aggregate amounts needed in respect of actual or potential claims of CCS GF Operations becomes lower than the sum of the SMEW EIB Covered Amounts and the EU Contribution Committed Towards CCS GF Operations, such difference shall be allocated in accordance with the order of priority specified below:</p> <ul style="list-style-type: none"> • First, release the relevant part of the EIB/EIF SMEW Guarantee until the CCS EFSI Exposure has been reduced to zero; • Second, for the de-commitment of the EU Contribution Committed, as further set out in the CCS Delegation Agreement
SMEW Revenues	The CCS GF Enhancement shall not give rise to SMEW Revenues
SMEW Recoveries	SMEW Recoveries shall be treated as CCS GF Enhancement Replenishment Amounts in accordance with Article 8.14 of the CCS Delegation Agreement. Any rights of subrogation under Article 10.1 of this Agreement shall not apply.
EIB Funding Costs	No EIB Funding Costs shall arise in connection with the CCS LGF Enhancement.
SMEW Costs	<p>SMEW Costs may arise in connection with the CCS GF Enhancement, without prejudice to the provisions of the CCS Delegation Agreement.</p> <p>SMEW Costs related to EFSI Guaranteed Operations which have not otherwise been discharged under the CCS Delegation Agreement shall be payable under this Agreement (i.e. a SMEW Cost cannot be covered twice).</p>
EIF Administrative Fees	<p>With respect to CCS GF Enhancement, EIF shall be entitled to EIF Administrative Fees in accordance with the CCS GF Enhancement Fee Appendix provided below.</p> <p>The EIF Administrative Fees with respect to CCS GF Enhancement are without prejudice to fees in relation to CCS EU Contribution Committed, as specified under the CCS Delegation Agreement.</p>
Visibility Requirements	Under the SMEW EFSI Operations under the CCS GF Enhancement the relevant Financial Intermediary shall provide the EIF with a written acknowledgment (whether in the contractual documentation documenting the relevant operation or by separate acknowledgment), as further specified in the CCS Delegation Agreement.

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
		[REDACTED]		[REDACTED]	[REDACTED]
		[REDACTED]		[REDACTED]	[REDACTED]
		[REDACTED]		[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
		[REDACTED]		[REDACTED]	[REDACTED]
		[REDACTED]		[REDACTED]	[REDACTED]
		[REDACTED]		[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
		[REDACTED]		[REDACTED]	[REDACTED]
		[REDACTED]		[REDACTED]	[REDACTED]
		[REDACTED]		[REDACTED]	[REDACTED]

[REDACTED]

6. Private Credit Tailored for SMEs Product

6.1. General terms

The terms described in this section relate to Private Credit Tailored for SMEs Product.

Definitions	<p>In addition to the defined terms set out elsewhere in the Agreement (including in Schedule VII), the following capitalized terms shall have the meaning alongside them for the purpose of Section 6 of this Annex I. In the event that there is any conflict between the terms of the Agreement and these definitions, these definitions will prevail:</p> <p>"Calculation Date" means the last Business Day of a calendar quarter.</p> <p>"Calculation Period" means the period between two consecutive Calculation Dates.</p> <p>"Control" 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>"Covered Investor" has the meaning given to this term in Section 6.3 of this Annex I.</p> <p>"Day Count Fraction" means with respect to a calendar quarter, a quotient of the actual number of days in a Calculation Period.</p> <p>"EU Value-added" has the meaning given to this term in the Section headed "EU Value-added – Selection indicators" in Section 6.1 of this Annex I.</p> <p>"EFSI PC Contribution" is the aggregate of EFSI PC Sub-window 1 Contribution and EFSI PC Sub-window 2 Contribution.</p> <p>"EIF PC Contribution" is the aggregate of EIF Sub-window 2 Contribution and EIF Sub-window 2 Contribution.</p> <p>"EFSI PC Sub-window 1 Contribution", "EFSI PC Sub-window 2 Contribution", "EIF PC Sub-window 1 Contribution", "EIF PC Sub-window 2 Contribution" have the meaning given to these terms in Section 6.1 "General terms".</p> <p>"Excluded Recipient" means an entity that cannot benefit directly or indirectly from financing supported by the SMEW PC Product as a result of the application of the Guidelines on EIF Restricted Sectors and applicable legislation.</p> <p>"Minimum Allocation" has the meaning given to this term in the Section headed "PC Sub-window 1 Investment Criteria" in Section 6.2 of this Annex I.</p>
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	<p>"PC Operation" means: (i) with respect to PC Sub-window 1, a PC Sub-window 1 Operation and (ii) with respect to PC Sub-window 2, a PC Sub-window 2 Operation.</p> <p>"PC Sub-window 1" or "S1" has the meaning given to this term in the Section headed "General Terms" in Section 6.1 of this Annex I.</p> <p>"PC Sub-window 1 Operation" has the meaning given to this term in the Section headed "Specific terms for Sub-window 1 of the SMEW PC Product" in Section 6.2 of this Annex I.</p> <p>"PC Sub-window 2" or "S2" has the meaning given to this term in the Section headed "General Terms" in Section 6.1 of this Annex I.</p> <p>"PC Sub-window 2 Operation" has the meaning given to this term in the Section headed "Specific terms for Sub-window 2 of the SMEW PC Product" in Section 6.3 of this Annex I.</p> <p>"PC Sub-window 2 Portfolio", has the meaning given to this term in the Section headed "Specific terms for Sub-window 2 of the SMEW PC Product" in Section 6.3 of this Annex I.</p> <p>"Primary Investment" means a direct or indirect investment (including in the form of debt) in a final beneficiary resulting in financing flowing directly or indirectly into the final beneficiary. Any investment entailing a transfer of an existing financing from an existing lender to a SMEW PC Product Financial Intermediary not resulting in financing flowing directly or indirectly into the final beneficiary shall not be considered as a Primary Investment under this Section 6 unless such transfer to the SMEW PC Product Financial Intermediary has occurred within 4 months from the date such financing has initially been funded by the existing lender provided that such financings comply with the requirements set out in this Agreement.</p> <p>"Senior Debt" means a non-contractually subordinated, non-distressed, secured or unsecured, debt in any legal form.</p> <p>"SMEW PC Product" has the meaning given to this term in the Section headed "SMEW Product" in Section 6.1 of this Annex I.</p> <p>"SMEW PC Product Account" has the meaning given to this term in the Section headed "SMEW PC Product Account and drawdowns" in Section 6.1 of this Annex I.</p> <p>"SMEW PC Product Effective Date" means the later of the following dates:</p> <ul style="list-style-type: none"> (i) Signing date of the Fourth Amendment and Restatement Agreement and EIB/EIF SMEW Agreement (ii) Approval of the SMEW PC Product enshrined in the aforementioned amendment of EFSI Agreement by the Steering Board and the Managing Director. <p>"SMEW PC Product Financial Intermediary" has the meaning given to this term in the Section headed "SMEW PC Product Financial Intermediary" in Section 6.1 of this Annex I.</p> <p>"SMEW PC Product Target Recipient" means (i) an SME or a Small Mid-cap, financed directly or indirectly by a SMEW PC Product Financial Intermediary under a Primary Investment, which is (ii) established or</p>
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	operating in the EU, and (iii) which is not an Excluded Recipient. The above criteria shall be met at the time of the first investment therein by an SMEW PC Product Financial Intermediary.
SMEW Product	<p>The SMEW Product composed of the following two sub-windows:</p> <ul style="list-style-type: none"> (i) PC Sub-window 1, under which EIF enters into PC Sub-window 1 Operations in accordance with the terms of Section 6.2 of this Annex I, (ii) PC Sub-window 2, under which EIF enters into PC Sub-window 2 Operations, in accordance with the terms of Section 6.3 of this Annex I, <p>(the “SMEW PC Product”).</p>
SMEW PC Product objective	<p>The purpose of the SMEW PC Product is to increase the volume and diversity of alternative debt financing available to European SMEs and Small Mid-Caps. The SMEW PC Product aims at contributing to the policy objective of a Capital Markets Union by: (i) increasing the availability of market-based and tailor-made funding solutions for European SME and Small Mid-Caps, (ii) encouraging pan-European investment activity beyond nationally focused investments, and (iii) facilitating a diversification of funding sources for SMEs and Small Mid-Caps.</p> <p>The SMEW PC Product shall aim at mobilizing investments in SMEW PC Product Target Recipients for an aggregate amount of at least 12 times of the aggregate of:</p> <ul style="list-style-type: none"> a) in the case of PC Sub-window 1 Operations: the EFSI S1 Contribution drawn down from EIF for the purpose of investment b) in the case of PC Sub-window 2 Operations: the EFSI S2 Contribution covering PC Sub-window 2 Operation's Disbursed Amount. <p>In implementing the SMEW PC Product, EIF will aim that the aggregate of:</p> <ul style="list-style-type: none"> a) PC Sub-window 1 Operations; and b) PC Sub-window 2 Operations <p>will amount to eight hundred thirty five million euros (EUR 835,000,000).</p> <p>It is being understood that the achievement of the above objectives shall be rewarded by the payment to EIF of performance fees as set forth in Section 6.4 of this Annex I.</p>
SMEW PC Product Funding	<p>Following the SMEW PC Product Effective Date:</p> <ul style="list-style-type: none"> 1) With respect to Sub-window 1, PC Sub-window 1 Operations shall be financed in the following manner:

	<p>a) 30% of PC Sub-window 1 Operations using funding available by EIB, up to the aggregate of two hundred million euros (EUR 200,000,000) further increased as from EFSI Additional Top Up Effective Date by EFSI Additional Top-Up of fifty million euros (EUR 50,000,000) introduced by the Fifth Amendment and Restatement Agreement, to fund the EFSI S1 FLP for an aggregate amount up to two hundred and fifty million euros (EUR 250,000,000), ranking junior to EIF S1 Senior Tranche as further set out in the Section 6.2. ("EFSI PC Sub-window 1 Contribution") -</p> <p>b) 70% of PC Sub-window 1 Operations using EIF funding up to the aggregate amount of four hundred and seventy million euros (EUR 470,000,000) further increased as from EFSI Additional Top Up Effective Date by an additional amount of one hundred and fifteen million euros (EUR 115,000,000) euros to be used alongside and pro-rata with EFSI Additional Top-Up, to fund EIF S1 Senior Tranche up to five hundred and eighty five million euros (EUR 585,000,000) ranking senior to EFSI S1 FLP as further set out in the Section 6.2. ("EIF PC Sub-window 1 Contribution").</p> <p>2) With respect to the PC Sub-window 2, PC Sub-window 2 Operations shall be covered in the following manner:</p> <p>a) 30% the PC Sub-window 2 Portfolio on a first loss risk taking basis by the EIB/EIF PC Guarantee, initially allocated zero euros (EUR 0) with a possibility for EIF to re-allocate from PC Sub-window 1 up to the aggregate of one hundred million euros (EUR 100,000,000) unless increased by an EFSI S1 FLP Unfunded Risk Transfer Amount as further set out in Section 6.2 ("EFSI PC Sub-window 2 Contribution")</p> <p>b) 70% of PC Sub-window 2 Portfolio by the EIF on a second loss risk taking basis, up to the aggregate of two hundred and thirty million euros (EUR 230,000,000) ("EIF PC Sub-window 2 Contribution").</p> <p>provided that the EFSI PC Contribution and the EIF PC Contribution shall not exceed two hundred and fifty million euros (EUR 250,000,000) and five hundred and eighty-five million euros (EUR 585,000,000), respectively.</p> <p>No EIB funding is required under PC Sub-window 2 of the SMEW PC Product.</p>
EU Value-added – Selection Indicators	<p>The EIF shall assess the EU-relevant value-added (the "EU Value-added") of each PC Operation proposal prior to its approval by the relevant governing body of EIF.</p> <p>EIF's assessment of the EU Value-added shall result in a score of "High", "Significant", "Medium" or "Low" (to be reported as KPI 1 for the purpose of the SMEW PC Product) on the basis of the following indicators relating to an underlying SMEW PC Product Financial Intermediary:</p> <p>a) the SMEW PC Product Financial Intermediary promotes a pan-European investment focus by targeting to invest in more than one Member State of the EU, based <i>inter alia</i> on its management team's track-record, strategy, pipeline, office location, composition, or on the fact that it targets to invest less than 75 % of its invested amounts in any single Member State of the EU;</p>

	<p>b) the SMEW PC Product Financial Intermediary promotes a pan-European investment activity by attracting investors based in more than one Member State(s) of the EU, based <i>inter alia</i> on its manager's fundraising track-record or fundraising plans or strategy;</p> <p>c) the SMEW PC Product Financial Intermediary targets to invest in Member State(s) of the EU where, within the 5 years preceding the application for investment under the SMEW PC Product, specific laws or regulations or other initiatives were undertaken in the Member State(s) promoting the development of private credit markets/products or increasing the availability of market-based credit solutions;</p> <p>d) the SMEW PC Product Financial Intermediary significantly focuses on increasing the availability of tailor-made funding solutions, based on an investment strategy predominantly targeting facilities with one or more of the following features: (i) tenor of 5 years or more, (ii) flexible repayment schedules i.e. bullet repayments or grace periods of 12 months or more, (iii) unitranche financing, (iv) unsecured lending, or (v) tailored asset-based financing;</p> <p>e) the SMEW PC Product Financial Intermediary targets to support internationalization of the portfolio companies;</p> <p>f) the SMEW PC Product Financial Intermediary is managed by a manager/management team, which for the first time is managing a credit fund predominantly focused on illiquid senior financing;</p> <p>g) the SMEW PC Product Financial Intermediary targets financing originated through crowdfunding platforms;</p> <p>h) the SMEW PC Product Financial Intermediary targets to invest in Member State(s) of the EU where "<i>willingness of banks to provide a loan</i>" and/or "<i>rejected loan applications and unacceptable loan offers</i>" have weaker performance than the EU average, in each case in accordance with 2017 SBA Fact Sheet published by the European Commission for the relevant Member State(s) (https://ec.europa.eu/docsroom/documents/29489).</p> <p>If one or more of the above indicators are met, the EU Value Added of the PC Operation proposal will be assessed by the EIF as "Medium", "Significant" or "High", and may be considered for investment (under PC Sub-window 1) and/or investor unfunded protection (under PC Sub-window 2) under the SMEW PC Product.</p> <p>If none of the above indicators are met, the EU Value-added of the PC Operation proposal will be assessed by the EIF as "Low" and the proposal will not be eligible for investment (in the case of PC Sub-window 1) or investor unfunded protection (in the case of PC Sub-window 2) under the SMEW PC Product.</p>
SMEW PC Product Financial Intermediary	Means an investment fund, a (co-) investment scheme in any form (including managed accounts and other types of contractual arrangements), or a special purpose vehicle, in any form, established or to be established, which, applying a portfolio investment approach, invests, directly or indirectly, predominantly in the form of Senior Debt, while the SMEW PC Product Financial Intermediary may also invest, directly or indirectly, in non-distressed contractually subordinated debt or hybrid debt-equity.

EFSI Guaranteed Operations	For the purposes of the SMEW PC Product, means the PC Sub-window 1 EFSI Guaranteed Operations and the PC Sub-window 2 Guaranteed Operations as set forth respectively, in Sections 6.2 and 6.3 of this Annex I.
Implementation Framework	In implementing PC Operations, the EIF shall apply its relevant internal policies and guidelines, such as the "EIF Anti-Fraud Policy", the "EIB Group Policy towards Weakly Regulated, Non-transparent and Non-cooperative Jurisdictions and Tax Good Governance", the "EIF Transparency Policy" and the "Guidelines on EIF Restricted Sectors", as such internal policies and guidelines may be amended or replaced from time to time, provided that in case of any conflict or discrepancy between the terms of any such internal policies and guidelines and the terms of this Agreement, this Agreement shall prevail. Such internal policies and guidelines shall be communicated to the EU. Nothing in this provision shall restrict the full applicability of Article 2.1 and Article 3 of this Agreement, as they have been acknowledged by the EIF in relation to the SMEW.
SMEW PC Product Funding Costs	Means the EIB Funding Costs relating to the funding of EFSI PC Sub-window 1 Contribution drawn down by EIF from EIB, which shall be calculated in accordance with this Agreement.
SMEW PC Product Hedging	<p>PC Operations might be in non-Euro therefore creating currency risk. To secure the amount of EUR needed to cover the foreign exchange risk of non-EUR denominated PC Operations, where possible, EIF may arrange currency risk hedging in the following way:</p> <ol style="list-style-type: none"> 1) in case of PC Sub-window 1: drawing in EUR under the SMEW PC Product Funding to purchase up to the entire amount committed at the relevant closing out of the EFSI PC Sub-window 1 Contribution in non-EUR currency for the non-EUR PC Operations, taking into account the date when the SMEW PC Financial Intermediary has achieved the closing in which EIF participates; 2) in case of PC Sub-window 2: drawing on the EU Guarantee to purchase at least expected loss amount and up to the entire amount committed out of the EFSI PC Sub-window 2 Contribution to the non-EUR PC Sub-window 2 Operations, following the date around when the SMEW PC Financial Intermediary has achieved the closing in which Covered Investor participates.
SMEW PC Product Account and drawdowns	<p>Means any bank account to be opened and operated by the EIF in any currency with one or more banks selected by the EIF among European financial institutions for all purposes provided for under this Agreement, with a long term rating of at least "A2" Moody's equivalent or, for non-EUR deposits, of at least "Baa3" Moody's equivalent ("SMEW PC Product Account"). EIF may open separate SMEW PC Product Accounts with respect to Sub-window 1 and Sub-window 2 of SMEW PC Product.</p> <p>Without prejudice to the provisions set out under SMEW PC Product Hedging, drawdowns under the SMEW Facility (as defined in the EIB/EIF SMEW Agreement) for Sub-window 1 of the SMEW PC Product, shall be made only if, taking into account expected disbursements, commitments made and the SMEW Funding Facility Period and any extension thereof, reasonably required or necessary for the due implementation of the Sub-window 1 of SMEW PC Product (including any obligations that EIF may have in respect of the PC Sub-window 1 Operations after the final repayment date of any amounts drawn down and outstanding under the SMEW Facility, as defined in the EIB/EIF SMEW Agreement) and subject to draw downs being for a minimum amount to be agreed between the Parties and EIF. EIF shall apply its professional due diligence in respect thereof.</p>

	<p>Without prejudice to the foregoing, monies drawn down from the EIB/EIF PC Guarantee or the SMEW Facility (as defined in the EIB/EIF SMEW Agreement), as the case may be, that are not utilized or not expected to be utilized, in whole or in part, for the purpose of financing (including its hedging) or as the case may be paying under a specific PC Operation, shall be retained on the relevant SMEW PC Product Account, included if converted to EUR, and applied for any other PC Operation prior to drawing down further amounts from the EIB. However, if such amounts are not expected to be used in accordance with the previous paragraph, they shall be converted to EUR, if not previously converted, and treated as remaining SMEW Available Amounts, in accordance with point (f) of Article 5 of Schedule VII.</p> <p>For the avoidance of doubt, monies drawn down from the EIB/EIF PC Guarantee for the purpose of hedging does not constitute a reduction of the PC Sub-window 2 SMEW Covered Amounts.</p>
SMEW Costs	Means the costs as specified in Article 1 of Schedule VII incurred by EIF for the implementation of the SMEW PC Product and which shall be reimbursed or paid to EIF in accordance with item (a) of Article 5 of Schedule VII.
SMEW EIB Covered Amounts	<p>Means:</p> <ul style="list-style-type: none"> a) the PC Sub-window 1 SMEW Covered Amounts and the Sub-window 2 SMEW Covered Amounts, provided that the aggregate amount of which shall not exceed two hundred and fifty million euros (EUR 250,000,000); and b) the EIB Funding Costs in relation to the PC Sub-window 1 of SMEW PC Product.
SMEW Guaranteed Sums	<p>Means:</p> <ul style="list-style-type: none"> a) the PC Sub-window 1 SMEW Guaranteed Sums and the PC Sub-window 2 SMEW Guaranteed Sums; and b) the EIB Funding Costs in relation to the to the PC Sub-window 1 of the SMEW PC Product.
SMEW Revenues	Means the sum of the PC Sub-window 1 SMEW Revenues and the PC Sub-window 2 SMEW Revenues, as defined in Sections 6.2. and 6.3. of this Annex I.
SMEW Recoveries	<p>Means PC Sub-window 2 SMEW Recoveries, as defined in Section 6.3 of this Annex I.</p> <p>Any rights of subrogation under Article 10.1 of this Agreement shall not apply.</p> <p>No SMEW Recoveries shall arise in connection with the PC Sub-window 1 of SMEW PC Product.</p>

SMEW PC Product Commitment Period	<p>EIF shall be entitled to enter into PC Operations as from the SMEW PC Product Effective Date until the end of the Investment Period, provided that the relevant operation was approved by EIF's Board of Directors on or before 31 December 2020 and provided that the approval remains valid at the time of the signature of the PC Operation. Notwithstanding the above, PC Operations approved by EIF's Board of Directors not more than 6 months before SMEW PC Product Effective Date shall be eligible under SMEW PC Product.</p>
SMEW PC Product Application and Selection Process	<p>With respect to Sub-window 1</p> <p>The EIF shall select the SMEW PC Product Financial Intermediaries through an open and transparent call for expression of interest organized under its own rules and procedures in accordance with the following selection process:</p> <ul style="list-style-type: none"> (i) screening (pre-selection); (ii) due diligence; (iii) assessment and approval in accordance with EIF's internal assessment and decision making rules (which shall always include the decision of the EIF's board of directors); and (iv) negotiation and signature. <p>At any time of the selection process, EIF may reject a proposal and shall inform the applicant accordingly and each applicant shall have the right to withdraw its proposal.</p> <p>The selection of an applicant SMEW PC Product Financial Intermediary is based on the assessment made by EIF (based on EIF's internal procedures) of the following criteria:</p> <ul style="list-style-type: none"> (i) EU Value-added of "High", "Significant", "Medium" or "Low"; (ii) specific market needs; (iii) structuring input; (iv) catalytic effect (with particular focus on potential crowding-in of private investments); and (v) expected performance. <p>Should any application for financing be made to the EIF without specifically referring to the call for expression of interest referred to above, and should the EIF consider this application eligible for the SMEW PC Product, the EIF shall inform the applicant thereof in writing (including by e-mail) and therefore, should the selection under the SMEW PC Product occur, the respective terms and conditions of the call for expression of interest will apply. Any of the selection steps undertaken by the EIF until such reallocation of the application shall remain valid.</p> <p>With respect to Sub-window 2</p> <p>No separate call for expression of interest shall apply. A proposal to extend investment protection to a prospective investor in or alongside the SMEW PC Product Financial Intermediary may be made by the selected SMEW PC Product Financial Intermediary and shall be assessed by EIF using the same degree of diligence as if EIF was using its own resources and relevant provisions set out in Section 6.3.</p>

Visibility Requirements	Article 8 of Schedule VII and Article 31 of this Agreement shall apply. No additional visibility requirements shall be required for PC Product Operations.
Controls, audit and evaluations	Part J of the Agreement shall apply to PC Product Operations.

6.2. Specific terms for Sub-window 1 of the SMEW PC Product

Sub-window 1 Definitions	<p>In addition to the defined terms set out elsewhere in the Agreement (including in Section 6.1 of Schedule VII), the following capitalized terms shall have the meaning alongside them for the purpose of Section 6.2 of this Annex I:</p> <p>[REDACTED]</p> <p>"EFSI S1 FLP" means at any time the aggregate euro amount of EFSI PC Contribution committed by EIF to PC Sub-window 1 Operations, ranking junior to EIF S1 Senior Tranche in respect of allocations of Sub-window 1 Reflows.</p> <p>"EFSI S1 FLP Outstanding Amount" means, at any time, EFSI S1 FLP less the aggregate amount of Sub-window 1 Reflows allocated to it under the Section "PC Sub-window 1 Reflows Allocation".</p> <p>"EIF S1 Senior Tranche" means at any time, the aggregate euro amount committed by EIF to PC Sub-window 1 Operations, ranking senior to EFSI S1 FLP in respect of allocations of Sub-window 1 Reflows.</p> <p>"EIF S1 Senior Tranche Outstanding Amount" means, at any time the EIF S1 Senior Tranche less the aggregate of amounts of PC Sub-window 1 Reflows allocated to it under the Section "PC Sub-window 1 Reflows Allocation".</p> <p>"EIF S1 Senior Tranche Disbursed Amount" means, at any time, the aggregate amount drawn down by SMEW PC Product Financial Intermediaries that is attributable to the EIF S1 Senior Tranche.</p> <p>"EIF S1 Senior Tranche Interest" means with respect to a Calculation Period, a euro amount calculated, pro rata temporis, as a product of (i) the EIF S1 Senior Tranche Disbursed Amount less the aggregate of amounts allocated to it under the Section "Sub-window 1 Reflows Allocation" and increased by EIF S1 Senior Tranche Capitalized Interest, for of the relevant Calculation Period and (ii) the Coupon Rate.</p> <p>"EIF S1 Senior Tranche Capitalized Interest" means in respect to a Calculation Period, the aggregate of EIF S1 Senior Tranche Interest accrued in any preceding Calculation Period and not yet paid to EIF.</p> <p>"PC Sub-window 1 Operation" means a commitment or an agreement in any form entered into by EIF to invest in or alongside a SMEW PC Product Financial Intermediary, excluding any co-investments from other resources managed or advised by EIF, if any.</p> <p>"PC Sub-window 1 Reflows" means any amounts received from SMEW PC Product Financial Intermediary under PC Sub-window 1 Operation that are</p>
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	subject to allocation under the Section "PC Sub-window 1 Reflows Allocation".
Sub-window 1 SMEW PC Product	Following the SMEW PC Product Effective Date, EIF may enter into investment commitments in the form of PC Sub-window 1 Operations.
PC Sub-window 1 Reflows Allocation	<p>[REDACTED]</p> <ul style="list-style-type: none"> ■ [REDACTED] ■ [REDACTED] ■ [REDACTED] ■ [REDACTED] ■ [REDACTED] <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
EFSI S1 FLP Unfunded Risk Transfer Amount	<p>Means at any Calculation Date, the amount of PC Sub-window 1 Reflows allocated under priority point (4) of the PC Sub-window 1 Reflows Allocation determined after the application of the order of priority outlined in the Amortisation of the PC Sub-window 2 Portfolio, and the corresponding unfunded amount of risk taking shall be allocated to amortise the EIF S2 Senior Tranche Outstanding and to increase the EFSI S2 FLP Outstanding by the same amount.</p> <p>For the avoidance of doubt, the transfer of risk taking to Sub-window 2 described above shall not change how cash flows are allocated under Sub-window 1 and such cash flows remain subject to the allocation mechanism outlined in PC Sub-window 1 Reflows Allocation.</p>
PC Sub-window 1 Investment Criteria	EIF shall ensure that the following investment criteria apply to each PC Sub-window 1 Operation at the time of the signature of the relevant PC Sub-window 1 Operation:

	<p>(a) the SMEW PC Product Financial Intermediary shall be managed by an independent fund manager¹⁶ combining, or relying on, an appropriate mix of skills and experience to demonstrate the necessary capability and credibility to manage a risk capital fund¹⁷ and which, during the due diligence process, demonstrated to EIF that they (i) have a clear strategy to make a sufficient number of investments into SMEW PC Product Target Recipients, create adequate deal flow 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>(b) EIF ranks at least <i>pari passu</i> (i.e. like risk, like reward) with other investors. The legal documentation implementing a PC Sub-window 1 Operation (including, where relevant, any side letter entered into by the EIF) shall reflect such key requirement;</p> <p>For the avoidance of doubt, the fact that the EIF benefits from terms more favorable than those applicable to other investors in an PC Sub-window 1 Operation shall not constitute a breach of this <i>pari passu</i> investment criteria;</p> <p>(c) the aggregate amount committed under Sub-window 1 Operations together with Sub-window 2 Operations with respect to any single SMEW PC Product Financial Intermediary (comprising PC Sub-window 1 Operations together with, if applicable, PC Sub-window 2 Operations) does not exceed one hundred million euros (EUR 100,000,000) or its EUR equivalent at time of commitment or does not exceed seventy-five million euros (EUR 75,000,000) or its EUR equivalent at time of commitment in case of PC Sub-window 1 Operations only. Notwithstanding this, and for a maximum number of 2 Sub-window 1 Operations, the amount committed may exceed seventy-five million euros (EUR 75,000,000);</p> <p>(d) the amount committed by the EIF under a PC Sub-window 1 Operation together with PC Sub-window 2 Operations with respect to any single SMEW PC Product Financial Intermediary does not exceed 50% of the aggregate commitments by all investors made to the SMEW PC Product Financial Intermediary; the SMEW PC Product Financial Intermediary is undertaking exclusively Primary Investments;</p> <p>(e) the lifetime of the SMEW PC Product Financial Intermediary shall be in line with market standards and in any case shall not exceed 15 years as from the date on which the PC Sub-window 1 Operation becomes effective plus up to 3 years extension. Appropriate arrangements for the timely and cost effective winding-up of SMEW PC Sub-window 1 Operations shall be determined in good faith between EIF and the Commission, with an objective that such operations do not extend beyond the EIB SMEW Funding Final Repayment Date, to the extent permitted under the relevant underlying documentation. Such arrangements may include the sale of the SMEW PC participation in a SMEW PC Product Financial Intermediary with a discount on its Net Asset Value, if it is deemed more cost-effective than the continuation of the SMEW PC Sub-window 1 Operations;</p>
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¹⁶ Independent fund managers include those operating with (or within) a crowdfunding platform or banking group provided that the fund manager makes the final investment decision independently.

¹⁷ 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 SMEW PC Product Financial Intermediary, whereby the management team as a whole will be evaluated and this criteria does not have to be fulfilled by each individual member of the management team.

	<p>(f) the SMEW PC Product Financial Intermediary shall target in its investment strategy (applicable at signature of the relevant PC Product Operation) to invest in SMEW PC Product Target Recipients an amount equal to at least the lower of:</p> <p>(i) 2 times the amount drawn down by the SMEW PC Product Financial Intermediary from EIF under the PC Sub-window 1 Operation, as the case may be, for the purpose of investment; and</p> <p>(ii) two thirds of the aggregate amount drawn down by the SMEW PC Product Financial Intermediary from its investors for the purpose of investment (the "Minimum Allocation");</p> <p>(g) if (i) the SMEW PC Product Financial Intermediary is established (or is to be established) in the EU, it shall include in its investment strategy to invest at least 50% of its invested amounts, directly or indirectly, in SMEW PC Product Target Recipients or, (ii) the SMEW PC Product Financial Intermediary is established (or to be established) in a jurisdiction outside of the EU (the list of which, if any, may be notified to the EIF by the Commission), it shall include in its investment strategy to invest more than 75% of its invested amounts directly or indirectly, in SMEW PC Product Target Recipients.</p> <p>For the avoidance of doubt, SMEW PC Product Financial Intermediaries may invest in entities that are not SMEW PC Product Target Recipients; provided however that investments in such entities shall not count towards the total investments target to be achieved under the SMEW.</p> <p>The following additional conditions shall apply:</p> <p>(i) at least 30% of total commitments to any SMEW PC Product Financial Intermediary at the time of the closing of the relevant PC Sub-window 1 Operation (including commitments made in earlier closings, if any) are made by independent private investment sources (as set forth below) and</p> <p>(ii) such SMEW PC Product Financial Intermediary, shall be managed by entities which are Controlled by individuals or a privately held entity or entities.</p> <p>For the purpose of items (i)(i) and (i)(ii) above (except for National Public Banks as regards to the application of (ii) above) and without prejudice to the rules governing the KPI and KMI calculations, the following categories of investors or resources shall be deemed to be independent private investment sources or privately held entities (as applicable):</p> <ul style="list-style-type: none"> • EIF/EIB own resources, invested at own risk and excluding public parts of mandates; • financial institutions (investing at own risk and from own resources); • private endowments & foundations; • family offices & Business Angels (including joint investment vehicles set-up by/with Business Angels); • corporate investors; • insurance companies; • pension funds; • private individuals;
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	<ul style="list-style-type: none"> • academic institutions (including universities and public and private research institutions); • other categories of investors may also be considered private investment sources (e.g. sovereign wealth funds or fund-of-funds) where the resources invested are generated by commercial activities and are invested on commercial terms; • fund-of-funds provided that they invest exclusively on commercial terms and are managed or advised by a privately held asset manager, save that: <ul style="list-style-type: none"> ◦ any fund-of-funds fully funded by state budget resources shall not be considered an independent ◦ private investment source; ◦ where a fund-of-funds is partially funded by state budget resources, the investment made by such a fund-of-funds into an SMEW PC Product Financial Intermediary shall be considered as an independent private investment source <i>pro rata</i> to the amounts invested by the fund-of-funds which are not directly funded by state budget resources; • NPBs investing own resources, for their own risk, and on commercial terms. <p>For the purpose of these provisions, state budget resources shall include European Structural and Investment Funds.</p> <p>In assessing compliance with the requirements of this Section, the EIF may rely on a declaration, representation or undertaking from the relevant entity.</p> <p>For the avoidance of doubt, the EFSI PC Contribution is not considered an independent private investment source.</p>
Non-participation in certain investments	<p>The EIF shall ensure that SMEW PC Product Financial Intermediaries shall not be entitled to issue any drawdown notice to EIF relating to an investment in any Excluded Recipient.</p> <p>Should the EIF, during the investment period of any SMEW PC Product Financial Intermediary, based on the following elements set forth in a drawdown notice where the contemplated investment is specifically indicated or reporting received from that SMEW PC Product Financial Intermediary : (i) the confirmation made therein by the SMEW PC Product Financial Intermediary of whether the contemplated investment is in line with the investment policy of the SMEW PC Product Financial Intermediary (as set forth in its underlying documentation), (ii) the information provided on the country of establishment of the contemplated recipient, or (iii) the information provided on the sector of activity of the contemplated recipient, become certain that a contemplated investment would result in an irremediable breach of the Minimum Allocation as agreed at the time of the EIF commitment in the SMEW PC Product Financial Intermediary, the EIF shall not participate (subject to applicable law), fully or partially, through the SMEW PC Product Financial Intermediary in such investment and shall inform the SMEW PC Product Financial Intermediary accordingly and, for the avoidance of doubt, shall not benefit from profits nor suffer from losses deriving from such investment.</p> <p>Without prejudice to the paragraph above, should the EIF become aware that (a) an SMEW PC Product Financial Intermediary has invested in an entity that, at the time of the first investment, qualified as an Excluded Recipient, or (b) an investment made by an SMEW PC Product Financial Intermediary has caused the SMEW PC Product Financial Intermediary to be in breach of the Minimum Allocation as agreed at the time of the EIF commitment in the SMEW PC Product Financial Intermediary, and those situations under (a) or</p>

	(b) cannot be reasonably remedied, then the relevant governing bodies of the EIF (as determined on the basis of EIF's internal procedures) shall be informed of such breach and shall decide on the action (proposed to be) taken by the EIF in response.
PC Sub-window 1 SMEW Covered Amounts	Means the aggregate amount of EFSI PC Sub-window 1 Contribution committed to PC Sub-window 1 Operations, up to two hundred and fifty million euros (EUR 250,000,000).
PC Sub-window 1 SMEW Guaranteed Sums	<p>SMEW Guaranteed Sums with respect to the Sub-window 1 SMEW Covered Amounts means:</p> <ul style="list-style-type: none"> a) EFSI PC Sub-window 1 Portfolio Value Variation Amounts reported from time to time by the EIF to the EIB; b) the aggregate amount of EFSI PC Contribution drawn down by the EIF from the EIB under the SMEW Facility (as defined in the EIB/EIF SMEW Agreement) for the purpose of PC Sub-window 1 Operations (including SMEW PC Product Hedging) not repaid to the EIB on the final repayment date of the SMEW PC Product Funding, such date determined in Article 5 of the EIB/EIF SMEW Agreement.
PC Sub-window 1 EFSI Guaranteed Operations	All PC Sub-window 1 Operations shall benefit from the EU Guarantee.
PC Sub-window 1 Portfolio Value Variation Amount	<p>The EFSI PC Sub-window 1 Portfolio Value Variation Amount, calculated by the EIF, means the aggregate of the impairment amounts in relation to the relevant PC Sub-window 1 Operations identified by the EIF as impaired and calculated by the EIF in accordance with its policies and procedures in line with applicable accounting rules plus the aggregate of the realized losses from PC Sub-window 1 Operations.</p> <p>The sub-window 1 Portfolio Value Variation Amounts are allocated in the following manner:</p> <ul style="list-style-type: none"> (i) First, to EFSI S1 FLP up to the EFSI S1 FLP Outstanding Amount (such allocated amount "EFSI PC Sub-window 1 Portfolio Value Variation Amount"); (ii) Second, to EIF S1 Senior Tranche. <p>EFSI PC Sub-window 1 Portfolio Value Variation Amount shall be reported annually to the EIB and shall give rise to the right to a guarantee call from the EU Guarantee under this Agreement.</p>
PC Sub-window 1 SMEW Revenues	Means any amounts of non-recallable PC Sub-window 1 Reflows allocated to EFSI S1 FLP pursuant to the Section "PC Sub-window 1 Reflows Allocation", which are no longer required for the purpose of PC Sub-window 1 Operations.

6.3. Specific terms for Sub-window 2 of the SMEW PC Product

<p>Sub-window 2 Definitions</p>	<p>In addition to the defined terms set out elsewhere in the Agreement (including in Section 6.1 of Schedule VII), the following capitalized terms shall have the meaning alongside them for the purpose of Section 6.3 of this Annex I. In the event that there is any conflict between the terms of the Agreement and these definitions, these definitions will prevail:</p> <p>"EFSI S2 FLP" means 30% of the aggregate of S2 Operation Investor Protection Amounts under PC Sub-window 2 Portfolio, ranking junior to EIF S2 Senior Tranche as further set out in this Section 6.3.</p> <p>"EFSI S2 FLP Outstanding" means at each Calculation Date the EFSI S2 FLP (i) reduced by any EFSI Sub-window 2 Amortized Amounts, any Sub-window 2 Investor Protection Calls allocated to EFSI S2 FLP pursuant to the Section "Coverage of Investor Protection Call Claims" and any EFSI S2 FLP Reduced Amount and (ii) increased by FLP Replenishment Amounts and any EFSI S1 FLP Unfunded Risk Transfer Amount.</p> <p>"EIF S2 Senior Tranche" means 70% of the aggregate of S2 Operation Investor Protection Amounts under all PC Sub-window 2 Operations, ranking senior to EIF S2 FLP.</p> <p>"EIF S2 Senior Tranche Outstanding" means at each Calculation Date the EIF S2 Senior Tranche reduced by (i) any EIF Sub-window 2 Amortized Amounts, any EFSI S1 FLP Unfunded Risk Transfer Amount and any Sub-window 2 Investor Protection Calls allocated to EIF pursuant to the Section Coverage of Investor Protection Call Claims and any EIF S2 Senior Tranche Reduced Amount and increased by (ii) SLP Replenishment Amounts.</p> <p>"PC Sub-window 2 Portfolio" means a portfolio of PC Sub-window 2 Operations.</p> <p>"Investor Protection Outstanding Amount" means at each Calculation Date, and in relation to a Sub-window 2 PC Operation, the amount (if positive) equal to :</p> <ul style="list-style-type: none"> (i) the aggregate amount of drawdowns from the Covered Investor up to the S2 Operation Investor Protection Amount ("PC Sub-window 2 Operation Disbursed Amount"); less (ii) the amounts distributed to the Covered Investor (other than Sub-window 2 Recoveries and Sub-window 2 Clawback Amounts), as notified to EIF by the Covered Investor or SMEW PC Product Financial Intermediary that exceeds the Covered Investor Running Return Amount, as further set out in the relevant agreement ("PC Sub-window 2 Operation Amortized Amount"). <p>"S2 Operation Investor Protection Amount" means the amount of protection provided by EIF to the Covered Investor as defined in the relevant agreement.</p> <p>"Investor Protection Rate" means as agreed with a Covered Investor, the quotient of the S2 Operation Investor Protection Amount and the total amount of new commitment being made by the Covered Investor as further set out in the relevant agreement between EIF and the Covered Investor.</p> <p>"Covered Investor" means the investor benefiting from the protection provided by EIF under a PC Sub-window 2 Operation.</p> <p>"PC Sub-window 2 Operation" means any investor unfunded protection provided by EIF to a Covered Investor with respect to a specified investor's commitment in or alongside a SMEW PC Product Financial Intermediary, pursuant to which EIF will pay, in exchange for an Investor Protection Fee, up</p>
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	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
Reduction of the S2 Operation Investor Protection Amount	<p>Where a S2 Operation Investor Protection Amount is reduced as a result of the total or partial cancellation of a Covered Investor commitment, the EFSI S2 FLP and EIF S2 Senior Tranche shall be reduced at the next Calculation Date as follows:</p> <ul style="list-style-type: none"> • 30% of the reduced S2 Operation Investor Protection Amount will be allocated to the EFSI S2 FLP (the "EFSI S2 FLP Reduced Amount"); and • 70% of the reduced S2 Operation Investor Protection Amount will be allocated to the EIF S2 Senior Tranche (the "EIF S2 Senior Tranche Reduced Amount"). <p>Any EFSI S2 FLP Reduced Amount and EIF S2 Senior Tranche Reduced Amount shall be available to EIF for the purpose of entering into new, or increasing existing, PC Operations during the SMEW PC Product Commitment Period.</p>
EFSI S2 FLP Unfunded Risk Reserve	<p>The EFSI S2 FLP Unfunded Risk Reserve shall be constituted in accordance with and as a result of the allocations in Section "Amortisation of the PC Sub-window 2 Portfolio".</p> <p>The EFSI S2 FLP Unfunded Risk Reserve shall, on any date during a Calculation Period, be allocated to EIF to pay any Portfolio Value Variation Amounts allocated to the EIF S1 Senior Tranche by drawing on the EIB/EIF PC Guarantee in accordance with the terms of this Agreement and EIB/EIF SMEW Agreement.</p> <p>As from the moment when the EIF S1 Senior Tranche Outstanding Amount and the EIF S2 Senior Tranche Outstanding Amount are both reduced to zero, the EIF shall allocate any remaining EFSI S2 Unfunded FLP Risk Reserve to amortise the EFSI S2 FLP.</p>
Amortisation of the PC Sub-window 2 Portfolio	<p>At any Calculation Date, and with reference to the Calculation Period, any of the following amounts in respect to a PC Sub-window 2 Operation:</p>

PC Sub-window 2 SMEW Covered Amounts	<p>With respect to the Sub-window 2 of SMEW PC Product, the SMEW EIB Covered Amounts shall be EFSI Sub-window 2 FLP, which have not been released by EIF, pursuant to this Section 6.3 EFSI S2 FLP release.</p> <p>The SMEW EIB Covered Amounts which will be covered by EIB under the EIB/EIF SMEW Guarantee with respect to Sub-window 2 of SMEW PC Product shall not exceed at any time one hundred million euros (EUR 100,000,000) ('PC S2 Guarantee Ceiling').</p>
Sub-window 2 SMEW Guaranteed Sums	<p>Means the following amounts covered by the EIB/EIF PC Guarantee:</p> <ul style="list-style-type: none"> a) any amount required to cover Investor Protection Call Claims allocated to EFSI Sub-window 2 FLP; b) any amount required for non-euro currency hedging of EFSI Sub-window 2 FLP.
PC Sub-window 2 EFSI Guaranteed Operations	All PC Sub-window 2 Operations shall benefit from the EU Guarantee.
PC Sub-window 2 Recoveries	Following the payment of Guarantee Call Claims, any amounts net of recovery costs, if any, recovered by the Covered Investor under PC Sub-window 2 Operation and paid to the Covered Investor by the SMEW PC Financial Intermediary.
PC Sub-window 2 Clawback Amounts	Any amount unduly received by the Covered Investor from EIF under PC Sub-window 2 Operation as a result of, <i>inter alia</i> , fraudulent actions of the Covered Investor or SMEW PC Financial Intermediary.
FLP Replenishment Amounts	Following payment of SMEW Guaranteed Sums either by EIB to EIF under the EIB/EIF SMEW Guarantee or payments under Article 5 (e) of Schedule VII to this Agreement, any amount of Sub-window 2 Recoveries and Sub-window 2 Clawback Amounts allocated to the EFSI S2 FLP pursuant to the order of priority set out under the Section "Allocation of Sub-window 2 Recoveries and Clawback Amounts".
SLP Replenishment Amounts	Following payment of SMEW Investor Protection Sums by EIF under the EIF S2 Senior Tranche, any amount of Guarantee Fees, Sub-window 2 Recoveries, Sub-window 2 Clawback Amounts or under item (3) of PC Sub-window 1 Reflows Allocation, EFSI S1 FLP Unfunded Risk Transfer Amount allocated to EIF to reinstate the EFSI S2 SLP pursuant to the order of priority set out under the Section "Allocation of Sub-window 2 Recoveries and Clawback Amounts" and Section "Allocation of Investor Protection Fees".
EFSI S2 FLP Release	At any Calculation Date following the date on which EIF S2 Senior Tranche Outstanding Amount has been reduced to zero, EIF shall release any amount of EFSI Sub-window 2 Contribution equal to any subsequent PC Sub-window 2 Operation Amortized Amounts. The Sub-window 2 SMEW Covered Amounts will be reduced by such released amount.
PC Sub-window 2 SMEW Revenues	The portion of Investor Protection Fees received by EIF with respect of PC Sub-window 2 Operations and allocated to the EFSI S2 FLP pursuant to the order of priority set out under the Section "Allocation of Guarantee Fees".

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7. EFSI Combination Product

Background for the SMEW Product:

Member States (including regions of Member States or through National Promotional Institutions) are increasingly using financial instruments to address financing gaps and to support specific investment objectives. In certain cases, the Member State rationale for intervention aligns with EU policy objectives, justifying a combination of Member State or EAFRD Managing Authority and EU support for such financial instruments.

This EFSI product sets out a framework for the combination of EFSI together with various types of Member State or EAFRD Managing Authority resources (structural and investment funds, and also national or regional resources), which will be used to support capped and uncapped portfolio guarantee instruments. On the basis of experience to be gained with the ECP roll out in the field of agriculture, the EFSI Combination Product (ECP) could be adapted to enhancing access to finance for Target Recipients in support of other specific policy objectives. The addition of other specific policy objectives than agriculture (covered in Appendix 1 and Appendix 2) under the EFSI Combination Product shall be subject to a separate Appendix agreed between the parties.

Any guarantee instruments to be implemented under this EFSI Combination Product shall comply with (i) the general provisions set out in this Section 7 and (ii) the provisions of either Appendix 1 (EFSI EAFRD Combination Window) or Appendix 2 (EFSI - National Combination Window) as set out below.

7.1 General

Definitions	<p>"CPR" means Regulation (EU) No 1303/2013 of the European Parliament and the Council laying down common provisions on the ESI Funds and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006, as amended or supplemented from time to time.</p> <p>"EAFRD" means the European Agricultural Fund for Rural Development, which is part of the Common Agricultural Policy.</p> <p>"ECP Excluded Final Recipient" means an entity that cannot benefit from financing supported by the EFSI Combination Product as a result of the application of the Guidelines on EIF Restricted Sectors and the relevant ECP Mandate Documentation; in addition, any additional exclusion criteria defined under the applicable appendices shall also apply.</p> <p>"ECP Final Recipient" means any entity receiving financing under an ECP Final Recipient Transaction.</p> <p>"ECP Final Recipient Transaction" mean any type of new debt financing, including subordinated, participating loans, convertible loans, revolving working capital facilities (including those embedded in or linked to a current account), leasing, trade receivables, revolving credit facilities or bank guarantees provided, directly or indirectly, by an ECP Financial Intermediary to an ECP Final Recipient under an ECP Operation.</p> <p>"ECP Financial Intermediary" means a financial intermediary that has entered into an ECP Operation.</p>
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	<p>"ECP Financial Sub-Intermediary" means a financial sub-intermediary that has entered directly or indirectly into an ECP Sub-Operation with an ECP Financial Intermediary.</p> <p>"ECP Financial (Sub-) Intermediary" means an ECP Financial Intermediary or ECP Financial Sub-Intermediary</p> <p>"ECP Guarantee" means the guarantee issued by the EIF to the ECP Financial Intermediary in relation to an ECP Operation.</p> <p>"ECP Guarantee Agreement" means a guarantee or counter-guarantee agreement signed between EIF and an ECP Financial Intermediary in relation to an ECP Operation.</p> <p>"ECP Individual Portfolio" means the portfolio of ECP Transactions originated directly or indirectly by an ECP Financial Intermediary and covered under an ECP Operation.</p> <p>"ECP Mandate" means any arrangement between, <i>inter alia</i>, (i) a Member State, or Managing Authority, and (ii) EIF, which establishes a new financial instrument to support ECP Target Recipients through ECP Operations. All ECP Mandates shall be managed by EIF in accordance with the relevant ECP Mandate Documentation. All ECP Mandates shall follow the EIF decision making rules, and must be submitted for approval to the EIF Board of Directors.</p> <p>"ECP Mandate Documentation" means any mandate agreement entered into between, <i>inter alia</i>, the EIF, the Member State or Managing Authority, and, as the case may be, the provider of Senior Risk Cover which may include funding agreement, intercreditor agreement, if applicable and/or any other bilateral or multilateral agreements, if applicable, or other documents outlining the terms and conditions of an ECP Mandate (including the risk sharing allocation).</p> <p>"ECP Mandate Portfolio" means the aggregate of all ECP Individual Portfolios covered by an ECP Operation under an ECP Mandate.</p> <p>"ECP Operation" means a guarantee or counter guarantee entered into between EIF and an ECP Financial Intermediary, which can be denominated in any EU currency.</p> <p>"ECP Sub-Operation" means any guarantee and/or debt instrument issued by an ECP Financial Intermediary to an ECP Financial Sub-Intermediary covering directly or indirectly an ECP Final Recipient Transaction in the context of the EFSI Combination Product.</p> <p>"ECP Transaction" means any ECP Final Recipient Transaction or ECP Sub-Operation.</p> <p>"Managing Authority" means (i) the authority of the relevant EU Member State or (ii) the authority of a region of an EU Member State, which has entered into the relevant ECP Mandate Documentation.</p>
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	<p>"SMEW EFSI Combination Product Effective Date" means the later of the following dates:</p> <ul style="list-style-type: none"> (i) Signing date of the Fourth Amendment and Restatement Agreement and EIB/EIF SMEW Agreement (ii) Approval of the EFSI Combination Product enshrined in the aforementioned amendment of EFSI Agreement by the Steering Board and the Managing Director.
SMEW Product	<p>EIF shall deliver this SMEW Product in the form of a guarantee within the meaning of Article 3.1 of Schedule VII.</p> <p>The SMEW Product shall provide unfunded credit risk protection on a second loss basis for guaranteed amounts of ECP Transactions.</p> <p>Such SMEW Product shall be named the "EFSI Combination Product" or "SMEW ECP Product").</p>
SMEW Product objective	<p>The EFSI Combination Product shall be a dedicated financial instrument supported by EFSI allowing for combinations of EFSI with Member State or Managing Authority resources coming from either (i) structural funds and investments funds (ii) national resources (iii) regional resources, or (iv) any combination thereof.</p> <p>The EFSI Combination Product shall aim at mobilising investments by ECP Target Recipients for an aggregate amount of at least 7 times¹⁹ of the aggregate EFSI ECP Mandate Contributions.</p>
SMEW EFSI Combination Product Commitment Period	<p>EIF shall be entitled to enter into ECP Mandates and ECP Operations as from the SMEW EFSI Combination Product Effective Date until the end of the Investment Period, provided that the relevant ECP Mandate or ECP Operations was approved by EIF's Board of Directors on or before 31 December 2020, and provided that the approval remains valid at the time of the signature of the ECP Mandate or ECP Operation.</p> <p>Notwithstanding the above, ECP Mandates and ECP Operations approved by EIF's Board of Directors not more than 6 months before the SMEW EFSI Combination Product Effective Date shall be eligible under the SMEW EFSI Combination Product.</p>

¹⁹ The target has been defined with the assumption that the EFSI risk cover is taken into account proportionally in the overall size of the respective Mandate Portfolio.

7.2 Main product features

ECP Target Recipients	<p>The EFSI Combination Product shall target SMEs complying with the relevant requirements applicable to the use of the EAFRD or national/regional funds contributed by the Member State.</p> <p>Detailed criteria may be defined under the applicable appendices or ECP Mandate Documentation.</p>
Minimum allocation to Target Recipients	<p>Under the EFSI Combination Product, ECP Target Recipients must represent 100% of the volume of each ECP Individual Portfolio, unless otherwise specified in the applicable appendices or ECP Mandate Documentation.</p>
ECP Final Recipients	<p>ECP Final Recipient Transactions must be newly generated. Each ECP Final Recipient must satisfy the following eligibility criteria at the time of approval by the ECP Financial Intermediary of the relevant ECP Final Recipient Transaction or at the latest by the time of the signature, as set out in the relevant ECP Mandate Documentation.</p> <p>Each ECP Final Recipient:</p> <ul style="list-style-type: none"> - Must be established and operating in at least one Member State; - Shall not be a "firm in difficulty" as within the meaning of applicable state aid rules; and - Shall not be an ECP Excluded Final Recipients; <p>In addition to the above, the ECP Final Recipient shall satisfy any additional eligibility criteria specified in the applicable appendices or ECP Mandate Documentation.</p>
ECP Final Recipient Transactions	<p>Each ECP Final Recipient Transaction shall comply with the following:</p> <ul style="list-style-type: none"> • The scheduled maturity of the ECP Final Recipient Transaction shall be at least 12 months; • ECP Final Recipient Transactions must be eligible based on the regulatory requirements attached to the Member State Contribution e.g. CPR as set out in the relevant ECP Mandate Documentation.
ECP Financial (Sub-) Intermediary	<p>Each ECP Financial (Sub-) Intermediary shall be:</p> <ul style="list-style-type: none"> - established and/or operating in at least one EU Member State; and


	<ul style="list-style-type: none"> - (1) duly authorised to carry out lending or leasing activities or providing bank guarantees in accordance with applicable laws and regulations, or (2) a guarantee scheme, guarantee institution or other financial or credit institution duly authorised, if applicable, to issue guarantees according to applicable legislation;
Selection Process for Financial Intermediaries	<p>EIF shall select ECP Financial Intermediaries on the basis of a call for expression of interest and after satisfactory due diligence and following the principles of transparency, equal treatment and non-discrimination in accordance with the process set out in the relevant ECP Mandate Documentation taking into account the relevant provisions of this Section 7 and the relevant appendices.</p> <p>Nonetheless, all ECP Operations shall be assessed and approved in accordance with EIF's internal assessment and decision making rules, and must be submitted for approval to the EIF Board of Directors.</p>
ECP Guarantee Agreement	<p>Any guarantee agreement (or counter-guarantee agreement) entered into between EIF and a Financial Intermediary during the EFSI Investment Period.</p> <p>The ECP Guarantee Agreement shall stipulate the terms and conditions related to the risk coverage.</p>
ECP Guarantee Rate	The ECP Guarantee Rate shall mean the percentage of Defaulted Amounts covered in a given ECP Individual Portfolio as specified in the applicable appendices or ECP Mandate Documentation.
ECP Guarantee Cap Rate	A percentage of the guaranteed portion of the ECP Individual Portfolio as specified in the applicable appendices or ECP Mandate Documentation. The cap rate shall be set at the level of the expected losses of the portfolio to be created. The cap rate may be set at a level exceeding the expected losses in justified circumstances and if so specified in an appendix to this Section 7.
ECP Guarantee Fees	The ECP Financial Intermediary may or may not be charged guarantee fees for the ECP Guarantee, as further set out in the ECP Mandate Documentation and ECP Guarantee Agreement.
Risk Retention	For the purpose of alignment of interest, the ECP Financial Intermediary shall retain, at any time, either (i) a material interest in the ECP Individual Portfolio of at least 20% of the outstanding aggregate principal amount of the ECP Final Recipient Transactions or (ii) a material interest in each ECP Final Recipient Transaction of an ECP Individual Portfolio of at least 20% of the outstanding aggregate principal amount of the relevant ECP Final Recipient Transactions.
Defaulted Amounts	In relation to an ECP (Sub-) Operation, the amounts guaranteed by EIF under the relevant ECP Guarantee in each case, pursuant to the relevant Guarantee Agreement and in accordance with the relevant ECP Mandate Documentation.

Guarantee Call	With respect to an ECP Operations, any request for payment made by an ECP Financial Intermediary under the ECP Guarantee Agreement with respect to Defaulted Amounts.
SMEW ECP Product Hedging	<p>ECP Operations might be in non-Euro therefore creating currency risk. To secure the amount of EUR needed to cover the foreign exchange risk of non-EUR denominated ECP Operations, where possible, currency risk hedging shall be achieved by drawing on the EIB/EIF SMEW Guarantee to purchase up to the entire amount of relevant EFSI ECP Mandate Contribution committed to the non-EUR ECP Operations, following the signature date of the ECP Operation. The hedging requirement shall be assessed by EIF using its professional judgement and based on the expected loss of ECP Operations and considering the First Loss Risk Cover available.</p> <p>Without prejudice to the foregoing, monies drawn down from the EIB/EIF SMEW Guarantee that are not utilised or not expected to be utilised, in whole or in part, for the purpose of hedging or, as the case may be, paying under a specific ECP Operation, shall be retained by EIF, including if converted to EUR, on a dedicated bank account and applied for any other ECP Operations prior to drawing down further amounts from the EIB. However, if such amounts are not expected to be used in accordance with the previous paragraph, they shall be converted to EUR, if not previously converted, and treated as remaining SMEW Available Amounts, in accordance with point (f) of Article 5 of Schedule VII.</p> <p>For the avoidance of doubt, monies drawn down from the EIB/EIF SMEW Guarantee for the purpose of hedging does not constitute a reduction of the SMEW EIB Covered Amounts.</p>
ECP Mandate complementarity	The deployment of EFSI Combination Product should be made in a manner so as to avoid crowding out of the financial instruments set up at (i) EU level (managed directly or indirectly by the Commission), and (ii) Member State, regional, transnational or cross-border level, managed by or under the responsibility of the managing authority. Such ECP operations will seek to complement initiatives to support the agriculture sector in the relevant Member State. The complementarity of ECP Operations will be achieved by considering the (i) territorial coverage, (ii) scope of intervention, (iii) eligibility criteria and (iv) target recipients.

7.3 Risk sharing

EFSI ECP Contribution	At least EUR 41,000,000 shall be allocated to ECP Mandates supporting final recipients under the scope of EAFRD (under Appendix 1 - EFSI EAFRD Combination Window). Up to EUR 45,000,000 shall be allocated to risk taking in ECP Mandates supporting the agricultural sector (under Appendix 2 EFSI National Combination Window).
EFSI Guaranteed Operations	ECP Operations entered into by EIF during the SMEW EFSI Combination Product Commitment Period under the EFSI Combination Product.

EFSI ECP Mandate Contribution	<p>The amount of the EFSI ECP Contribution committed as Second Loss Risk Cover to an individual ECP Mandate as further set out in the relevant ECP Mandate Documentation.</p> <p>The aggregate of all EFSI ECP Mandate Contributions shall not exceed the EFSI ECP Contribution.</p>
Second Loss Risk Cover	In respect of an ECP Mandate Portfolio, the EFSI ECP Mandate Contribution available to cover Defaulted Amounts after the First Loss Risk Cover has been entirely used up, as further specified in this Section 7 and relevant ECP Mandate Documentation.
Member State Contribution	A financial contribution by a Member State or Managing Authority to an ECP Mandate, which shall be used to provide first loss cover. The terms and conditions regarding the payment schedule and management of the Member State Contribution shall be stipulated in the relevant ECP Mandate Documentation.
First Loss Risk Cover	In respect of a ECP Mandate Portfolio, the Member State Contribution that is first used to cover Defaulted Amounts as further specified in this Section 7 and relevant ECP Mandate Documentation
Senior Contribution(s)	A financial contribution(s) committed by EIF and/or by any other investor(s) in relation to an ECP Mandate Portfolio. The conditions and provisions surrounding the management of the Senior Contribution(s) committed to a financial instrument shall be stipulated in the ECP Mandate Documentation.
Senior Risk Cover	In respect of an ECP Mandate Portfolio, the Senior Contribution(s) available to cover Defaulted Amounts after the Second Loss Risk Cover has been entirely used up, as further specified in this Section 7 and relevant ECP Mandate Documentation. For avoidance of doubt, the Senior Risk Cover may be provided in one or more risk tranches.
Risk sharing framework	<p>The risk born by the EFSI Combination Product shall be borne by the risk taking parties as specified in the relevant ECP Mandate Documentation. Each relevant risk taker shall be liable to pay and entitled to receive such amounts in accordance with the principles set out in the relevant Allocation Principles and as further specified in the relevant ECP Mandate Documentation.</p> <p>Where under an ECP Mandate the ECP Guarantees are provided in the form of a capped guarantee product covering only expected loss on the ECP Mandate Portfolio, the First Loss Risk Cover must be at least the same size as the Second Loss Risk Cover.</p> <p>Where under an ECP Mandate the ECP Guarantees are provided in the form of (1) a capped guarantee product covering both expected and a portion of the unexpected loss on the ECP Mandate Portfolio, or (2) an uncapped guarantee product, the First Loss Risk Cover must cover at least the expected loss on the ECP Mandate Portfolio and be at least the same size as the Second Loss Risk Cover.</p>

	<p>In addition to the above, the EFSI ECP Mandate Contribution shall be at least 20% the size of the Member State Contribution.</p> <p>The ECP Mandate will be subject to the approval of EIF's Board of Directors.</p>
Risk remuneration framework	<p>In the case of uncapped guarantee products, the Second Loss Risk Cover provided by EFSI shall be remunerated in accordance with the relevant ECP Mandate Documentation. In justified cases²⁰, the EFSI risk cover may be remunerated below market level.</p> <p>In the case of ECP Guarantees provided in the form of capped guarantee products and covering expected loss only, the Second Loss Risk Cover provided by EFSI shall not be remunerated.</p>  <p>The Senior Risk Cover, if any, will be remunerated on the basis of the risk rating of the Senior Risk Cover and on the pricing requirements of the Senior Risk provider, as further set out in the relevant Mandate Documentation.</p> <p>Any ECP Guarantee Fees paid by a Financial Intermediary under an ECP Operation will be distributed based on the Allocation Principles.</p>
Allocation Principles	<p>With respect to an ECP Mandate Portfolio, a specific order of allocation as agreed in the relevant ECP Mandate Documentation, regulating among the risk takers, at least:</p> <ul style="list-style-type: none"> - The allocation of (counter-) guarantee fees (if any) due to the various risk takers in accordance with the provisions of the relevant ECP Mandate Documentation; - The allocation of recoveries and claw-back amounts; - The allocation of Defaulted Amounts;

²⁰ A specific section on the pricing reduction justification shall be included in the Request for Approval to the EIF Board of Directors. The specific points to be addressed in this justification have been agreed with the Commission in document Ares(2018)5280679

²¹ A specific section on the pricing reduction justification shall be included in the Request for Approval to the EIF Board of Directors. The specific points to be addressed in this justification have been agreed with the Commission in document Ares(2018)5280679

	<p>- The allocation of amortisation amounts following principal repayments under ECP operations.</p> <p>Such allocations shall be made on the basis of the general principle that the Senior Risk Cover (if any), ranks senior to the Second Loss Cover and the Second Loss Cover ranks senior to the First Loss Risk Cover.</p> <p>The EIF may not retain such allocations for the payment of fees attributable to the first loss cover.</p> <p>Notwithstanding the above, and only where EAFRD funds are used as First Loss Risk Cover and to the extent required by the regulations applicable to ESIF, if ineligible expenditure is identified:</p> <ol style="list-style-type: none"> 1. after either (i) the end of the inclusion period for an ECP Individual Portfolio or (ii) the date of final expenditure (as set out in the CPR), and 2. the First Loss Risk Cover has been fully depleted, <p>then part or all of recoveries already received or claw-back amounts stemming from such ineligible expenditure shall be (re)allocated first to the First Loss Risk Cover. Following such (re)allocation any residual recovery or claw-back amount shall be allocated in accordance with the relevant Allocation Principles, as further set out in the ECP Mandate Documentation.</p>
SMEW EIB Covered Amounts	<p>Means the EFSI ECP Contribution to be guaranteed by EIB to EIF under the EIB/EIF SMEW Agreement.</p> <p>In respect to an ECP Mandate Portfolio, such amount shall be used to cover SMEW Guaranteed Sums and may not exceed the EFSI ECP Mandate Contribution.</p>
SMEW Guaranteed Sum	<p>SMEW Guaranteed Sums shall mean:</p> <ol style="list-style-type: none"> (i) Any Defaulted Amounts or other amounts paid or to be paid by EIF stemming from the Guarantee Calls and which have been allocated to the Second Loss Cover in accordance with the Allocation Principles and the relevant ECP Mandate Documentation; (ii) With respect to ECP Operations which are not denominated in euro only, any such amounts as may be required in order to purchase the relevant non-euro currency for the satisfaction of the relevant liabilities by EIF with respect to an ECP (Sub-) Operations; <p>The aggregate SMEW Guaranteed Sums, which will be covered by EIB under the EIB/EIF SMEW Guarantee with respect to the ECP Mandate Portfolio, may not exceed the SMEW EIB Covered Amounts.</p> <p>Following the respective SMEW EFSI Combination Product Effective Date, the EIF will have the right to draw from the EIB/EIF SMEW Guarantee the SMEW Guaranteed Sums (as provided by EIF under its standard procedures) and in</p>

	accordance with the timeframe stipulated in the ECP Guarantee Agreement and/or the ECP Mandate Documentation.
Principles of Risk Sharing	<p>In accordance with the relevant Allocation Principles:</p> <ul style="list-style-type: none"> - Any guarantee calls related to ECP Operations under an ECP Mandate Portfolio will be covered first by the First Loss Risk Cover up to the Member State Contribution, second by the Second Loss Risk Cover (after the First Loss Risk Cover has been reduced to zero) by drawing on the EIB/EIF SMEW Guarantee, third (if applicable) by the Senior Risk Cover (after the amount of the Second Loss Risk Cover has been reduced to zero). <p>Payments under the EIB/EIF SMEW Guarantee in relation to the SMEW ECP Product shall not exceed the SMEW EIB Covered Amounts.</p> <p>Any amortised loan amounts under the ECP Mandate Portfolio shall reduce the amount of relevant ECP Guarantee and shall be allocated first to Senior Risk Cover (until it has been amortized to zero), second to Second Loss Risk Cover (until it has been amortized to zero), third to First Loss Risk Cover, as further set out in the ECP Mandate Documentation.</p>
SMEW Recoveries	<p>With respect to an ECP Mandate Portfolio, SMEW Recoveries shall refer to any amounts which EIF will have recovered following payments under ECP (Sub-) Operations and allocated to the Second Loss Risk Cover under the relevant Allocation Principles.</p> <p>Any rights of subrogation under Article 10.1 of this Agreement shall not apply.</p>
SMEW Replenishment Amount	Following the application of the relevant Allocation Principles, any amounts of SMEW Recoveries repaid by EIF to EIB and allocated to replenish the Second Loss Risk Cover provided by the EFSI, subject to and in accordance with the relevant ECP Mandate Documentation.
SMEW Revenues	The portion of ECP Guarantee Fees, if any, allocated to the Second Loss Risk Cover under the relevant Allocation Principles.
Release of EFSI ECP Contribution	<p>EIF shall release that portion of EFSI ECP Contribution, which is equal to the amount of the ECP Portfolio amortisation allocated to Second Loss Risk Cover in accordance with Allocation Principles. The SMEW EIB Covered Amounts will be reduced by such released amount.</p> <p>Such release of EFSI ECP Contribution shall be made in accordance with the provisions of the relevant ECP Mandate Documentation and provided that, in the case of specific legal requirements arising from the use of EAFRD resources as First Loss Cover, EIF shall be allowed to retain any such amounts of the EFSI ECP Contribution which in its professional judgment could be required to be recalled as a consequence of a potential reallocation of amounts in accordance with the provisions of the relevant ECP Mandate Documentation.</p>

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Appendix 1 – EFSI EAFRD Combination Window

The provisions of this Appendix 1 complement Section 7 EFSI Combination Product which shall apply to the EFSI-EAFRD Combination Window. Financial instruments set up under the EFSI-EAFRD Combination Window shall also comply with the applicable provisions of Regulation 1303/2013 and Regulation 1305/2013 and their implementing and delegated acts.

EFSI EAFRD Combination Window	<p>The EFSI Combination Product shall combine Managing Authority EAFRD resources (which may in some cases supplemented by national co-financing or any additional national financing under Article 82 of Regulation 1305/2013) with EFSI to create financial instruments supporting agricultural and rural businesses (the “EFSI EAFRD Combination Window”).</p> <p>The EFSI EAFRD Combination Window shall target final beneficiaries that are established and operating in the EU, and eligible for support under the respective rural development programme (“RDP”).</p> <p>The guaranteed operations shall comprise new senior or subordinated debt financing with the product used to support investments in tangible and intangible assets, business transfers, as well as working capital, in line with the requirements of Regulation 1305/2013 and Regulation 1303/2013.</p>
Objective / Additionality	<p>It is recognised that a financing gap exists in the agricultural sector and therefore this product shall aim at supporting eligible final recipients operating in this sector.</p> <p>Prior to setting up each ECP Mandate, the Managing Authority will complete an ex-ante assessment which will guide the specific policy objectives of the individual ECP Mandate and the intervention targeted e.g. increased risk taking by financial intermediaries (such as associated with lending to young farmers/enterprises), or reduced collateral requirements.</p>
ECP Target Recipients	Under the EFSI EAFRD window EIF shall target SMEs active in the agricultural, agri-business and forestry sectors taking into account the policy objectives of the corresponding RDPs and such SMEs must comply with EAFRD eligibility rules.
Minimum allocation to ECP Target Recipients	Under the EFSI EAFRD Window ECP Target Recipients must represent at least 75% of the volume of each ECP Individual Portfolio, however all ECP Final Recipients must be eligible under the scope of the contributing RDP.
Guarantee Rate	For ECP Operations under the EFSI EAFRD Combination Window the ECP Guarantee shall cover up to 80% of the losses incurred by an ECP Financial Intermediary on Defaulted Amounts in a given ECP Individual Portfolio as specified in the relevant ECP Mandate Documentation.
Guarantee Cap Rate	For ECP Operations under the EFSI EAFRD Combination Window, and in the case of capped guarantees, the ECP Guarantee shall only payout an amount up to 25% of the guaranteed portion of the ECP Individual Portfolio as specified in the relevant ECP Mandate Documentation. Under the EFSI-EAFRD Combination Window, the capped rate may be set at a level covering both expected and a portion of the unexpected loss.

<p>Aid intensity/State Aid</p>	<p>Member State Contribution from RDP resources is subject to compliance with the aid intensity requirements in the EAFRD Regulation and the relevant RDPs, and, where applicable State aid rules. The communication of the applicable State aid regime shall be made by the Managing Authorities (representing the Member State or the contributing region), which shall bear the liability for the choice of the respective measures.</p> <p>At the level of the ECP Financial Intermediaries, the following principles will apply:</p> <ul style="list-style-type: none"> • The ECP Financial Intermediaries will be selected in an open, transparent and non-discriminatory selection process in accordance with the provisions of the relevant ECP Mandate Documentation (and in accordance with EIF internal procedures). • Under the EFSI EAFRD Combination Window, ECP Financial Intermediaries will be required to transfer the benefit of the ECP guarantee to the ECP Final Recipients as described in the Transfer of Benefit. • Risks and rewards are shared between the public risk takers and the ECP Financial Intermediary in line with pre-agreed risk-sharing arrangements commensurate to the respective risk-positions (pari passu) in relation to Defaulted Amounts. There is no asymmetric risk-reward sharing or priority between the public investors and the ECP Financial Intermediary. <p>At the level of the ECP Final Recipients, ECP Final Recipient Transactions shall respect the applicable aid intensity and, where applicable, state aid rules:</p> <ul style="list-style-type: none"> • For the production and trade of agricultural products and/or the processing of agricultural products resulting in agricultural products (Annex I to the Treaty), state aid rules do not apply. However, ECP Final Recipients have to comply with the aid intensity rules defined in the EAFRD Regulation. • For activities outside the scope of Article 42 TFEU (e.g. processing and transformation of agricultural or non-agricultural products resulting in outputs, which are non-Annex I products, and marketing of products which are non-Annex I products, including possibly forestry), the relevant ECP Financial Recipient Transactions fall within the scope of application of State aid rules, and may designed as being compliant, or laid down in either of the following State aid instruments: <ul style="list-style-type: none"> ◦ Block Exemption Regulation 702/2014 on aid in the Agricultural and Forestry Sector and in Rural Areas (ABER) ◦ General Block Exemption Regulation 651/2014 (GBER); ◦ European Union Guidelines for State aid in the agricultural and forestry sectors and in rural areas 2014 to 2020. <p>Alternatively, an ECP Final Recipient Transaction can be exempted from State aid control in accordance with De Minimis Regulation 1407/2013.</p>
<p>Transfer of Benefit</p>	<p>The total benefit to be transferred to ECP Final Recipients shall be based on the benefit provided to the ECP Financial</p>

	<p>Intermediary in respect of each ECP Operation under the EFSI EAFRD Combination Window.</p> <p>ECP Financial Intermediaries will be required to transfer the benefit of the ECP Guarantee to the ECP Final Recipients in a form of reduced interest rates, diminished collateral requirements, reduced own funds contributions, improved loan maturities, or other forms of improved access to finance for the ECP Final Recipients resulting from increased risk taking by the ECP Financial Intermediary. The Transfer of Benefit also may comprise a combination of the above elements.</p> <p>The specific Transfer of Benefit requirements shall be tailored to each ECP Mandate and ECP Financial Intermediary by EIF under its professional judgment, and using a predefined quantitative approach, considering the:</p> <ul style="list-style-type: none"> • specific objectives of each ECP Mandate • associated ex ante/market analysis • existing (pre ECP Guarantee) credit policies of the ECP Financial Intermediary in respect of Target Recipients • capital provisioning requirements of the ECP Financial Intermediary • an acceptable level of operating costs including, but not limited to, the additional costs and risks for the ECP Financial Intermediary (compared to its standard business) associated with checking eligibility, applying state aid or aid intensity rules, reporting on the ECP Individual Portfolio, etc.). <p>These Transfer of Benefit requirements shall be described in the "Request for Approval to the EIF Board" and be contractually binding and verifiable for the ECP Financial Intermediary.</p> <p>If the Transfer of Benefit occurs via a reduction in the credit risk margin compared to that in the ECP Financial Intermediary's standard pricing applicable to the ECP Final Recipient (as the ECP Financial Intermediary receives no remuneration/funding from the EIF), the assessment of the Transfer of Benefit could focus only on the credit risk premium.</p> <p>In such case, the reduced credit risk premium to be applied by the ECP Financial Intermediary could be established as follows:</p> <p>$(100\% - \text{Guarantee Rate}) * \text{Credit risk premium normally charged by the financial intermediary without a guarantee} + (\text{Guarantee Rate} \times (\text{Guarantee Fee} + \text{acceptable additional costs margin}))$</p> <p>In cases where the ECP Financial Intermediary does not obtain full capital relief of the guaranteed portion of the ECP Individual Portfolio, the additional costs margin shall include a premium to compensate the ECP Financial Intermediary's capital charge on the guaranteed portion of the loan, based on EIF's professional judgement.</p>
Maximum loan amount	<p>Subject to the applicable aid intensity or State aid rules, , the maximum individual amount of an ECP Final Recipient Transaction under the EFSI EAFRD Combination Window shall not exceed:</p>

	<ul style="list-style-type: none"> (i) EUR 5,000,000 in the case of activities in primary production of agricultural products (ii) EUR 10,000,000 in the case of processing and marketing of agricultural products (resulting in agricultural products) (iii) In the remaining cases the higher of EUR 2,500,000 and 1% of the ECP Individual Portfolio, including activities outside the scope of article 42 TFEU.
Portfolio concentration limit	The total amount of ECP Final Recipient Transactions exceeding the higher of EUR 2,500,000 or 1% of the ECP Individual Portfolio shall not represent more than 25% of the expected amount of an ECP Individual Portfolio.
EFSI Contribution to EFSI-EAFRD Combination Window	EFSI shall contribute at least forty-one million euros (EUR 41,000,000) towards risk taking in ECP Mandates under the EFSI EAFRD Combination Window.
Member State Contribution	<p>The financial contribution by a Managing Authority to an ECP Mandate under the EFSI EAFRD Combination Window in accordance with the relevant provisions of the CPR may only come from RDP resources (EAFRD contribution and national co-financing or additional national financing under Article 82 of Regulation 1305/2013).</p> <p>The terms and conditions regarding the management of the Member State Contribution shall be stipulated in the relevant ECP Mandate Documentation in line with Regulation 1303/2013 and Regulation 1305/2013.</p>
Reporting	<p>The EFSI reporting is as set out in the Agreement.</p> <p>EAFRD reporting requirements under the CPR and Fund-specific rules will be defined to the applicable ECP Mandate Documentation.</p>

Appendix 2 – EFSI - National Combination Window

The provisions of this Appendix 2 complement Section 7 EFSI Combination Product which shall apply to the EFSI-National Combination Window.

<p>EFSI National Combination Window</p>	<p>The EFSI Combination Product shall be used together with MS national resources to create financial instruments addressing financing gaps in the agricultural sector (the “EFSI National Combination Window”)</p> <p>The combination of EFSI with national resources will aim at addressing the financing gap or sub-optimal investment situations in the agricultural sector, where an enhanced utilisation of financial instruments would stimulate additional investment. The EFSI National Combination Window can reinforce and complement national initiatives to encourage higher risk taking by financial intermediaries and increase the market impact from the use of financial instruments.</p> <p>The EFSI National Combination Window shall target final beneficiaries that are established and operating in the EU, and eligible for support under the respective specifics of the relevant mandate. The guaranteed operations shall comprise new senior and/or subordinated debt financing with the product used to support investments in tangible and intangible assets, business transfers, as well as working capital finance.</p>
<p>State Aid</p>	<p>Member State Contribution from National resources is subject to compliance with State aid rules. The communication of the applicable State aid regime shall be made by the Member State, which shall bear the liability for the choice of the respective measure.</p> <p>For each ECP Mandate under the EFSI National Combination Window, the applicable State aid approach will be set out in the relevant ECP Mandate documentation.</p> <p>At the level of the ECP Financial Intermediaries the following principles will apply:</p> <ul style="list-style-type: none"> • The ECP Financial Intermediaries will be selected in an open, transparent and non-discriminatory selection process according to EIF internal procedures and in accordance with the provisions of the relevant ECP Mandate Documentation. • Under EFSI National Combination Window, ECP Financial Intermediaries will be required to transfer the benefit of the ECP guarantee to the ECP Final Recipients as described in the Transfer of Benefit. • Risks and rewards are shared between the public risk takers and the ECP Financial Intermediary in line with pre-agreed risk-sharing arrangements commensurate to the respective risk-positions (pari passu). There is no asymmetric risk-reward sharing or priority between the public investors and the ECP Financial Intermediary. <p>At the level of ECP Final Recipients, the following principles will apply:</p>

	<ul style="list-style-type: none"> The selected ECP Financial Intermediaries have to ensure that the state aid element of ECP Operations under the EFSI National Combination Window complies with the applicable EU state aid rules.
Transfer of Benefit	<p>The total benefit to be transferred to Final Recipients shall be based on the benefit provided to the Financial Intermediary in respect of each transaction covered by EFSI Combination Product.</p> <p>ECP Financial Intermediaries will be required to transfer the benefit of the ECP Guarantee to the ECP Final Recipients in a form of reduced interest rates, diminished collateral requirements, reduced own funds contributions, improved loan maturities, or other forms of improved access to finance for the ECP Final Recipients resulting from increased risk taking by the ECP Financial Intermediary. The Transfer of Benefit also may comprise a combination of the above elements.</p> <p>The specific Transfer of Benefit requirements shall be tailored to each ECP Mandate and ECP Financial Intermediary by EIF under its professional judgment, and using a predefined quantitative approach, considering the:</p> <ul style="list-style-type: none"> specific objectives of each ECP Mandate associated ex ante or market analysis existing (pre ECP Guarantee) credit policies of the ECP Financial Intermediary in respect of Target Recipients capital provisioning requirements of the ECP Financial Intermediary an acceptable level of operating costs including, but not limited to, the additional costs and risks for the ECP Financial Intermediary (compared to its standard business) associated with checking eligibility, applying state aid or aid intensity rules, reporting on the ECP Individual Portfolio, etc). <p>These Transfer of Benefit requirements shall be described in the "Request for Approval to the EIF Board" and be contractually binding and verifiable for the ECP Financial Intermediary.</p> <p>If the Transfer of Benefit occurs via a reduction in the credit risk margin compared to that in the ECP Financial Intermediary's standard pricing applicable to the ECP Final Recipient (as the ECP Financial Intermediary receives no remuneration/funding from the EIF), the assessment of the Transfer of Benefit could focus only on the credit risk premium.</p> <p>In such case, the reduced credit risk premium to be applied by the ECP Financial Intermediary could be established as follows:</p> <p>$(100\% - \text{Guarantee Rate}) * \text{Credit risk premium normally charged by the financial intermediary without a guarantee} + (\text{Guarantee Rate} \times (\text{Guarantee Fee} + \text{acceptable additional costs margin}))$</p> <p>In cases where the ECP Financial Intermediary does not obtain full capital relief of the guaranteed portion of the ECP Individual Portfolio, the additional costs margin shall include a premium to compensate the ECP Financial Intermediary's capital charge on the guaranteed portion of the loan, based on EIF's professional judgement.</p>

EFSI Contribution to EFSI-National Combination Window	<p>EFSI shall contribute up to forty-five million euros (EUR 45,000,000) towards risk taking in ECP Mandates targeting agricultural sector under the EFSI National Combination Product.</p> <p>Any additional EFSI contribution to the EFSI National Combination Window, including with respect to support agriculture or other EU policy areas remain subject to the approval of the Managing Director together with the Steering Board and after the consultation of the Steering Committee.</p>
Maximum loan amount	Subject to the applicable State aid rules, the maximum individual amount of an ECP Final Recipient Transaction under the EFSI National Combination Window shall not exceed the higher of EUR 2,500,000 (two million five hundred thousand euro) or 1% of the relevant ECP Mandate Portfolio.
ECP Target Recipients	Under the EFSI National Combination Window EIF shall target SMEs active in the agricultural, agri-business and forestry sectors taking into account the relevant state aid regimes.
Minimum allocation to ECP Target Recipients	Under the EFSI National Combination Window, ECP Target Recipients shall represent 100% of the volume of each ECP Individual Portfolio.
Member State Contribution	<p>The financial contribution from the relevant MS under EFSI National Combination Product can only come from national/regional resources i.e. resources other than from European Structural and Investment Funds as defined in the CPR.</p> <p>The terms and conditions regarding the management of the Member State Contribution shall be stipulated in the relevant ECP Mandate Documentation.</p>
Guarantee Rate	For ECP Operations under the EFSI National Combination Window, the ECP Guarantee shall cover up to 80% of the losses incurred by an ECP Financial Intermediaries on Defaulted Amounts in a given ECP Individual Portfolio as specified in the relevant ECP Mandate Documentation.
Guarantee Cap Rate	For ECP Operations under the EFSI National Combination Window, and in the case of capped guarantees, the ECP Guarantee shall only payout an amount up to 25% of the guaranteed portion of the ECP Individual Portfolio as specified in the relevant ECP Mandate Documentation. Under the EFSI National Combination Window, the capped rate may be set at a level covering both expected and a portion of the unexpected loss.
Reporting	<p>The EFSI reporting is as set out in the Agreement.</p> <p>The reporting requirements will be defined to the applicable ECP Mandate Documentation.</p>

8. SMEW ESCALAR PRODUCT

In order to address the financing gap experienced by Scale-Ups in the EU, ESCALAR (European Scale-Up Action for Risk Capital) aims to increase the investment capacity of EU-focused venture capital and growth-focused funds active in financing Scale-Ups. ESCALAR will implement a new, innovative investment approach.

Therefore, it was decided to choose a flexible quasi-equity instrument whereby the ultimate objective is to increase the attractiveness of the asset class and catalyse private money flows towards the asset class.

Definitions	<p>In addition to the defined terms set out elsewhere in the Agreement (including in Schedule VII), the following capitalized terms shall have the meaning alongside them for the purpose of Section 8 of this Annex I. In the event that there is any conflict between the terms of the Agreement and these definitions, these definitions will prevail:</p> <p>"Control" 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>"EFSI ESCALAR Contribution" has the meaning given to this term in the Section headed "SMEW ESCALAR Product Funding" in Section 8 of this Annex I.</p> <p>"EFSI ESCALAR Programme" has the meaning given to this term in the Section headed "EFSI ESCALAR Programme" in Section 8 of this Annex I.</p> <p>"ESCALAR MF" means an investment fund or a special purpose vehicle, in any form, established as a main fund in the EU or to be established therein, that is not an ESCALAR SF and that undertakes long term risk capital investments in the form of equity, preferred equity, Hybrid Debt-Equity Instruments, other type of mezzanine financing, but excluding entities targeting buy-out (or replacement capital) intended for asset stripping.</p> <p>"ESCALAR SF" means an investment fund, or a special purpose vehicle, in any form, established as a side fund in the EU or to be established therein, for the sole purpose of undertaking one or more long term risk capital investments alongside a fund, or as a subsidiary vehicle of a fund, in the form of equity, preferred equity, Hybrid Debt-Equity Instruments, other type of mezzanine financing, but excluding entities targeting buy-out (or replacement capital) intended for asset stripping.</p> <p>"ESCALAR MF Minimum Allocation" has the meaning given to this term in the Section headed "ESCALAR MF Investment Criteria" in Section 8 of this Annex I.</p> <p>"ESCALAR SF Minimum Allocation" has the meaning given to this term in the Section headed "ESCALAR SF Investment Criteria" in Section 8 of this Annex I.</p> <p>"EU Value-added" has the meaning given to this term in the Section headed "EU Value-added – Selection indicators" in Section 8 of this Annex I.</p>
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	<p>"Excluded Final Recipient" means an entity that cannot benefit from financing supported by the SMEW ESCALAR Product as a result of application of the Guidelines on EIF Restricted and Excluded Sectors and applicable legislation.</p> <p>"Hybrid Debt-Equity Instrument" means non-bank alternative financing in the form of a debt financial instrument (alone or in conjunction with an equity component or link), which, in light of its bespoke or subordination nature or other special circumstances of the issuer, is expected to yield a return in excess of standardized senior bank financing.</p> <p>"SMEW ESCALAR Financial Intermediary" means an ESCALAR MF or an ESCALAR SF.</p> <p>"MF" means the main fund.</p> <p>"Minimum Allocation" means the ESCALAR MF Minimum Allocation or the ESCALAR SF Minimum Allocation, as applicable.</p> <p>"SF" means the side fund.</p> <p>"SMEW ESCALAR Product" has the meaning given to this term in the Section headed "SMEW Product" in Section 8 of this Annex I.</p> <p>"SMEW ESCALAR Product Account" has the meaning given to this term in the Section headed "SMEW ESCALAR Product Account and drawdowns" in Section 8 of this Annex I.</p> <p>"SMEW ESCALAR Product Operation" means an ESCALAR MF Product Operation or an ESCALAR SF Product Operation.</p> <p>"SMEW ESCALAR Target Recipient" means an entity which, at the time of first investment by the SMEW ESCALAR Financial Intermediary, is an SME or a Small Mid-cap which is: (i) a Scale-up, (ii) established or operating in the European Union, and (iii) not an Excluded Final Recipient.</p> <p>"Scale-up" means an enterprise that has already established a product or service, and has already generated revenue, but may or may not be making a profit and needs financing to grow and expand, including in order to finance increased production capacity, to finance market or product development, to provide additional working capital or to be used for a (total or partial) acquisition, with a view to further grow the business.</p>
SMEW Product	<p>EIF shall deliver an SMEW Product (qualifying as an "equity" product for the purpose of Article 4 of this Schedule VII) in the form of commitments to SMEW ESCALAR Financial Intermediaries in accordance with the terms of Section 8 of this Annex I (such SMEW Product being the "SMEW ESCALAR Product").</p>
SMEW ESCALAR Product objective	<p>The purpose of the SMEW ESCALAR Product is to improve the availability of financing to European Scale-ups by investing in SMEW ESCALAR Financial Intermediaries.</p> <p>The EFSI ESCALAR Product shall aim at mobilising investments in SMEW ESCALAR Target Recipient for an aggregate amount of at least 3 times the amount of EFSI ESCALAR Contribution drawn down by EIF for the purpose of investment.</p>

EFSI ESCALAR Programme	<p>Under the EFSI ESCALAR Programme, EIF will make investments in ESCALAR MFs and/or ESCALAR SFs in accordance with the criteria set forth in this Section 8 and detailed in the call for expression of interest related to the EFSI ESCALAR Programme.</p> <p>SMEW ESCALAR Product Operations will be entered into in respect of a share class or fund unit of the SMEW ESCALAR Product Financial Intermediary benefitting from certain additional protections that reduce investment risk compared to other share classes or fund units in the same SMEW ESCALAR Product Financial Intermediary. In recognition of the lower risk, SMEW ESCALAR Product Operations will not have the same return entitlements as other investors with higher risk investments in the same SMEW ESCALAR Product Financial Intermediary.</p> <p>The EFSI ESCALAR Programme will be managed and deployed by EIF.</p> <p>EIF shall have the right to invest any other resources under EIF management (including EIF resources) in an ESCALAR MF alongside an ESCALAR MF Product Operation, also at different closings, under the same or different terms, at EIF's discretion and in accordance with EIF internal rules and procedures (including in respect of conflicts of interests).</p>
EU Value-added – Selection Indicators	<p>The EIF shall assess the EU-relevant value-added (the “EU Value-added”) of each SMEW ESCALAR Product Operation proposal prior to its approval by the relevant governing body of EIF.</p> <p>Given that the applicant SMEW ESCALAR Financial Intermediary must predominantly target Scale-Ups to be considered for investment under the EFSI ESCALAR Programme, proposals satisfying this requirement shall result in a score of at least “Medium”. For the avoidance of doubt, in case an applicant SMEW ESCALAR Financial Intermediary does not target to invest in Scale-Ups for the amount of minimum threshold as required under the SMEW ESCALAR Product, the proposal will not be considered by the EIF under the EFSI ESCALAR Programme.</p> <p>EIF's assessment of the EU Value-added shall result in a score of “High” or “Significant” (to be reported as KPI 1 for the purpose of the SMEW ESCALAR Product) on the basis of whether the SMEW ESCALAR Product Operation proposal meets one or more of the criteria mentioned below:</p> <ul style="list-style-type: none"> (a) the applicant SMEW ESCALAR Financial Intermediary targets to proactively invest in more than one Member State(s) of the EU, based inter alia on its management team's track-record, strategy, pipeline, office location, composition, or on the fact that it targets to invest less than 75% of its invested amounts in any single Member State of the EU; (b) the applicant SMEW ESCALAR Financial Intermediary targets to support internationalization of at least 50% of the portfolio companies;

	<p>(c) the applicant SMEW ESCALAR Financial Intermediary targets to invest at least 50% of its invested amounts in Member States of the EU where, according to Invest Europe (formerly known as European Private Equity and Venture Capital Association - EVCA) (as published in its 2015 report on European Private Equity Activity) the industry statistics for private equity investment volumes as a percentage of GDP are below the European average^[1];</p> <p>Where the SMEW ESCALAR Financial Intermediary is an ESCALAR SF, above indicators may be assessed at the level of the ESCALAR SF.</p> <p>Where the EU Value Added of the SMEW ESCALAR Product Operation proposal is assessed by the EIF as "Medium", "Significant" or "High", it may be considered for investment under the SMEW ESCALAR Product.</p>
SMEW ESCALAR Product Funding	SMEW ESCALAR Product Operations, using funding made available by EIB for the purposes of SMEW ESCALAR Product, shall be funded up to the aggregate of three hundred million euros (EUR 300,000,000) (the " EFSI ESCALAR Contribution ") in accordance with this Agreement.
EFSI Guaranteed Operations	All SMEW ESCALAR Product Operations shall benefit from the EU Guarantee.
Implementation Framework	In implementing SMEW ESCALAR Product Operations, the EIF shall apply its relevant internal policies and guidelines, such as the "EIF Guidelines for Equity Investments", the "EIF Anti-Fraud Policy", the "EIB Group Policy towards Weakly Regulated, Non-transparent and Non-cooperative Jurisdictions and Tax Good Governance", the "EIF Transparency Policy" and the "Guidelines on the EIF Restricted Sectors", as such internal policies and guidelines may be amended or replaced from time to time, provided that in case of any conflict or discrepancy between the terms of any such internal policies and guidelines and the terms of this Agreement, this Agreement shall prevail. Such internal policies and guidelines shall be communicated to the EU. Nothing in this provision shall restrict the full applicability of Article 2.1 and Article 3 of this Agreement, as they have been acknowledged by the EIF in relation to the SMEW.
SMEW ESCALAR Product Funding Costs	Means the EIB Funding Costs relating to the funding of the EFSI ESCALAR Contribution drawn down by EIF from EIB, which shall be calculated in accordance with this Agreement.
SMEW ESCALAR Product Hedging	SMEW ESCALAR Product Operations might be in a non-EUR currency, therefore creating currency risk. To secure the amount of EUR needed to cover the disbursement of non-EUR denominated SMEW ESCALAR Product Operations, where possible, EIF may draw in EUR under the SMEW ESCALAR Product Funding to purchase up to the entire amount committed in the non-EUR currency for the non-EUR SMEW ESCALAR Product Operations, taking into the account the date when the SMEW ESCALAR Financial Intermediary has achieved the closing in which EIF participates.

^[1] Such Member States of the EU being: Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, the Netherlands, Estonia, Finland, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, and Spain (reference: <http://www.investeurope.eu/media/476271/2015-European-Private-Equity-Activity.pdf>).

SMEW ESCALAR Product Account and Drawdowns	<p>Means any bank account to be opened and operated by the EIF in any currency with one or more banks selected by the EIF among EU financial institutions for all purposes provided for under this Agreement, with a long term rating of at least "A2" Moody's equivalent or, for non-EUR deposits, of at least "Baa3" Moody's equivalent ("SMEW ESCALAR Product Account").</p> <p>Without prejudice to the provisions on the SMEW ESCALAR Product Hedging, drawdowns under the SMEW Facility (as defined in the EIB/EIF SMEW Agreement) shall be made only if, taking into account expected disbursements, commitments made and the SMEW Funding Facility Period and any extension thereof, reasonably required or necessary for the due implementation of the SMEW ESCALAR Product (including any obligations that EIF may have in respect of the SMEW ESCALAR Product Operations after the final repayment date of any amounts drawn down and outstanding under the SMEW Facility, as defined in the EIB/EIF SMEW Agreement) and subject to draw downs being for a minimum amount to be agreed between the Parties and EIF. EIF shall apply its professional due diligence in respect thereof.</p> <p>Without prejudice to the foregoing, amounts drawn down under the SMEW Facility (as defined in the EIB/EIF SMEW Agreement) that are not utilized or not expected to be utilized, in whole or in part, for the purpose of financing (including its hedging) or as the case may be paying under a specific SMEW ESCALAR Product Operation, shall be retained on the relevant SMEW ESCALAR Product Account, included if converted to EUR, and applied for any other SMEW ESCALAR Product Operations prior to drawing down further amounts from the EIB. However, if such amounts are not expected to be used in accordance with the previous paragraph, they shall be converted to EUR, if not previously converted, and treated as remaining SMEW Available Amounts, in accordance with point (f) of Article 5 of Schedule VII.</p>
SMEW Costs	<p>Means the costs as specified in Article 1 of Schedule VII incurred by EIF for the implementation of the SMEW ESCALAR Product and which shall be reimbursed or paid to EIF in accordance with item (a) of Article 5 of Schedule VII.</p>
SMEW ESCALAR Portfolio Value Variation Amount	<p>The SMEW ESCALAR Portfolio Value Variation Amount, calculated by the EIF, means the aggregate of the impairment amounts in relation to the relevant SMEW ESCALAR Product Operations identified by the EIF as impaired and calculated by the EIF in accordance with its policies and procedures in line with applicable accounting rules plus the aggregate of the realized losses from SMEW ESCALAR Product Operations.</p> <p>SMEW ESCALAR Portfolio Value Variation shall be reported annually to the EIB and shall give rise to the right to a guarantee call from the EU Guarantee under this Agreement.</p>
ESCALAR SMEW EIB Covered Amounts	<p>Means the sum of:</p> <ul style="list-style-type: none"> (a) the aggregate amount committed to SMEW ESCALAR Product Operations, up to three hundred million euros (EUR 300,000,000); and (b) SMEW ESCALAR Product Funding Costs.

	Should the EFSI contribution not be allocated to potential SMEW ESCALAR Product Operations in full by 30 June 2020, then the unused amount shall be transferred to COSME LGF Enhancement and increase COSME LGF Enhancement Ceiling, unless otherwise agreed between the Parties and EIF.
ESCALAR SMEW Guaranteed Sums	Means the sum of: <ul style="list-style-type: none"> (a) SMEW ESCALAR Portfolio Variation Amounts reported from time to time by EIF to EIB; and (b) the aggregate amount of EFSI ESCALAR Contribution drawn down by the EIF from the EIB under the SMEW Facility (as defined in the EIB/EIF SMEW Agreement) for the purpose of EFSI ESCALAR Product Operations (including SMEW ESCALAR Product Hedging) not repaid to the EIB on the final repayment date of the SMEW ESCALAR Product Funding, such date determined in Article 5 of the EIB/EIF SMEW Agreement.
ESCALAR SMEW Revenues	Means any non-recallable amounts received from SMEW ESCALAR Financial Intermediaries under SMEW ESCALAR Product Operations.
ESCALAR SMEW Recoveries	No SMEW Recoveries shall arise in connection with the SMEW ESCALAR Product. Any rights of subrogation under Article 10.1 of this Agreement shall not apply.
EIF Administrative Fees	For the purpose of the SMEW ESCALAR Product, EIF shall be entitled to EIF Administrative Fees of an amount up to 5.9% of the EFSI ESCALAR Contribution. The EIF Administrative Fees shall be calculated on the basis of the Fee Appendix provided in Section 8 of this Annex I. Unless otherwise specified elsewhere in this Agreement, EIF Administrative Fees shall be payable in accordance with Article 6 of Schedule VII of this Agreement.
Visibility Requirements	Article 8 of Schedule VII and Article 31 of this Agreement shall apply in their entirety, except that, for purposes of SMEW ESCALAR Product Operations, the statement that must be included in financing agreements pursuant to Article 31.8 shall read as follows: "This operation benefits from a guarantee from the European Union under the European Fund for Strategic Investments (EFSI), using the ESCALAR scale-up instrument." In the event that EIF invests other resources subject to Article 31 alongside a SMEW ESCALAR Product Operation, this statement shall be adjusted accordingly. No additional visibility requirements shall be required for SMEW ESCALAR Product Operations.
Controls, audit and evaluations	Part J of this Agreement shall apply to SMEW ESCALAR Product Operations.

SMEW ESCALAR Product Application and Selection Process	<p>The EIF shall select the SMEW ESCALAR Financial Intermediaries through a transparent, open call for expression of interest. The content and specific details for the call for expression of interest shall be agreed between the EIF and the Commission. The following selection process will apply:</p> <ul style="list-style-type: none"> (i) screening (pre-selection); (ii) due diligence; (iii) assessment and approval in accordance with EIF's internal assessment and decision making rules (which shall always include the decision of the EIF's board of directors); and (iv) negotiation and signature. <p>The selection of an applicant SMEW ESCALAR Financial Intermediary is based on the assessment made by EIF (based on EIF's internal procedures) of the following criteria:</p> <ul style="list-style-type: none"> (i) contribution to the pre-agreed EU policy objectives; (ii) specific market needs; (iii) structuring input; (iv) catalytic effect (with particular focus on potential crowding-in of private investments); and (v) expected performance.
ESCALAR MF Product Operation	Means a commitment or an agreement in any form entered into by EIF with an ESCALAR MF to invest in such ESCALAR MF, excluding any other co-investments from other resources managed or advised by EIF.
ESCALAR SF Product Operation	Means a commitment or an agreement in any form entered into by EIF with an ESCALAR SF to invest in such ESCALAR SF, excluding any other co-investments from other resources managed or advised by EIF.
SMEW ESCALAR Product Commitment Period	EIF shall be entitled to enter into SMEW ESCALAR Product Operations during the Investment Period, provided that relevant operation was approved (possibly subject to further conditions precedent that are related to EIF internal governance) by EIF's Board of Directors on or before 31 December 2020.
ESCALAR Investment Criteria	<p>EIF shall ensure that the following investment criteria apply to each SMEW ESCALAR Product Operation at the time of the signature of the relevant SMEW ESCALAR Product Operation:</p> <ul style="list-style-type: none"> (a) the SMEW ESCALAR Product Financial Intermediary shall be managed by an independent management team²² combining the appropriate mix of skills and experience to demonstrate the necessary capability and credibility to manage a risk capital fund²³ and which, during the due diligence process, demonstrated to EIF that they (i) have a clear strategy to make a sufficient number of investments into SMEW ESCALAR Product Target Recipients, create adequate deal flow and establish appropriate exit strategies and (ii) will apply good market practice in areas such as legal structure, investment principles, reporting and evaluation; (b) the amount committed under the SMEW ESCALAR Product Operation does not exceed one hundred million euros (EUR 100,000,000) or its EUR equivalent at time of commitment;

²² Independent management teams include teams operating within a corporate or university structure, a foundation, or any financial institution established under any other form, provided that the operation of the fund management business has a high degree of independence in making investment decisions from the parent company / organization.

²³ 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 SMEW ESCALAR Product Financial Intermediary, whereby the management team as a whole will be evaluated and this criteria does not have to be fulfilled by each individual member of the management team.

	<p>(c) the amount committed under the SMEW ESCALAR Product Operation represents at least 7.5% of the commitments made at the closing at which EIF is admitted (excluding any amount committed to the SMEW ESCALAR Product Financial Intermediary in previous closings; if any); and</p> <p>(d) the lifetime of the SMEW ESCALAR Product Financial Intermediary shall be in line with market standards and in any case shall not exceed 15 years as from the date on which the SMEW ESCALAR Product Operation becomes effective, plus up to 3 years extension. Appropriate arrangements for the timely and cost effective winding-up of SMEW ESCALAR Product Operations shall be determined in good faith between EIF and the Commission with an objective that such operations do not extend beyond the EIB SMEW Funding Final Repayment Date, to the extent permitted under the relevant underlying documentation. Such arrangements may include the sale of the ESCALAR participation in a SMEW ESCALAR Product Financial Intermediary with a discount on its Net Asset Value, if it is deemed more cost-effective than the continuation of the SMEW ESCALAR Product Operations.</p>
ESCALAR MF Investment Criteria	<p>In addition to the ESCALAR Investment Criteria, EIF shall ensure that the following investment criteria apply to each ESCALAR MF Product Operation at the time of the signature of the relevant ESCALAR MF Product Operation:</p> <p>(a) the ESCALAR MF shall invest in SMEW ESCALAR Target Recipients an amount (the "ESCALAR MF Minimum Allocation") equal to at least the lower of:</p> <p>(i) 2 times the amount drawn down by the ESCALAR MF from EIF under the ESCALAR MF Product Operation for the purpose of investment; and</p> <p>(ii) two thirds of the aggregate amount drawn down by the ESCALAR MF from its investors for the purpose of investment;</p> <p>(b) the ESCALAR MF shall invest more than 50% of its invested amounts, directly or indirectly, in SMEW ESCALAR Target Recipients; and</p> <p>(c) the amount committed under the ESCALAR MF Product Operation does not exceed 50% of the aggregate commitments made to the SMEW ESCALAR Product Financial Intermediary MF.</p> <p>For the avoidance of doubt, ESCALAR MFs may invest in entities that are not SMEW ESCALAR Target Recipients; provided however that investments in such entities shall not count towards the total investments target to be achieved under the SMEW.</p> <p>The following additional conditions shall apply:</p> <p>(iii) at least 30% of total commitments to such ESCALAR MF at the time of the closing of the relevant ESCALAR MF Product Operation (including commitments made in earlier closings, if any) are made by independent private investment sources (as set forth below); and</p> <p>(iv) such ESCALAR MF shall be managed by entities which are Controlled by individuals or privately held entities.</p>

	<p>For the purpose of items (i) and (ii) above and without prejudice to the rules governing the KPI and KMI calculations, the following categories of investors or resources shall be deemed to be independent private investment sources or privately held entities (as applicable):</p> <ul style="list-style-type: none"> • EIF/EIB own resources, invested at own risk and excluding public parts of mandates • financial institutions (investing at own risk and from own resources) • private endowments & foundations • family offices & Business Angels (including joint investment vehicles set-up by/with Business Angels) • corporate investors • insurance companies • pension funds • private individuals • academic institutions (including universities and public and private research institutions) • other categories of investors may also be considered private investment sources (e.g. sovereign wealth funds or fund-of-funds) where the resources invested are generated by commercial activities and are invested on commercial terms; • fund-of-funds provided that they invest exclusively on commercial terms and are managed or advised by a privately held asset manager, save that: <ul style="list-style-type: none"> ◦ any fund-of-funds fully funded by state budget resources shall not be considered an independent private investment source; ◦ where a fund-of-funds is partially funded by state budget resources, the investment made by such a fund-of-funds into an ESCALAR MF shall be considered as an independent private investment source <i>pro rata</i> to the amounts invested by the fund-of-funds which are not directly funded by state budget resources; • NPBs investing own resources, for their own risk, and on commercial terms. <p>For the purpose of these provisions, state budget resources shall include European Structural and Investment Funds.</p> <p>In assessing compliance with the requirements of this Section, the EIF may rely on a declaration, representation or undertaking from the relevant entity.</p> <p>For the avoidance of doubt, the EFSI ESCALAR Contribution is not considered an independent private investment source.</p>
ESCALAR SF Investment Criteria	<p>In addition to the ESCALAR Investment Criteria, EIF shall ensure that the following investment criteria apply to each ESCALAR SF Product Operation at the time of the signature of the relevant ESCALAR SF Product Operation:</p> <ul style="list-style-type: none"> (a) the ESCALAR SF shall invest 100% of amounts drawn down from investors for investments in SMEW ESCALAR Target Recipients (the "ESCALAR SF Minimum Allocation"); and (b) for the purpose of applying the limits set under items b) and c) in the section entitled "ESCALAR Investment Criteria" above to ESCALAR SF Product Operations, EIF's commitment to ESCALAR SF is to be considered a separate SMEW ESCALAR Product Operation.

ESCALAR Non-Participation in Certain Investments	<p>The EIF shall ensure that SMEW ESCALAR Product Financial Intermediaries shall not be entitled to issue any drawdown notice relating to an investment in any Excluded Final Recipient.</p> <p>Should the EIF, during the investment period of any SMEW ESCALAR Product Financial Intermediary, based on the following elements set forth in a drawdown notice received from that SMEW ESCALAR Product Financial Intermediary: (i) the confirmation made therein by the SMEW ESCALAR Product Financial Intermediary of whether the contemplated investment is in line with the investment policy of the SMEW ESCALAR Product Financial Intermediary (as set forth in its underlying documentation), (ii) the information provided on the country of establishment of the contemplated recipient, and (iii) the information provided on the sector of activity of the contemplated recipient, become certain that a contemplated investment would result in an irremediable breach of the relevant Minimum Allocation as agreed at the time of the EIF commitment in the SMEW ESCALAR Product Financial Intermediary, the EIF shall not participate (subject to applicable law), fully or partially, through the SMEW ESCALAR Product Financial Intermediary in such investment and shall inform the SMEW ESCALAR Product Financial Intermediary accordingly and, for the avoidance of doubt, shall not benefit from profits nor suffer from losses deriving from such investment.</p> <p>Without prejudice to the paragraph above, should the EIF become aware that (a) an SMEW ESCALAR Product Financial Intermediary has invested in an entity that, at the time of the first investment, qualified as an Excluded Final Recipient or (b) an investment made by an SMEW ESCALAR Product Financial Intermediary has caused the SMEW ESCALAR Product Financial Intermediary to be in breach of the relevant Minimum Allocation as agreed at the time of the EIF commitment in the SMEW ESCALAR Product Financial Intermediary and those situations under (a) or (b) cannot be reasonably remedied, then the relevant governing bodies of the EIF (as determined on the basis of EIF's internal procedures) shall be informed of such breach and shall decide on the action (proposed to be) taken by the EIF in response.</p>
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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]		[REDACTED]		[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

9. SMEW Skills & Education Product

Background for the SMEW Product:

The SMEW Skills and Education Product takes the form of a guarantee or a counter-guarantee extended by the EIF to private or public financial intermediaries across Europe, which aims at providing finance for the benefit of the knowledge economy, education, training and skills transformation to facilitate a new wave of innovation and productivity in Europe. It aims to enhance educational attainment, skills level and increase the supply of skilful workforce - capable of coping with the changing needs of EU economy - to the European labour market, while ultimately boosting productivity, innovation and competitiveness and fostering growth and job creation and preservation.

9.1 General Terms

General

Definitions	<p>"S&E Final Recipient" means any individual or entity receiving support under a S&E Final Recipient Transaction.</p> <p>"S&E Final Recipient Transaction" means any type of new financing, provided, directly or indirectly, by a S&E Financial Intermediary to a S&E Final Recipient in the context of a S&E Operation.</p> <p>"S&E Financial Intermediary" means a financial intermediary that has entered into a S&E Operation.</p> <p>"S&E Financial Sub-Intermediary" means a financial sub-intermediary that has entered directly or indirectly into a S&E Sub-Operation with a S&E Financial Intermediary.</p> <p>"S&E Financial (Sub-) Intermediary" means any of the S&E Financial Intermediary or S&E Financial Sub-Intermediary</p> <p>"S&E Guarantee" means a guarantee or counter-guarantee issued by the EIF to the S&E Financial Intermediary in relation to a S&E Operation.</p> <p>"S&E Guarantee Agreement" means a guarantee or counter-guarantee agreement signed between EIF and a S&E Financial Intermediary in relation to a S&E Operation.</p> <p>"S&E Individual Portfolio" means the portfolio of S&E Transactions originated directly or indirectly by a S&E Financial Intermediary and covered under a S&E Operation.</p> <p>"S&E Actual Individual Portfolio Volume" means the aggregate amount of the principal committed to be available under newly originated S&E Final Recipient Transactions included in the S&E Individual Portfolio from time to time.</p> <p>"S&E Operation" means a guarantee or counter guarantee entered into between the EIF and a S&E Financial Intermediary, which can be denominated in any EU currency.</p> <p>"S&E Sub-Operation" means any guarantee and/or debt instrument issued by a S&E Financial Intermediary to a S&E</p>
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	<p>Financial Sub-Intermediary covering directly or indirectly a S&E Final Recipient Transaction.</p> <p>“S&E Transaction” means: i) where a S&E Guarantee is a guarantee – an S&E Final Recipient Transaction or ii) where a S&E Guarantee is a counter-guarantee: an S&E Sub-Operation.</p> <p>“Small Public Enterprise” means is a majority publicly owned enterprise with up to 499 FTEs.</p> <p>“SMEW S&E Contribution” means the amount of EUR 50,000,000 contributed from EFSI SMEW to the SMEW S&E Product.</p> <p>“SMEW S&E Product Effective Date” means the later of the following dates:</p> <ul style="list-style-type: none"> (i) Signing date of the Fifth Amendment and Restatement Agreement and EIB/EIF SMEW Agreement (ii) Approval of the S&E Product enshrined in the aforementioned amendment of EFSI Agreement by the Steering Board and the Managing Director.
SMEW Product	<p>EIF shall deliver this SMEW Product in the form of a guarantee within the meaning of Article 3.1 of Schedule VII.</p> <p>The SMEW Product shall provide first loss credit risk protection for the guaranteed amounts of Transactions.</p> <p>Such SMEW Product shall be named the “S&E” or “SMEW S&E”.</p> <p>Parties acknowledge that the new SMEW S&E Product shall be conducted on a pilot basis with advantageous terms and conditions, which should be communicated to the market participants accordingly, including in the call for expression of interest.</p>
SMEW Product objectives	<p>The S&E will enable finance flowing for the benefit of knowledge economy, education and skills transformation. More concretely S&E aims at:</p> <ol style="list-style-type: none"> 1. supporting individuals in education attainment and skills upgrade by unlocking access to finance to cover educational / skills gap in Europe resulting from –inter alia- societal and technological transformation of the European economy; S&E will also support students and learners pursuing educational programmes in a different Member State other than the one of residency of the individual (mobility); 2. facilitating the skills transformation efforts pursued by the European enterprises by providing risk finance for improving the skills and skills utilisation of their workforce skills set, thereby contributing to the increase of enterprise competitiveness and productivity while achieving job preservation of the employed; 3. enhancing access to finance to European organisations²⁵ active in the field of skills, training and education or developing projects in Education field with the objective of significantly

²⁵ An organisation is considered to be any entity engaged in an economic activity, irrespective of its legal form.

	<p>improving the ecosystem of the supply of Education, training and skills-related services.</p> <p>These objectives are to be implemented taking into account the note titled "<i>Skills & Education Guarantee Pilot, Policy justification paper</i>"²⁶.</p>
SMEW S&E Commitment Period	EIF shall be entitled to enter into S&E Operations as from the SMEW S&E Product Effective Date until 31/12/2022, provided that the relevant S&E Operation was approved by EIF's Board of Directors on or before 31 December 2020.

Main product features

S&E complementarity to other national/regional initiatives	<p>For S&E Operations targeting S&E Final Recipients of Category (A) - Students and learners: The implementation of S&E will be made complementary to other existing national/regional/EU support schemes. In order to achieve such complementarity, EIF will assess, including based on information provided by the relevant applicant, the extent to which the applicant is making use of available student support programmes (e.g. student loans or grant programmes), if any. On that basis, EIF will structure a complementary transaction for each relevant applicant and in relation to its existing business activities.</p> <p>In principle, the S&E Guarantee shall lead the applicant to broadening its business activity by financing transactions that it would not have financed in the absence of the S&E Guarantee. If an applicant is himself deploying a dedicated student support programme but its ability to serve market demand is restricted, the S&E Guarantee may be used to support a significant increase in the volumes of such student support programme.</p>									
Eligible Educational Programme	<p>Means an education programme falling under the International Standard Classification of Education (ISCED) classifications 3-8, including e-learning programmes.</p> <table><tr><th colspan="3">Educational Programmes under the ISCED ^{27 28}</th></tr><tr><td>Upper secondary education, including vocational education and training (VET) programmes</td><td></td><td>ISCED 3</td></tr><tr><td>Post-secondary non-tertiary education, including vocational</td><td></td><td>ISCED 4</td></tr></table>	Educational Programmes under the ISCED ^{27 28}			Upper secondary education, including vocational education and training (VET) programmes		ISCED 3	Post-secondary non-tertiary education, including vocational		ISCED 4
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Post-secondary non-tertiary education, including vocational		ISCED 4								

²⁶ Ares(2019)7404103 – 02/12/2019

²⁷ [International Standard Classification of Education \(ISCED\)](#);

²⁸ [The Structure of the European Education Systems 2018/19](#) – the report provides an overview of potentially eligible educational programmes by relevant Member State of the EU – Financial Intermediaries should refer to the relevant Country(-ies) list(s);

	education and training (VET) programmes		
	Short-cycle tertiary education, including vocational education and training (VET) programmes		ISCED 5
	Bachelor's or equivalent level	1 st cycle ²⁹	ISCED 6
	Master's or equivalent level	2 nd cycle ²⁹	ISCED 7
	Doctoral or equivalent level	3 rd cycle ²⁹	ISCED 8
Plus the following three additional categories:			
	Programmes leading to a nationally recognised qualifications	Any programme leading to a qualification (other than an educational programme falling under the classifications 3-8 of the ISCED) included in national/regional qualification frameworks (NQFs) of participating countries.	
	Digital Skills	Digital Skills means any skills related to digital literacy, i.e. the ability to find, evaluate, utilise, share, create content and execute activities using information technologies. Digital Skills programmes include, inter alia, those digital skills programmes (in any form) provided by a training center or association (including chambers of commerce, professional associations, etc) or consultancy or equivalent).	
	Trainings in labour market relevant skills.	Trainings in labour market relevant skills means trainings providing professional skills and preparing for entry into shortage occupations / occupations in high demand as designated by competent national or European authorities (e.g. EURES ³⁰ , national public employment services, national migration services). For example, at European level, the list of such occupations has been compiled by the European Commission in the fields listed	

²⁹ As per the Framework for Qualifications of the European Higher Education Area dated May 2015.

³⁰ <https://ec.europa.eu/eures/public/en/homepage>

	<p>in the Column titled "Shortage" in Table 1E on Page 6 of the document "A comparison of shortage and surplus occupations based on analyses of data from the European Public Employment Services and Labour Force Surveys"³¹.</p> <p>Such trainings include, inter alia, labour market relevant skills programmes (in any form) provided by a training centre or association (including chambers of commerce, professional associations, etc) or consultancy or equivalent."</p>												
	(1)												
Eligible Investment in Skills	<table><tr><th>Eligible Investment into Skills</th><th>Description</th></tr><tr><td>(A) Apprenticeships</td><td>Apprenticeships are learning programmes that systematically combine work-based learning in companies with learning based in education or training institutions. They must lead to a nationally recognised qualification and be arranged in a form of a contract or formal agreement for a prescribed period of time between the employer and the apprentice and/or an institution representing the apprentice, defining the characteristics of the apprenticeship.</td></tr><tr><td>(B) Programmes leading to nationally recognised qualifications</td><td>Any programme leading to a qualification (other than Eligible Educational Programmes) included in national/regional qualification frameworks (NFQs) of participating countries.</td></tr><tr><td>(C) Traineeships</td><td>Traineeships means a short-term job contract entered into between an enterprise and a student or recently graduated individual in which there is an explicit component of training on the job.</td></tr><tr><td>(D) Student Entrepreneurship</td><td>Student Entrepreneurship means the education programmes (in any form including inter alia training, traineeships, etc.) which include the acquisition of entrepreneurial skills by a focus on business creation, including – inter alia – the setting up or design or simulation of an enterprise or project, provided by a training centre or association or equivalent.</td></tr><tr><td>(E) Digital Skills</td><td>Digital Skills means any skills related to digital literacy, i.e. the ability to find, evaluate, utilise,</td></tr></table>	Eligible Investment into Skills	Description	(A) Apprenticeships	Apprenticeships are learning programmes that systematically combine work-based learning in companies with learning based in education or training institutions. They must lead to a nationally recognised qualification and be arranged in a form of a contract or formal agreement for a prescribed period of time between the employer and the apprentice and/or an institution representing the apprentice, defining the characteristics of the apprenticeship.	(B) Programmes leading to nationally recognised qualifications	Any programme leading to a qualification (other than Eligible Educational Programmes) included in national/regional qualification frameworks (NFQs) of participating countries.	(C) Traineeships	Traineeships means a short-term job contract entered into between an enterprise and a student or recently graduated individual in which there is an explicit component of training on the job.	(D) Student Entrepreneurship	Student Entrepreneurship means the education programmes (in any form including inter alia training, traineeships, etc.) which include the acquisition of entrepreneurial skills by a focus on business creation, including – inter alia – the setting up or design or simulation of an enterprise or project, provided by a training centre or association or equivalent.	(E) Digital Skills	Digital Skills means any skills related to digital literacy, i.e. the ability to find, evaluate, utilise,
	Eligible Investment into Skills	Description											
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(E) Digital Skills	Digital Skills means any skills related to digital literacy, i.e. the ability to find, evaluate, utilise,												

³¹ <https://publications.europa.eu/en/publication-detail/-/publication/28a5c10c-48fc-11e8-be1d-01aa75ed71a1/language-en>

		share, create content and execute activities using information technologies. Digital skills programmes include, inter alia, those digital skills programmes (in any form) provided by a training centre or association or consultancy or equivalent (including chambers of commerce, professional associations, etc).
	(F) Trainings/other Skills acquisition	In house or external trainings for the workforce of the Final Recipient.
S&E Final Recipients	<p>S&E Final Recipient is a natural person or an SME or a Small Mid Cap or a Small Public Enterprise or an organisation or an enterprise, which has entered into a S&E Final Recipient Transaction.</p> <p>The S&E Final Recipients under S&E Final Recipient Transactions shall belong to one of the categories below:</p> <p>Category (A): Students and Learners:</p> <p>S&E Final Recipients shall comply with each of the following eligibility criteria at the latest on the date of signature of the S&E Final Recipient Transaction:</p> <ul style="list-style-type: none"> a. The S&E Final Recipient shall be a natural person b. The S&E Final Recipient shall undertake an Eligible Educational Programme or part of it in a Member State³², Compliance with this eligibility criterion may be verified by the S&E Financial Intermediary by means of a proof of acceptance or enrolment in an Eligible Educational Programme. c. The S&E Final Recipient shall provide a declaration indicating any financial support received from other existing support schemes and the total additional amount of financing needed. Such declarations shall be kept on record by the S&E Financial Intermediary. <p>Category (B): Enterprises investing in Skills and Skills utilisation of their workforce:</p> <p>S&E Final Recipients shall comply with each of the following eligibility criteria at the latest on the date of signature of the S&E Final Recipient Transaction:</p> <ul style="list-style-type: none"> a. The S&E Final Recipient shall be established and operating in a Member State; b. The S&E Final Recipient shall be an SME or a Small Mid Cap or Small Public Enterprise; c. The S&E Final Recipient intends to finance Eligible Investment in Skills; 	

³² For avoidance of doubt, an Eligible Educational Programme in the form of e-learning shall also be eligible irrespective of the location of the e-learning provider

	<p>Compliance with this eligibility criterion shall be based on the presentation of a training plan/training budget/offer by a training provider or any similar relevant documentation</p> <p>Category (C): Organisations³³ supplying education, training, skills and related services (including Kindergartens, Nursery Schools, early childhood services, etc.);</p> <p>S&E Final Recipients shall comply with the following eligibility criteria at the latest on the date of signature of the S&E Final Recipient Transaction:</p> <ul style="list-style-type: none"> a. The S&E Final Recipient shall be an SME, Small Mid cap, Small Public Enterprise or organisation (or associations thereof); b. The S&E Final Recipient shall be <ul style="list-style-type: none"> a newly established ³⁴ enterprise or organisation with an economic activity in the field of education/skills (NACE code in group P³⁵), OR ▪ an existing enterprise or organisation with a substantial focus ³⁶ of their economic activity in the field of education/skills (NACE code in group P³⁰) OR entering into a S&E Final Recipient Transaction for the purpose of developing a skills/training/educational project that falls under one of the NACE codes of group P³⁷ (Education). <p>Compliance with this eligibility criterion may be verified by the S&E Financial Intermediary by means of the provision of the project plan or equivalent documentation.</p> c. the S&E Final Recipient shall be established and operating in a Member State.
S&E Final Recipient Transactions	<p>S&E Final Recipient Transactions shall comply with: (1) a set of common eligibility criteria and (2) Specific eligibility criteria as per category of S&E Final Recipient:</p> <p>(1) Common Eligibility Criteria:</p> <p>S&E Final Recipient Transactions shall be newly originated;</p>

³³ An organisation is considered to be any entity engaged in an economic activity, irrespective of its legal form. .

³⁴ Up to two years since establishment date

³⁵ at the four-digit statistical class level as listed in Sub-Annex I

³⁶ At least 20% of the sales/turnover to derive from an economic activity in the field of education/skills

³⁷ See Sub-Annex I

	<p>(2) Specific Eligibility criteria per category of S&E Final Recipients:</p> <p>Category (A) - Students and Learners:</p> <p>(a) Purpose: coverage of cost for tuition fees, living expenses, accomodation fees, transport expenses, text books and other related expenses to an Eligible Educational Programme</p> <p>Compliance with this eligibility criterion may be verified by the S&E Financial Intermediary by means of a proof of acceptance in an Eligible Educational Programme.</p> <p>(b) Type of financing: any type of financing, including deferred payment transactions or income linked (i.e. repayments based on future income of the S&E Final Recipient) or income contingent (i.e. limited repayments depending on the income of the S&E Final Recipient).</p> <p>(c) Principal amount: up to EUR 30,000;</p> <p>(d) No collateral or parental (or other third party) guarantee shall be requested to secure a S&E Final Recipient Transaction other than a personal guarantee from the S&E Final Recipient;</p> <p>Eligibility criterion (c) shall be met at all times and shall be the maximum amount of principal committed by the S&E Financial Intermediary to be made available for utilisation by a single S&E Final Recipient under one or more S&E Final Recipient Transactions benefitting from the S&E Guarantee.</p> <p>Eligibility criteria (a), (b) and (d) shall be met at all times.</p> <p>Category (B)- Enterprises investing in Skills:</p> <p>(e) Purpose of the S&E Final Recipient Transaction: investment in intangible assets and working capital in Eligible Investments in Skills;</p> <p>Compliance with this eligibility criteria may be verified by means of a training plan / budget or equivalent document describing the activities undertaken and its estimated cost.</p> <p>(f) Type of financing: debt financing transactions;</p> <p>(g) Principal amount: up to two million euros (EUR 2,000,000);</p> <p>(h) The principal amount of a S&E Final Recipient Transaction should not be higher than twice the amount of the direct planned costs related to the Eligible Investment in Skills, as evidenced in the relevant documentation (e.g. training plan/budget, offer by a training provider, etc.).</p> <p>Direct costs for training may include fees, travel & subsistence costs, labour costs³⁸ of internal trainers & staff, costs of training materials and costs of training premises;</p>
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³⁸ As it may be required by national legislation, salaries paid to apprentices and trainees may be also considered as direct costs.

	<p>(i) S&E Final Recipient Transactions shall have a minimum scheduled maturity of 12 months;</p> <p>Eligibility criteria (d) and (e) shall be met at the latest on the date of Signature of the S&E Final Recipient Transactions.</p> <p>Eligibility criterion (c) refers to the aggregate amount of principal of each S&E Final Recipient Transaction covered by the S&E Guarantee and shall be met at all times.</p> <p>Eligibility criteria (a) and (b) shall be met at all times.</p> <p>Category (C): Enterprises supplying education, training, skills and related services (including Kindergartens, Nursery Schools, Early Childhood services, etc.);</p> <p>(j) Purpose of the S&E Final Recipient Transaction: investment in tangible and intangible assets, as well as working capital;</p> <p>(k) Type of financing: debt financing transactions;</p> <p>(l) Principal amount: up to two million euros (EUR 2,000,000);</p> <p>(m) Minimum scheduled maturity of 12 months;</p> <p>Eligibility criterion (d) shall be met at the latest on the date of Signature of the S&E Final Recipient Transactions.</p> <p>Eligibility criterion (c) refers to the aggregate amount of principal of each S&E Final Recipient Transaction covered by the S&E Guarantee and shall be met at all times.</p> <p>Eligibility criteria (a) and (b) shall be met at all times.</p>
S&E Financial (Sub-) Intermediary	<p>Each S&E Financial (Sub-) Intermediary shall be:</p> <ul style="list-style-type: none"> - established and / or operating in at least one of the EU Member States; and - (1) duly authorised (if applicable³⁹) to carry out financing or leasing activities or providing bank guarantees in accordance with applicable laws and regulations, OR <p>(2) a guarantee scheme, guarantee institution or other financial or credit institution duly authorised, if applicable, to issue guarantees according to applicable legislation.</p>

³⁹ Not applicable to non-financial institutions (e.g. universities, vocational training center, etc.)

Selection Process for S&E Financial Intermediaries	<p>EIF shall select S&E Financial Intermediaries on the basis of a call for expression of interest and after satisfactory due diligence and following the principles of transparency, equal treatment and non-discrimination. The call for expression of interest shall be agreed between EIF and the EC.</p> <p>Nonetheless, all S&E Operations shall be assessed and approved in accordance with EIF's internal assessment and decision making rules, and must be submitted for approval to the EIF Board of Directors.</p> <p>For Financial Intermediaries intending to offer S&E Final Recipient Transactions falling under Category (A) of S&E Final Recipients:</p> <ol style="list-style-type: none"> favorable terms in the repayment of the S&E Final Recipient Transactions (e.g. grace periods, max/min maturity, etc) may be proposed by the S&E Financial Intermediary in its application to the programme, and shall be considered positively in the scoring in the Selection Process; when applying, shall make a proposal for the use of the guarantee in a complementary manner to existing support schemes in the relevant country(-ies) of operation; if they already operate under the Erasmus+ Student Loan Guarantee Facility ("Erasmus+ SLGF") , any final recipient transaction eligible under both Erasmus+ SLGF and S&E shall be included into the Erasmus+ SLGF portfolio.
Guarantee Rate	For S&E Final Recipients: the Guarantee Rate shall be up to 80% of each S&E Transaction covered by the S&E Guarantee and will be typically set at its maximum.
Guarantee Cap Rate	The percentage of the portion of the S&E Actual Individual Portfolio Volume covered by the Guarantee. It shall be up to 25%. For S&E Transactions with Category (B) and Category (C), Guarantee Cap Rate shall be determined by EIF having regard to the expected loss, to be estimated and documented on the basis of historical and forward-looking estimations. In the cases of absence of any relevant information as e.g any relevant track record of the Financial Intermediary in comparable target segment of Final Recipients and/or Final Recipient Transactions, EIF will use its professional judgement when setting the Guarantee Cap Rate.
S&E Guarantee Fees	The S&E Guarantee shall be free of charge.
Maximum term of the S&E Guarantee	<p>With respect to a S&E Guarantee covering:</p> <ol style="list-style-type: none"> S&E Transactions with Category (A) S&E Final Recipients: 15 years. S&E Transactions with Category (B) or Category (C) S&E Final Recipients: 10 years. <p>For the avoidance of doubt, the maturity of any S&E Final Recipient Transaction may exceed the Maximum term of the S&E Guarantee.</p>

Risk Retention	For the purpose of alignment of interest, the S&E Financial Intermediary shall retain, at any time, either: (i) a material interest in the S&E Individual Portfolio of at least 20% of the outstanding aggregate principal amount of each S&E Transaction, or (ii) in duly justified circumstances, any other equivalent measure of alignment of interest.
Defaulted Amounts	In relation to a S&E Operation, the amounts guaranteed by the EIF under the relevant S&E Guarantee in each case, pursuant to the relevant S&E Guarantee Agreement.
Guarantee Call	With respect to S&E Operations, any request for payment made by a S&E Financial Intermediary under the S&E Guarantee Agreement with respect to Defaulted Amounts.
SMEW S&E Product Hedging	<p>S&E Operations might be in non-EUR therefore creating currency risk. To secure the amount of EUR needed to cover the foreign exchange risk of non-EUR denominated S&E Operations, where possible, EIF may arrange currency risk hedging by drawing in EUR under EIB/EIF SMEW Agreement up to the entire amount committed in the S&E Operation.</p> <p>Monies drawn down from the EIB/EIF SMEW Guarantee that are not utilised or not expected to be utilised, in whole or in part, for the purpose of hedging or, as the case may be, paying under a specific S&E Operation, shall be retained by EIF, including if converted to EUR, and applied for any other S&E Operations prior to drawing down further amounts from the EIB. However, if such amounts are not expected to be used in accordance with the previous paragraph, they shall be converted to EUR, if not previously converted, and treated as remaining SMEW Available Amounts, in accordance with point (f) of Article 5 of Schedule VII.</p> <p>For the avoidance of doubt, monies drawn down from the EIB/EIF SMEW Guarantee for the purpose of hedging does not constitute a reduction of the SMEW EIB Covered Amounts.</p>
Implementation Framework	In implementing S&E, the EIF shall apply its relevant internal policies and guidelines, such as "EIF Anti-Fraud Policy", the "EIF Transparency Policy" and the "Guidelines on the EIF Restricted Sectors", as such internal policies and guidelines may be amended or replaced from time to time, provided that in case of any conflict or discrepancy between the terms of any such internal policies and guidelines and the terms of this Agreement, this Agreement shall prevail.

Risk sharing

SMEW EIB Covered Amounts	<p>SMEW EIB Covered Amount shall be any amounts committed by EIF to Operations under S&E.</p> <p>The SMEW EIB Covered Amounts shall not exceed at any time 50 million euros (EUR 50,000,000).</p>
SMEW Guaranteed Sum	SMEW Guaranteed Sums shall, in accordance with Article 19.2, mean:

	<p>a. Any Defaulted Amounts or other amounts paid or to be paid by EIF stemming from the Guarantee Calls;</p> <p>b. With respect to S&E Operations which are not denominated in euro only, any such amounts as may be required in order to purchase the relevant non-euro currency for the satisfaction of the relevant liabilities by EIF with respect to S&E Operations;</p> <p>The aggregate SMEW Guaranteed Sums, which will be covered by the EIF under the EIF/EIF SMEW Guarantee with respect to S&E, may not exceed the SMEW EIB Covered Amounts.</p> <p>Following the respective SMEW S&E Product Effective Date, the EIF will have the right to draw from the EIF/EIF SMEW Guarantee the SMEW Guaranteed Sums (as provided by the EIF under its standard procedures).</p>
Principles of Risk Sharing	<p>The S&E Guarantee shall cover Defaulted Amounts, at the Guarantee Rate, subject to the Guarantee Cap Rate (i.e. up to the cap amount) and having regard to the fixed recovery rate (if applicable), incurred by the S&E Financial Intermediary.</p> <p>The cap amount is the result of multiplying the actual Individual Portfolio volume, the Guarantee Rate and the Guarantee Cap Rate.</p> <p>Payments under the EIF/EIF SMEW Guarantee in relation to the SMEW S&E shall not exceed the SMEW EIB Covered Amounts.</p>
SMEW Recoveries	SMEW Recoveries shall refer to any amounts which the EIF will have recovered following payments under the S&E Operations. Any rights of subrogation under Article 10.1 of this Agreement shall not apply.
SMEW Replenishment Amount	Following payment of SMEW Guaranteed Sums, any amounts of SMEW Recoveries repaid by EIF to EIB.
SMEW Revenues	S&E shall not give rise to SMEW Revenues.
EIB Funding Costs	No EIB Funding Costs shall arise in connection with S&E.
SMEW Costs	SMEW Costs may arise in connection with S&E and shall be payable under this Agreement.
EIF Administrative Fees	With respect to S&E, EIF shall be entitled to EIF Administrative Fees in accordance with the S&E Product Fee Appendix provided below.
Visibility Requirements	Article 8 of Schedule VII and Article 31 of this Agreement shall apply. No additional visibility requirements shall be required for Operations.
Controls, audit and evaluations	Part J of this Agreement shall apply to SMEW S&E Product Operations.
Reporting	As set out in Annex II of this Agreement.

Sub-Annex I:

Division	Group	Class	
85			Education
	85.1		Pre-primary education
		85.10	Pre-primary education
	85.2		Primary education
		85.20	Primary education
	85.3		Secondary education
		85.31	General secondary education
		85.32	Technical and vocational secondary education
	85.4		Higher education
		85.41	Post-secondary non-tertiary education
		85.42	Tertiary education
	85.5		Other education
		85.51	Sports and recreation education
		85.52	Cultural education
		85.53	Driving school activities
		85.59	Other education n.e.c.
	85.6		Educational support activities
		85.60	Educational support activities

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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SMEW OPERATIONAL AND FINANCIAL REPORTING

1. Operational Reporting

A. Key Performance and Monitoring Indicators

Both annual and mid-year reports, broken down separately for debt operations and equity operations, shall include at least the following information related to the assessment of the Key Performance Indicators (KPI), whose targets are set in accordance with the EFSI Regulation, and Key Monitoring Indicators (KMI) without such targets, cumulative up to (and including) the period under review:

KPI in relation to the use of the EU Guarantee and fulfilment of objectives and criteria:

- a) KPI1: SMEW value added of operations will be broken down by EIF internal rating distribution for i) impact assessment, ii) quality assessment, and iii) contribution to the operation;
- b) KPI2: SMEW share of operations signed as special activities (by number of operations and amount);
- c) KMI1: SMEW geographical concentration at Financial Intermediary level, broken down by volume of operations supported by the EU Guarantee by country, and number of countries reached;
- d) KMI2: SMEW sector concentration at Final Recipient level based on actual data, broken down by volume of operations supported by the EU Guarantee by sector as derived from NACE level I code.

KPI and KMI in relation to contribution to direct macroeconomic impact and mobilisation of Private Capital

- e) KPI3: SMEW total investment⁴⁰
- f) KPI4: SMEW target amount of private finance mobilized; defined as the maximum portfolio volume
- g) KMI3 the notional internal guarantee multiplier⁴¹ and the external investment multiplier⁴²
- h) KMI4: SMEW forecast number of direct jobs to be created based on available information
- i) KMI5: SMEW share of operations cofinanced / risk-sharing with NPBs (by number of operations and amount)
- j) KMI6: SMEW share of operations cofinanced with European Structural and Investment Funds and other EU instruments other than EFSI (by number of operations and amount)

B. SME WINDOW Operational Reporting

1. The below applies to the RCR Mandate and to all SMEW Products (unless otherwise specified) as further specified below.

The Operational Reporting requirements for the SMEW Equity Product and Sub-window 1 of Private Credit Tailored for SMEs are specified in Sub-Annex II.A.

⁴⁰ To be computed as follows: the maximum amount of financing available to Final Recipients multiplied by 1.4

⁴¹ To be computed as the EIF financing divided by the sum of (i) the portion of the EU Guarantee allocated to the support of the relevant operations and (ii) the investments from the RCR Mandate in the relevant operations

⁴² To be computed as the total SMEW investment (KPI 3) divided by the EIF financing

2. This Annex spells out the content to be reported upon and its frequency. The reporting format will be in line with internal EIF procedures. The reports shall be provided in electronic format (Excel). The SMEW Operational Reporting covers information on operational and risk aspects and is composed of an :
 - SMEW Operational Report : O
 - SMEW Risk Report: R
 - SMEW Product Report: P
 - SMEW Financial Intermediary Report: F
3. The Operational Reporting shall be provided by EIF to EIB at the following frequency:
 - i) An annual SMEW Operational Reporting shall be prepared as of 31 December on the basis of the latest data available to EIF and provided to EIB by 31 March of the following year;
 - ii) A mid-year SMEW Operational Reporting shall be prepared as of 30 June on the basis of the latest data available to EIF and provided to EIB by 30 September of each year.
4. Amounts denominated in a currency other than euro, unless reported in that currency, shall be converted into euro at the ECB exchange rate prevailing at the last day of the relevant reporting period.
5. The reports listed in this section will be provided substantially in the form set out below.

EIF and Commission will agree on specific additional reporting fields in relation to the implementation of COVID-19 response under InnovFin SMEG and COSME LGF.

1. SMEW Operational Report

Both annual and mid-year SMEW Operational Reports, separately for the SMEW Products in the form of guarantees (Horizon 2020 Enhancement operations, COSME LGF Enhancement operations, EaSI Guarantee Enhancement operations, CCS GF Enhancement operations, PC Sub-window 2 Operations, ECP Operations by ECP Mandate Portfolio and SMEW Skills & Education Product), SMEW Equity Product and the operations under the RCR Mandate, shall include the following data (as applicable) on an aggregated basis, up to (and including) the period under review:

Reporting type	Numbering	Type of information to be reported	
O	1.	The total investment generated with a split	
O	1.1	- by country	
O	1.2	- by sector	
O	2.	The value added of operations, broken down by EIF internal rating distribution for	
O	2.1	i) impact assessment,	
O	2.2	ii) quality assessment ,	
O	2.3	iii) contribution to the operation	
O	3.	The total amount of private finance mobilized	
O	3.1	- by country	
O	3.2	- by sector	
O	4	Maximum portfolio volume per (for SMEW guarantee operations only) split by	
O	4.1	- EFSI participation	
O	4.2	- EIF participation	
O	4.3	- NPB participation	
O	4.4	- Private sector participation	

O	4.5	- Member State participation (under Appendix 2 of EFSI Combination Product)	
O	4.6	- Managing Authority participation (under Appendix 1 of EFSI Combination Product)	
O	4.7	- others	
O	5.	Total amount expected to be invested into Final Recipients (for SMEW equity operations only) split by	
O	5.1	- EIB participation	
O	5.2	- EIF participation	
O	5.3	- NPB participation	
O	5.4	- Private sector participation	
O	5.5	- Others	
O	6.	Number of Financial Intermediaries/funds/Covered Investors, split	
O	6.1	- by country	
O	7.	Notional internal guarantee multiplier	
O	7.1	Actual internal guarantee multiplier	
O	8.	Actual external investment multiplier	
O	9.	Total amount of signed operations	
O	9.1	- by ECP window (split by ECP Mandate Portfolio)	
O	9.2	- by country or geographical focus	
O	9.3	- by sector or sector focus	
O	10	Total number of individuals, SMEs, Small Mid-caps, Small Public Enterprises and Mid-caps/other enterprises supported and total amount of individual, SME, Small Mid-cap, Small Public Enterprise and Mid-cap/other enterprise transactions signed	*
O	10.1	- by country of establishment	*
O	10.2	- by sector	*
O	11.	Number of jobs supported by the enterprises at the time of signature, with a split	*
O	11.1	- by country of establishment / residence	*
O	11.2	- by sector	*
O	12	Number of jobs supported on a sample base, split between:	*
O	12.1	Number of employees at the time of the reporting date ⁴³	*
O	12.2	The ratio of job creation defined as 12.1 divided by 11	*

* Fields not applicable to PC Sub-window 2 Operations

⁴³ Item will be reported on a sample basis and be provided alongside the relevant mid-year Operational Report on the basis of data as of 31 December 2015, 31 December 2017 and 31 December 2019 respectively.

2. SMEW Risk Report

2.a. SMEW Risk Report for all SMEW Guarantee Products

Both annual and mid-year SMEW risk profile reports, for each of SMEW Guarantee Products shall include the following data (as applicable) on an aggregated basis, up to (and including) the period under review.

Reporting type	Numbering	Type of information to be reported
R	1.	Number and respective volumes of cancelled, withdrawn and terminated operations
R	2.	Total amount of SMEW Replenishments Amounts
R	2.1.	- Cumulated
R	2.2	- During the reporting period
R	3.	Total SMEW EIB Covered Amount
R	3.1.	- Cumulated
R	3.2	- During the reporting period
R	3.1.	- Outstanding at the end of reporting period
R	4	Total SMEW Guaranteed Sums (calls)
R	5.	Total amount of EIF Administrative Fees ⁴⁴
R	6.	Total amount of SMEW Costs ⁴⁵

2.b. SMEW Specific Risk Report for EFSI Private Credit for SMEs Product

Annual SMEW specific risk profile report, for Sub Window 2 of EFSI Private Credit for SMEs Product, shall include the following data (as applicable), up to (and including) the period under review.

Reporting type	Numbering	Type of information to be reported
R	1	EIF S2 Senior Tranche Outstanding
R	2	EFSI S2 FLP Outstanding
R	2 (a)	Out of which, EFSI S1 FLP Unfunded Risk Transfer Amount
R	2 (b)	Out of which, EFSI S2 FLP Risk Reserve
R	3	SLP Replenishment Amount

⁴⁴ With regards to the EFSI PC the EIF Administrative Fees refers to both PC Sub-window 1 and PC Sub-window 2.

⁴⁵ With regards to the EFSI PC SMEW Costs refers to both PC Sub-window 1 and PC Sub-window 2.

R	4	FLP Replenishment Amount
R	5	Sub-Window 2 Recoveries Amount
R	6	EFSI S1 FLP Unfunded Risk Transfer Amount
R	7	EFSI S2 FLP Unfunded Risk Reserve
R	8	Investor Protection Fees paid
R	9	Base Investor Protection Fee paid
R	10	Deferred Fee paid
R	11	EIF Risk Fee paid and payable
R	12	Fee reserve Amount
R	13	Aggregate of the Investor Protection Outstanding Amounts
R	14	Aggregate Covered Investor Running Return Amount, if applicable

2.c. SMEW Specific Risk Report for EFSI Combination Product

Annual SMEW specific risk profile reports, for ECP Operations by ECP window and ECP Mandate Portfolio, shall include the following data (as applicable) on an aggregated basis, up to (and including) the period under review. Where applicable, the information shall also be presented for the period under review i.e. not aggregated.

Reporting type	Numbering	Type of information to be reported
R	1	Annual and aggregate amount of the Guarantee Calls under ECP Operations allocated to:
R	1.1	First Loss Risk Cover
R	1.2	Second Loss Risk Cover
R	1.3	Senior Risk Cover (if applicable)
R	2	Annual and aggregate amount of ECP Guarantee Fees and other remuneration proceeds received from ECP Financial Intermediaries allocated to:
R	2.1	First Loss Risk Cover
R	2.2	Second Loss Risk Cover
R	2.3	Senior Risk Cover (if applicable)
R	3	Annual and aggregate amount of SMEW Recoveries and claw-back amounts received from ECP Financial Intermediaries split by:
R	3.1	First Loss Risk Cover (highlighting any amounts allocated after the First Loss Risk Cover has been fully depleted)

R	3.2.	Second Loss Risk Cover
R	3.3	Senior Risk Cover (if applicable)
R	4	First Loss Risk Cover
R	4.1	Annual and aggregate amount committed
R	4.2	Outstanding amount
R	5	Second loss risk
R	5.1	Annual and aggregate amount committed
R	5.2	Outstanding amount
R	6	If applicable, Senior Risk Cover
R	6.1	Annual and aggregate amount committed
R	6.2	Outstanding amount

3. SMEW Product Report

Both annual and mid-year reports in respect to operations under SMEW Guarantee Products (separately for operations under each of SMEW Guarantee Enhancement Products, PC Sub-window 2, EFSI Combination Product by ECP Mandate and SMEW Skills & Education Product) shall include the following data (as applicable) on an aggregated basis, up to (and including) the period under review.

Reporting type	Numbering	Type of information to be reported	
P	1.	The total investment generated, with a split	
P	1.1	- by country	
P	1.2	- by sector	
P	2.	The total amount of private finance mobilized	
P	2.1	- by country	
P	2.2	- by sector	
P	3.	Maximum portfolio volume per (for SMEW guarantee operations only) split by	
P	3.1	- EFSI participation	
P	3.2	- EIF participation	
P	3.3	- NPB participation	
P	3.4	- Private sector participation	
P	3.5	- Member State participation	

P	3.6	- Managing Authority participation (EAFRD plus national co-financing)	
P	3.7	- others	
P	4.	Number of Financial Intermediaries/Covered Investors, split	
P	4.1	- by country	
P	5.	Notional internal guarantee multiplier	
P	5.1	Actual internal guarantee multiplier	
P	6.	Actual external multiplier	
P	7.	Total amount of signed operations	
P	7.1	- by country	
P	7.2	- by sector	
P	8.	Total number of signed operations	
P	8.1	- by country	
P	9.	Total number of individuals, SMEs, Small Mid-caps, Small Public Enterprises and Mid-caps/other enterprises supported and total amount (in euro) individual, SME, Small Mid-cap, Small Public Enterprise and Mid-cap/other enterprise transactions signed	*
P	9.1	- by country of establishment / residence	*
P	9.2	- by sector	*
P	9.3	- for ECP only - by NACE 2 for Agriculture (A1, A2, C10, Other)	*
P	9.4	- for ECP EFSI-EAFRD Combination window – the split between borrowers under the age of 40 years of age; more than 40 years of age at the moment of submitting of application for finance	
P	9.5	- for ECP EFSI EAFRD Combinations Window only – by the type of Final Recipient (1. SME & Small Mid-caps and 2. Other)	*
P	10.	Number of jobs supported by the enterprises at the time of signature, with a split	*
P	10.1	- by country of establishment	*
P	10.2	- by sector	*
P	11.	Average & Median loan amount to individuals, SMEs and Small Mid-Caps	*
P	11.1	For SMEW S&E Product only by Final Recipient Category	
P	12.	Final Recipient broken down by size categories in absolute numbers and percentage (categories: Individual, <10; 10<50; 50<250; 250<500)	*
P	13.	Actual volume of Final Recipients transactions signed broken down by size of Final Recipient in % (\leq €25,000; >€25,000 - \leq €150,000 ; >€150,000 - \leq €250,000; >€250,000 - \leq €1,000,000; >€1,000,000)	*
P	14	Number of job supported on a sample base, split between:	*

P	14.1	number of employees at the time of the reporting date ⁴⁶	*
P	14.2	the ratio of job creation	*
P	15.	Number and respective volumes of cancelled, withdrawn and terminated operations	
P	16	For ECP only, the number and amount (by risk participant) of ECP Operations approved but not signed	

* Fields not applicable to PC Sub-window 2 Operations

Each SMEW product report shall contain as an appendix the section of the latest available report on InnovFin SMEG, COSME LGF, CCS GF and EaSI Guarantee that shows (i) the exposures of a respective mandate and relevant EFSI Enhancement product, and (ii) risk-sharing between all risk sharing partners, in line with complementary reporting under the respective Delegation Agreements. The form of such appendix is to be agreed together with respective templates in the Delegation Agreements.

3.a. Specific SMEW Product Report for SMEW Skills & Education Product

PS	1.	Total number of S&E Final Recipients and total amount (in euro) of S&E Final Recipient Transactions signed by Category of Final S&E Final Recipients and by type of S&E Final Recipients (1. Individuals, 2. SME; 3. Small Mid-caps; 4. Small Public Enterprise; and 5. Other type of enterprise)
PS	1.1	- by country of establishment / residence
PS	1.2.	- by sector ;
PS	1.3	For Category A only
PS	1.3.1	- by country of residence
PS	1.3.2	- by country of studies
PS	1.3.3	- by nationality
PS	1.3.4	- by gender
PS	1.3.5	- by age/ year of birth
PS	1.3.6	- by Labour market status ⁴⁷
PS	1.3.7	- by duration of the studies of the Eligible Educational Programme
PS	1.3.8	- by level and field of study of the eligible educational programme undertaken (e.g. using ISCED Classification – ISCED 2011 and ISCED-F 2013, or equivalent as applicable)
PS	1.4	For Category B
PS	1.4.1	- by Eligible Investments into Skills
PS	1.4.2	- by number of employees
PS	1.4.3	- by Annual total personnel costs
PS	1.5	For Categories B and C only

⁴⁶ Item will be reported on a sample basis and be provided alongside the relevant mid-year Operational Report on the basis of data as of 31 December 2015, 31 December 2017 and 31 December 2019 respectively.

⁴⁷ Subject to the Financial Intermediary availability of this data

PS	1.5.1	- by NACE code
PS	1.5.2	- by number of employees
PS	1.5.3	- by Annual Turnover
PS	1.5.4	- by type of Final Recipient (1. SME; 2. Small Mid-caps; 3. Small Public Enterprise; and 4. Other type of enterprise)

Annual Beneficiary Survey (for Category A of S&E Final Recipients)

In addition to the above, the EIF shall submit to the Commission - in an electronic format to be agreed between the Parties - contact details of the S&E Final Recipients in Category A (name, email, telephone number) as provided by and available to the S&E Financial Intermediaries and as collected at application of the S&E Final Recipient Transaction, for the purposes of the annual beneficiary survey. The collection and submission of this data will be subject to applicable laws, including without limitation in relation to data protection and banking secrecy.

4. Financial Intermediary Report

4.a. Financial Intermediary Report for SMEW Portfolio Guarantee Enhancement Products (H2020; COSME LGF; EaSI Guarantee and CCS GF Enhancement) ECP Product and SMEW S&E Product

Both annual and mid-year SMEW Financial Intermediary reports, separately for Horizon 2020 Enhancement operations, COSME LGF Enhancement operations, EaSI Guarantee Enhancement operations, CCS GF Enhancement operations, ECP Operations by ECP Mandate Portfolio and SMEW S&E Product shall include the following data (as applicable) on an aggregated basis, up to (and including) the period under review.

Reporting type	Numbering	Type of information to be reported
F	1.	Full name of the Financial Intermediary
F	2.	Country of establishment of the Financial Intermediary
F	3.	Date of the operation with the Financial Intermediary
F	4.	Start date of the availability period
F	5	End date of the availability period
F	7.	Operation signed amount
F	8.	Maximum portfolio volume
F	9.	Actual portfolio volume
F	10.	Utilisation (= F9/F8)

4.b. Financial Intermediary Report for PC Sub-Window 2 Operations

Both annual and mid-year SMEW Financial Intermediary reports, for Sub-Window 2 Operations, shall include the following data (as applicable) on an aggregated basis, up to (and including) the period under review.

Reporting type	Numbering	Type of information to be reported *
F	1.	Full name of the Covered Investor
F	2.	Country of establishment of the Covered Investor
F	3.	Date of the signature of the operation with the Covered Investor
F	4	Start date of the availability period
F	5	Planned end date of the availability period
F	6	% of participation in the fund
F	7.	Maximum amount of guarantee
F	8.	Guarantee Rate

4.c. Financial Intermediary Report ECP Operations and SMEW S&E Operations

Both annual and mid-year SMEW Financial Intermediary reports, for ECP Operations by ECP Mandate Portfolio and for SMEW S&E Operations, shall include additionally the following data (as applicable) on an aggregated basis, up to (and including) the period under review. For items 5. Guarantee Calls and 6. Recoveries, both the aggregated amounts and the amounts (if any) relating only to the period under review shall be reported.

Reporting type	Numbering	Type of information to be reported *
F	1.	Type of guarantee (Direct/Counter Guarantee)
F	2.	Currency
F	3	Guarantee Cap Rate
F	4	Guarantee Rate
F	5	Guarantee Calls
F	6	Recoveries
F	7.	Number of loans
F	8.	Number of Final Recipients

C. SMEW Financial Reporting

The specific requirements related to SMEW financial reporting are set out in the Schedule III.B of this Agreement.

D. SME WINDOW Pipeline Reporting

The EIF will provide the relevant Directorates General of the Commission with their respective Pipeline Report as described in the respective Delegation Agreements for each instrument. As regards the Pipeline Report for Sub-window 1 of SMEW Equity Product applications and operations, EIF will send it to the Commission. With regards to the Pipeline Report for Sub-window 1 of SMEW Equity Product, EIF and the Commission will agree on whether this Pipeline Report shall be sent either to DG GROW together with the COSME EFG Pipeline Report, or to DG ECFIN in the format to be agreed between the Commission and the EIF.

SMEW EQUITY OPERATIONAL REPORTING

SME WINDOW EQUITY PRODUCT, PC SUB-WINDOW 1 PC PRODUCT, AND SMEW ESCALAR PRODUCT Operational Reporting

1. The below applies to the SME WINDOW EQUITY PRODUCT, to SUB-WINDOW 1 of SMEW PC PRODUCT and to the SMEW ESCALAR PRODUCT.
2. This Sub-Annex spells out the content to be reported upon and its frequency. The reporting format will be in line with internal EIF procedures. The reports shall be provided in electronic format (in XLS and pdf). Reports will include graphical representations of the numerical data, as appropriate.
3. The Operational Reporting shall be provided by EIF to EIB at the following frequency:
 - i) An annual Operational Reporting shall be prepared as of 31 December on the basis of the latest data available to EIF and provided to EIB by 31 March of the following year;
 - ii) A mid-year Operational Reporting shall be prepared as of 30 June on the basis of the latest data available to EIF and provided to EIB by 30 September of each year.
4. EIF shall submit to EIB by 30 September 2018 and 30 September 2020 employment and growth data for every eligible Final Recipient at the time of first investment and as of 31 December 2017 and 31 December 2019 respectively.
5. Amounts denominated in a currency other than euro, unless reported in that currency, shall be converted into euro at the ECB exchange rate prevailing at the last day of the relevant reporting period for estimating any future commitments or reflows.
6. The reports shall be based on latest available data collected for the reference dates indicated above to the extent provided by the Financial Intermediaries.
7. Both annual and mid-year Operational Reports shall include the following data (as applicable) on an aggregated basis, up to (and including) the period under review and substantially in the form set out below.

SMEW Equity Product, Sub-window 1 of SMEW PC Product and SMEW ESCALAR Product Operational Reports

The operational reports shall be provided separately for the SMEW Equity Products, Sub-window 1 of SMEW PC and the SMEW ESCALAR Product.

For the purpose of this Sub-Annex IIA and SMEW Equity Product Employment and Growth Report

(unless otherwise stated)

"Operations" covers Sub-window I Equity Product Operations, EFSI-IFE Operations (Sub-window II), PC Sub-window 1 Operations and SMEW ESCALAR Product Operations

"Financial Intermediary" covers SMEW Equity Product Financial Intermediary, SMEW PC Product Financial Intermediary and SMEW ESCALAR Financial Intermediary

"Target Recipient" covers SMEW Equity Product Target Recipients, SMEW PC Product Target Recipients and SMEW ESCALAR Target Recipients

"Recipient" covers Target Recipient and other Recipient being defined as any other Recipient that are not excluded Final Recipients

Nr.	Type of information to be reported	Comment		
1	Name of the Product			
1.1	Reporting currency			
1.2	Commitment period end date			
1.3	Specific termination end date			
1.4	Exchange rate(s) applied			
2	Total EFSI EP Contribution/PC Sub Window 1 Contribution/EFSI ESCALAR Contribution as relevant			
3	Total EIF Administrative Fees and SMEW Costs to be paid for year N-1 (including accruals) and on accumulated basis			
3.1	Total Management Fees paid			
3.2	Total Incentive Fees paid			
3.3	Total SMEW Costs paid			
3.4	Total EIF Administrative Fees and SMEW Costs due and not yet paid			
4	Total EFSI EP Contribution, PC Sub Window 1 Contribution or EFSI ESCALAR Contribution as relevant not yet used for signature of Operations and SMEW Equity Product Funding Costs	Fees and SMEW costs paid from revenues and reflows equal to item 2 - 5		
5	Total amount of Operations committed without EIF Co-investment			

5.1	- broken down by Geographical Focus			
5.2	- broken down by Sector Focus			
5.3	- broken down by EU added value (Medium, Significant, High)			
5.4	- of which for Pan-European VC Fund-of-Funds		*	**
5.5	- of which for BA investments		*	**
5.6	- of which for TT investments		*	**
5.7	- of which for Social Impact		*	**
5.8	- of which for Impact Investing		*	**
5.9	- of which for Blue Economy		*	**
5.10	- of which for Life Sciences		*	**
6.a	Total amount of IFE Senior Tranche		*	**
6.a.1	Total EIF IFE Senior Tranche amount		*	**
6.a.2	Total EFSI IFE Senior Tranche amount		*	**
6.b	Total amount of EIF S1 Senior Tranche and EFSI S1 FLP			**
6.b.1	Total EIF S1 Senior Tranche amount			**
6.b.2	Total EFSI S1 FLP amount			**
7.	Total amount of Operations approved by EIF Board but not yet signed			
8.	Total number of Operations signed			
8.1	- broken down by Geographical Focus			
8.2	- broken down by Sector Focus			
8.3	- broken down by EU added value (Medium, Significant, High)			
8.4	- of which for Pan-European VC Fund-of-Funds		*	**
8.5	- of which for BA investments		*	**
8.6	- of which for TT investments		*	**
8.7	- of which for Social Impact		*	**

8.8	- of which for Impact Investing		*	**
8.9	Number of Portfolio Funds		*	**
8.9.1	- Out of which under Pan-European VC FoFs		*	**
9	Total number of Operations approved by EIF Board but not yet signed			
10	Share of Operations co-financed with NPBs by amount	Total amount of signed Operations involving NPB co-financing on total signed amount	*	**
11	Share of Operations co-financed with NPBs by number of Operations	Total number of signed Operations involving NPB co-financing on total number of signed operations	*	**
11.1	Share of Operations co-financed with ESIF and other EU instruments by amount:	Total amount of signed Operations involving ESIF and other EU instruments co-financing on total signed amount	*	**
11.2	Share of Operations co-financed with ESIF and other EU instruments by number of Operations	Total number of signed Operations involving ESIF and other EU instruments co-financing on total number of signed operations	*	**
13	Added value of Operations, broken down by EIF internal rating distribution for:			
13.1	i) SPECIFIC MARKET NEEDS (pillar 1)			
13.2	ii) TRANSACTIONAL STRUCTURE (pillar 2)			
13.3	iii) CATALYTIC EFFECT (pillar 3)			
14	Total number of Financial Intermediaries with which Operations have been signed			
14.1	- broken down by Country			
15	To be provided only with the annual Operational Reporting as of 31 December Total amounts invested by co-investors into Financial Intermediaries broken down according to the categories as shown below:	Lines 15 and 15.1 to 15.1.10 will be reported annually		
15.1	Private capital (amount of private finance mobilised)			
15.1.1	- NPBs/NPIs (investing at own risk and from own resources)			
15.1.2	- Banks (investing at own risk and from own resources)			
15.1.3	- Private endowments & foundations			
15.1.4	- Family offices /Business Angels / Private individuals			
15.1.5	- Corporate investors			
15.1.6	- Insurance companies			
15.1.7	- Pension funds			
15.1.8	- Academic Institutions			
15.1.9	- Other			

15.2	Public funding			
15.2.1	- EIF/EIB backed by the sum of EFSI EP Contribution and IFE EP Contribution			
15.2.2	- NPBs/NPIs (public mandate)			
15.2.3	- Government agencies			
15.2.4	- Banks investing public resources			
15.2.5	- Other			
15.3	Undefined whether public or private			
15.3.1	- EIF/EIB own resources			
15.3.2	- Other			
16	Total amounts drawn down by the Financial Intermediaries			
16.1	- of which for investments (including follow-on investments) into Final Recipients as per Drawdown Notice			
16.2	- of which for other (such as fees, costs, etc.) as per Drawdown Notice			
17	Total drawdowns (in % of total amount of net Operations signed)			
18	Total remaining amount available for drawdown	Equal to committed amount minus drawn amount (items 5 + 6 -16)		
19	List of legal commitments entered into with Financial Intermediaries, with:			
19.1	- dates of legal commitments			
19.2	- amounts of legal commitments			
20	Total number of Recipients having received financing			
20.1	- broken down by Target Recipients and other Recipients			
20.2	- broken down by Target Recipients legal country			
20.3	- broken down by Target Recipients industry code as per the Invest Europe sector table	Invest Europe sector table of correspondence mapping EVCA sector classification and NACE level 1 code available at the date of signature of this agreement (http://www.investeurope.eu/media/12926/sectoral_classification.pdf)		
20.4	- broken down by Target Recipients size (categories: <10; 10<50; 50<250; 250<500; >500) at the date of first investment			
21	Number of EU Member States in which Target Recipients have received financing pursuant to EFSI			
21.2	- of which of Target Recipients legal countries under EU average for private equity investments	In line with the list of countries provided by the Commission		

22	Total number of new legal countries in which Target Recipients have received financing in the previous year			
23	Total amount invested into Recipients			
23.1	- Broken down by Target Recipients and other Recipients			
23.2	- broken down by Target Recipients legal country			
23.3	- broken down by Target Recipients industry code as per the Invest Europe sector table	Invest Europe sector table of correspondence mapping EVCA sector classification and NACE level 1 code (http://www.investeurope.eu/media/12926/sectoral_classification.pdf)		
23.4	- broken down by Target Recipients size categories (categories: <10; 10<50; 50<250; 250<500; >500) at the date of first investment			
23.5	- broken down by Target Recipients Early/ Growth / Expansion Stage		*	
24	Average and median amount invested into Recipients			
25	Total Mobilised Investments	Refer to "EIF-EFSI Multiplier Calculation Methodology"		
25.1	- broken down by Geographical Focus			
25.2	- broken down by industry code as per the Invest Europe sector table	Invest Europe sector table of correspondence mapping EVCA sector classification and NACE level 1 code (http://www.investeurope.eu/media/12926/sectoral_classification.pdf)		
26	Notional internal guarantee multiplier	Refer to "EIF-EFSI Multiplier Calculation Methodology"		
27	External investment multiplier	Refer to "EIF-EFSI Multiplier Calculation Methodology"		
28	Global multiplier effect	Refer to "EIF-EFSI Multiplier Calculation Methodology"		
29.a	The aggregate number of exits (fully divested by Financial Intermediaries)		*	
29.1	- of which from Target Recipients		*	
29.1.1	- of which from Target Recipients in form of an IPO		*	
29.1.2	- of which from Target Recipients written-off		*	
29.2	- of which from other Recipients		*	
29.b	The aggregate number of loans repaid			

* Fields not applicable to EFSI PC Sub-window 1

** Fields not applicable to SMEW ESCALAR Product

In the case of Impact Investing EIF will report the targeted impact focus areas and the impact multiple for the underlying portfolio companies and, in aggregate, for the underlying funds.

Financial intermediary Report (to be provided for each Financial Intermediary) where relevant

Nr.	Type of information to be reported	Comment
Financial Intermediary features		
30	Full name of the Financial Intermediary	
31	Abbreviated name of the Financial Intermediary, if applicable	
32	Country of establishment of the Financial Intermediary	
33	Legal structure of the Financial Intermediary	
34	Full name of the managing company	
35	Country of establishment of the managing company	
36	Base currency of Operation	
37	Key terms and conditions for the Financial Intermediary, such as:	
37.1	- Hurdle rate	
37.2	- Catch-up	
37.3	- Carried interest	
37.4	Management fee	
38	SMEW Equity Product Window, PC Sub-window 1 or SMEW ESCALAR Product of the Financial Intermediary	
39	Indication of whether the Financial Intermediary is a Fund-of-Funds, Co-Investment vehicle, PbR, MF, SF or direct investment (plain vanilla structure)	
40	Sector focus of the Financial Intermediary (if applicable, otherwise indicate general)	
40.1	Sector focus of the Financial Intermediary mapped with EFSI objectives (art 9.2 of the EFSI Regulation)	
41	Indicative Geographical Focus targeted for investments into Recipients	
42	URL of the main webpage (or if available the dedicated webpage of the Financial Intermediary which sets out the type of finance supported by the SMEW Equity Product/ Private Credit Sub-window 1)	
43	First closing of the fund	
44	First commitment date in which the EIF participated under the SMEW Equity Product/Private Credit Sub-window 1)	
45	Duration of the fund in years	

46	Planned termination date	
46.1	Effective termination date	Will be only used once an Operation is effectively terminated
47	Investment period in years	
48	Planned end date of the investment period (please indicate if investment period was prolonged)	
49	Vintage year	
50	Actual end date of the investment period	
51	Target size of the Financial Intermediary	
52	Actual size of the Financial Intermediary	
53	Ratio of Actual size / Target size of the Financial Intermediary	Item 52 divided by item 51
54	Amount of Operations committed (including equalisation fees where applicable)	
54.1	- (if contribution coming from different Sub-windows) amount contributed by each Sub-window	
55	Share of the Operations committed in the Financial Intermediary	Item 54 divided by item 52
56	Amount of EIF Co-investment in Sub-window I Equity Product Operations	
57	Share of the EIF Co-investment in Sub-window I Equity Product Operations in the Financial Intermediary	Item 56 divided by item 52
58	Amount of Operation committed by EIF from other mandates (if applicable)	
59	Share of investments made by EIF from other mandates (if applicable)	Item 58 divided by item 52
60	Amount of investments by other Public Investors other than EIF	Reported on an ANNUAL Basis
61	Share of investments by other Public Investors other than EIF	
62	Amount of investments by other Private Investors	
63	Share of investments by other Private Investors	
64	Total amount expected to be invested by the Financial Intermediary into Target Recipients at signature date	In line with the adjustment in KPI 3 of the "EIF-EFSI Multiplier Calculation Methodology" i.e. 0.75x
64.1	- of which total amount expected to be invested into Target Recipients	
64.2	- of which total amount expected to be invested into other Recipients	
64.3	- of which total amount expected to be invested into Target Recipients (in %)	
65	Target External investment multiplier for this Operation	Refer to "EIF-EFSI Multiplier Calculation Methodology"

66	Actual External investment multiplier for this Operation	Refer to "EIF-EFSI Multiplier Calculation Methodology"
Financial Intermediary implementation data		
67	Total amounts drawn down	
67.1	- of which for investments (including follow-on investments) into Final Recipients as per Drawdown Notice	
67.2	- of which for other (such as fees, costs, equalisation fees) as per Drawdown Notice	
68	Total drawdowns (in % of total amount of the Operation)	
69	Total remaining amount available for drawdown	
70	Total amount of investments made by the Financial Intermediary into Recipients	
70.1	- of which total amount of investments made into Target Recipients	
70.2	- of which total amount of investments made into other Recipients	
70.3	- of which total invested into Target Recipients (in %)	
71	Number of investments made into Recipients	
71.1	- of which into Target Recipients	
71.2	- of which into other Recipients	
71.3	- of which into Target Recipients (in %)	
72	Net asset value (please indicate date for which NAV was calculated)	
73	Financial Intermediary's net IRR to investors	
74	Amounts paid back by the Financial Intermediary	
74.1	- in the form of revenues	
74.2	- in the form of capital repayments	
74.3	- in the form of recallable Amounts	
75	Realised investment gain/loss on exit	
76	Realised investment loss (write-off)	

SMEW Equity Product Target Recipient Report (to be provided for each Target Recipient)

Nr.	Type of information to be reported	Comment
77	Name of the Target Recipient	
78	Legal structure of the Target Recipient	
79	Date of establishment	
80	Country of establishment of the Target Recipient	
81	If available, URL of the website of the Target Recipient	
82	Number of employees at time of first investment	
83	Equity Product Window of the Final Recipient (Sub-window 1, Sub-window 2)	
84	Industry sector as per the Invest Europe sector table at the time of first investment	Invest Europe sector table of correspondence mapping EVCA sector classification and NACE level 1 code (http://www.investeurope.eu/media/12926/sectoral_classification.pdf)
85	Stage (early, growth, Expansion) at the time of first investment	
86	SME/ Midcap at the time of first investment	
86.1	Social Enterprises flag	Yes / No
86.2	Annual turnover at time of first investment	Only if item 86.1 is Yes This item will be provided for Financial Intermediaries targeting to invest at least 50% of their investable amount into Social Enterprises and on best effort basis for the other Financial Intermediaries
86.3	Type of activities provided by Financial Intermediaries at the time of first investment	Only if item 86.1 is Yes This item will be provided for Financial Intermediaries targeting to invest at least 50% of their investable amount into Social Enterprises and on best effort basis for the other Financial Intermediaries The list of activities is as follows Assistance to enable disadvantaged workers to enter the labour market (e.g. training, employment, "work integration")/Activities to improve the quality of the environment (e.g. reducing emissions and waste, using natural resources more efficiently, renewable energy)/Improving solidarity with developing countries (e.g. by promoting fair trade)/Delivering social assistance and care services (including childcare)/Delivering healthcare and medical services/Providing social housing/Providing workspace for other businesses and/or social enterprises/Producing and/or distributing healthy and/or

		affordable food/Facilitating access to and delivering education/ lifelong learning or training/Nurturing the culture and arts/Providing inclusive and sustainable services and facilities for tourism, sport, recreation and well-being/Providing public and/or community services (transport, shop, post)/Organising and/or financing community development/Strengthening democracy, civil rights and/or gender equality/Enabling participation in the digital society (IT, telecommunications)/Integration of migrants, asylum seekers, refugees/Others
86.4	Social Sector Organisations	Yes/No
87	SMEW Equity Product Target Recipients in Blue Economy	Yes/No
88	SMEW Equity Product Target Recipient Impact Investing	Yes/No
89	SMEW Equity Product Target Recipient Life Sciences	Yes/No
90	Date of first investment by the Financial Intermediary	
91	Amount invested by the Financial Intermediary up to the reporting date	
92	% of ownership of the Financial Intermediary at time of first investment and latest available information	
93	Status of the Target Recipient (active, sold, written-off, partially written-off)	
94	Realised investment gain/loss on exit	
95	Realised investment loss (write-off)	

PC Sub-window 1 Portfolio Report (to be provided on an aggregate basis)

Nr.	Type of information to be reported	Comment
93	Minimum, maximum, median and average amount of SMEG Final Recipient Transactions	
94	The aggregate amount committed to PC Final Recipients under the PC Final Recipient Transactions including, where relevant, breakdown by:	
94.1	- by industry sector (NACE level 1)	
94.2	- by type of PC Final Recipient (SME, Small Midcap)	
94.3	- by country	
94.4	- by company size (number of employees)	
94.5	- by transaction amount	
94.6	- by tenor at drawdown (in years)	
94.7	- by amortisation profile (amortising/bullet)	
94.8	- by interest rate (fixed/floating)	
94.9	- by loans advanced, non-performing and fully repaid	In amount and number of loans
95	The aggregate number of PC Final Recipients, breakdown by:	
95.1	- by industry sector (NACE level 1)	
95.2	- by type of PC Final Recipient (SME, Small Midcap)	
95.3	- by country	
95.4	- by company size (number of employees)	
96	Aggregate number of employees	

SMEW Equity Product Report for Social Impact only if relevant

Nr.	Type of information to be reported	Comment
100	Total amount invested into SE broken down by	
100.1	- Financial Intermediaries linked to incubators, accelerators and/or that provide incubation services	
100.2	- investments in Business Angels funds and co-investments alongside Business Angels targeting Social Enterprises	Aggregated
100.3	- Payment by Results Investment Schemes	
100.4	- other	Financial Intermediaries that target to invest less than 50% of their total investable amount in Social Enterprises
101	Total amount invested into SE where first investment is below EUR 500.000	
101.1	- Financial Intermediaries linked to incubators, accelerators and/or that provide incubation services	
101.2	- investments in Business Angels funds and co-investments alongside Business Angels targeting Social Enterprises	Aggregated
101.3	- Payment by Results Investment Schemes	
101.4	- other	Financial Intermediaries that target to invest less than 50% of their total investable amount in Social Enterprises
102	Total number of SE	
102.1	- Financial Intermediaries linked to incubators, accelerators and/or that provide incubation services	
102.2	- investments in Business Angels funds and co-investments alongside Business Angels targeting Social Enterprises	Aggregated
102.3	- Payment by Results Investment Schemes	
102.4	- other	Financial Intermediaries that target to invest less than 50% of their total investable amount in Social Enterprises
103	Total number of SE where first investment is below EUR 500.000	
103.1	- Financial Intermediaries linked to incubators, accelerators and/or that provide incubation services	
103.2	- investments in Business Angels funds and co-investments alongside Business Angels targeting Social Enterprises	Aggregated
103.3	- Payment by Results Investment Schemes	
103.4	Other	Financial Intermediaries that target to invest less than 50% of their total investable amount in Social Enterprises

104	Total number of SE in early stage	
104.1	- Financial Intermediaries linked to incubators, accelerators and/or that provide incubation services	
104.2	- investments in Business Angels funds and co-investments alongside Business Angels targeting Social Enterprises	Aggregated
104.3	- Payment by Results Investment Schemes	
104.4	- other	Financial Intermediaries that target to invest less than 50% of their total investable amount in Social Enterprises
105	Number of EU Member States covered by the Operations signed with Payment by Results Investment Schemes	
105.1	- Out of which in CEE countries	

Additional reporting for Funds-of-Funds managed or advised by EIF in the area of Life Sciences

Where EIF commits under Sub-window 1 Equity Product Operation to such Funds-of-Funds, the EIF will make available to DG ECFIN the relevant investors' reports issued according to the Fund(s)-of-Funds contractual documentation.

SMEW ESCALAR Product Target Recipient Report (to be provided for each Target Recipient)

Nr.	Type of information to be reported	Comment
106	Name of the Target Recipient	
107	Legal structure of the Target Recipient	
108	Date of establishment	
109	Country of establishment of the Target Recipient	
110	If available, URL of the website of the Target Recipient	
111	Number of employees at time of first investment	
112	Industry sector as per the Invest Europe sector table at the time of first investment	Invest Europe sector table of correspondence mapping EVCA sector classification and NACE level 1 code (http://www.investeurope.eu/media/12926/sectoral_classification.pdf)
113	Stage (early, growth, Expansion) at the time of first investment	

114a	Scale up at the time of first investment	
114b	High growth scale up at the time of first investment	
116	SME at the time of first investment	
117	Date of first investment by the Financial Intermediary	
118	Amount invested by the Financial Intermediary up to the reporting date	
119	% of ownership of the Financial Intermediary at time of first investment and latest available information	
120	Status of the Target Recipient (active, sold, written-off, partially written-off)	
121	Realised investment gain/loss on exit	
122	Realised investment loss (write-off)	

SMEW Equity Product Employment and Growth Report

The reports shall be based on data collected for the reference dates indicated above to the extent provided by the Financial Intermediary.

The Financial Intermediary shall ask the Target Recipients to provide information referred to in paragraph 3.2 below, it being understood that the provisions of such information by the Target Recipients shall (i) be subject to applicable laws, including without limitation in relation to data protection and banking secrecy, and (ii) not be mandatory European Private requirement not constitute a condition precedent to the relevant Target Recipient transaction or any eligibility criteria. Any failure to provide information shall not affect the Target Recipient transaction granted or require the EIF or any Financial Intermediary Recipients or any of their employees, officers or agents shall be liable for the correctness of information or the completeness of data provided by the employment and growth report.

Data to be contained in the employment and growth report

The employment reports to be submitted by the EIF to the Designated Service shall contain the following information:

- Total number of Target Recipients
- Name of Target Recipient
- Country of establishment of Target Recipient
- Date of first investment into the Target Recipient
- Number of employees at time of first investment
- Number of employees as of 31/12/XXXX (include respective reporting year)
- Total number of employees at time of first investment
- Total number of employees as of 31/12/XXXX (include respective reporting year)
- Ratio of job creation (expressed as Total number of employees as of 31/12/XXXX divided by Total number of employees at time of first investment)

For Social Enterprises usual profit distribution (if any) to members/ shareholders/ owners (0%-30%, 31-50%, more than 50%).

SCHEDULE VIII

EIB/EIF SMEW AGREEMENT

**for the implementation
of the SME Window of the
European Fund for Strategic Investments**

between

EUROPEAN INVESTMENT BANK

and

EUROPEAN INVESTMENT FUND

THIS EIB/EIF SMEW AGREEMENT (the "**EIB/EIF SMEW Agreement**") is made on this 22nd day of July 2015, as amended and restated on [] by and between

- (1) European Investment Bank, having its head office at 100, boulevard Konrad Adenauer, L-2950, Luxembourg, Grand-Duchy of Luxembourg ("**EIB**"); and
- (2) European Investment Fund, having its place of business at 37B, avenue J.F. Kennedy, L-2968 Luxembourg, Grand-Duchy of Luxembourg ("**EIF**")

and together referred to in this EIB/EIF SMEW Agreement as the "**Parties**".

WHEREAS

- (A) Regulation EU 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 – the European Fund for Strategic Investments (OJ L 169, 1.7.2015, p. 1) (the "**EFSI Regulation**") establishes the European Fund for Strategic Investments (the "**EFSI**") and foresees its management by EIB. The EFSI Regulation also provides for a guarantee granted by the EU to EIB for financing investments in the EU, including Cross-border Projects.
- (B) Under the terms of the EIB/EIF SMEW Agreement on the Management of the European Fund for Strategic Investments and on the EU Guarantee Agreement entered into between EIB and the European Union, represented by the European Commission ("**EC**" or the "**EU**") on 22 July 2015 and subsequently amended and restated on 21 July 2016, [] and on [] 2018 (the "**Agreement**"), the EU and EIB have established the contractual framework for the SME Window (the "**SMEW**"), dedicated to increasing access to financing for SMEs and small mid-cap companies.
- (C) The SMEW (save as regards the RCR Mandate) is structured initially in the form of a guarantee facility whereby the EU grants a guarantee to EIB covering amounts which may be called by EIF under the EIB/EIF SMEW Guarantee set out in this EIB/EIF SMEW Agreement (the EIB/EIF SMEW Guarantee being referred to in this EIB/EIF SMEW Agreement as the "**Guarantee**"). The SMEW also allows for funding by EIB to EIF as SMEW Manager (as defined in Article 6.2) which shall also be regulated by this EIB/EIF SMEW Agreement.
- (D) The SMEW also entails an increase in the RCR Mandate through a contribution by EIB of two billion five hundred million euro (EUR 2,500,000,000) referred to in Article 3.8(a) of the Agreement, and an additional gradual contribution to RCR Mandates or other bilateral mandates of at least one billion five hundred million euros (EUR 1 500 000 000) referred to in Article 3.8(b) of the Agreement.
- (E) The EU Guarantee in relation to the SMEW will provide (through EIB) credit enhancement or risk coverage to EIF for the purpose of the implementation of the Products described in Schedule VII of the Agreement (the "**SMEW Schedule**") as well as through new Products which may be approved and implemented by EIF under the terms of the Agreement and this EIB/EIF SMEW Agreement.
- (F) Under Article 3.7 of the Agreement and the SMEW Schedule, EIB and the EU have agreed that EIF shall be entrusted by EIB with the implementation of the SMEW.
- (G) EIB now wishes to entrust EIF with, and EIF wishes to undertake, the implementation of the SMEW subject to, and in accordance with, the terms of this EIB/EIF SMEW Agreement.

- (H) This is the EIB/EIF SMEW Agreement and contains the EIB/EIF SMEW Guarantee (in each case as these terms are referred to in the Agreement) for the purposes of the Agreement and sets out the terms, conditions and arrangements for provision of funding by EIB to EIF as SMEW Manager in relation to the SMEW.

NOW, THEREFORE, the Parties agree as follows:

ARTICLE 1

Definitions and Interpretation

1.1 All capitalized terms shall have the meaning ascribed to same in in the Agreement (including in the SMEW Schedule). In addition in this EIB/EIF SMEW Agreement:

"Drawdown Notice"	has the meaning given to it in Article 4.2
"Effective Date"	means the date on which this EIB/EIF SMEW Agreement is signed.
"Guarantee"	has the meaning given to it in Recital (C).
"SMEW PC Product"	means Private Credit for SMEs and Small Mid-caps product established under SMEW PC Product
"PC Product Sub-window 1"	means the Sub-window 1 of the SMEW PC Product as further set out in the description of the SMEW PC Product
"PC Product Sub-window 1 Commitment"	has the meaning given to it in Article 4.1.
"SMEW Commitment"	has the meaning given to it in Article 4.1.
"SMEW Facility"	means the funding facility in euros established pursuant to Article 4 for the purposes of funding the SMEW Equity Product, SMEW PC Product and SMEW ESCALAR Product.
"SMEW Funding Facility Period"	means the period commencing on the date of this EIB/EIF SMEW Agreement and ending on the date falling on the tenth anniversary of this EIB/EIF SMEW Agreement.
"SMEW Terms"	has the meaning given to it in Article 2.2 of this EIB/EIF SMEW Agreement.

"ESCALAR Product Commitment" has the meaning given to it in Article 4.1.

"Equity Product Sub-window 1" means the sub-window 1 of the SMEW Equity Product, as set out in the description of the SMEW Equity Product.

"Equity Product Sub-window 1 Commitment" has the meaning given to it in Article 4.1.

"Equity Product Sub-window 2" means the sub-window 2 of the SMEW Equity Product, as further set out in the description of the SMEW Equity Product.

"Equity Product Sub-window 2 Commitment" has the meaning given to it in Article 4.1.

1.2 The headings in this EIB/EIF SMEW Agreement are for ease of reference only and shall not be taken into account in the construction and interpretation of any provision to which they refer.

1.3 The definitions of the capitalized terms and the other provisions laid down in the Agreement shall apply as common definitions and common provisions for this EIB/EIF SMEW Agreement. In the event that there is any conflict between the definitions or the other terms of this EIB/EIF SMEW Agreement and the definitions or other terms of the Agreement, the terms of the Agreement shall prevail, except that the capitalized terms "Parties" has the meaning given to it in the recital of the EIB/EIF SMEW Agreement.

ARTICLE 2

Mandate

2.1. EIF is entrusted with, and EIF accepts, the implementation of the SMEW in accordance with, the terms of this EIB/EIF SMEW Agreement and the SMEW Terms (as defined below).

2.2. EIB and EIF acknowledge the terms set out in:

2.2.1. the Agreement and the EFSI Regulation as further specified in the Agreement, but only to the extent that such terms generally govern or relate to the SMEW or to EIF; and

2.2.2. the SMEW Schedule (Schedule VII) and Schedule III.B,

(the terms set out in Article 2.2.1 and 2.2.2 above, the "**SMEW Terms**" which form integral part of this EIB/EIF SMEW Agreement). Any amendment, variation or supplement to the SMEW Terms shall be discussed between the Parties and shall only be effective as against EIF upon agreement thereof by EIF. EIF will be invited to participate in the relevant discussions relating to a possible amendment, variation or supplement of the SMEW Terms.

- 2.3. In addition to the obligations of EIF under this EIB/EIF SMEW Agreement, EIF hereby undertakes to comply with any obligation that is specified to be owed by EIF to EIB or to the EU under the SMEW Terms as if EIF were contracting with EIB or the EU for such purposes. Without prejudice to the generality of the foregoing and subject to any other provision of this EIB/EIF SMEW Agreement, EIF shall, in particular:
- 2.3.1. identify, review, assess, enter into, perform, monitor, control, evaluate manage and dispose of (including by way of secondary market transactions) SMEW Products and undertake any activity relating thereto subject to, and in accordance with, the SMEW Terms;
 - 2.3.2. transfer any SMEW Revenues in accordance with the waterfall set out in Article 5 of the SMEW Schedule;
 - 2.3.3. transfer any SMEW Replenishment Amount and SMEW Recoveries to EIB in accordance with the Agreement; and
 - 2.3.4. within the limits set out in the SMEW Terms, take any other actions as it may deem necessary for the proper implementation of the purposes and objectives of this EIB/EIF SMEW Agreement.
- 2.4. The provisions of the Agreement expressed to be for the benefit of EIF, including any undertaking by EIB or the EU towards EIF thereunder, are expressly acknowledged and accepted by EIF.
- 2.5. In addition to the obligations of EIB in this EIB/EIF SMEW Agreement, EIB hereby undertakes to comply with any obligation that is specified to be owed by EIB to EIF under the SMEW Terms as if EIB were contracting with EIF for such purposes.
- 2.6. This EIB/EIF SMEW Agreement shall apply to the Warehoused EIF Operations referred to in Article 7 of the SMEW Schedule for which the Commission has decided that the EU Guarantee coverage extends, pursuant to Article 13 of the Agreement and Article 24 of the EFSI Regulation.

ARTICLE 3

EIB/EIF SMEW Guarantee

- 3.1. EIB hereby independently, unconditionally and irrevocably guarantees as primary obligor and not merely as surety, the punctual and full performance of any SMEW Guaranteed Sums in accordance with the provisions set down below.
- 3.2. Neither the obligations of EIB under this Guarantee, nor the rights, powers and remedies conferred upon EIF by this Guarantee or by law shall be discharged, impaired or otherwise affected by the winding-up, dissolution, administration or reorganization of the underlying obligor or any other person under any applicable law or any change in the status, function, control or ownership of the underlying obligor or by any obligations of the obligor becoming illegal or unenforceable or ineffective in any respect or by any amendment or variation to any document to which the obligor is a party.
- 3.3. Amounts drawn under this Guarantee are due upon first demand by EIF and are payable to EIF once per calendar quarter (or more than once per calendar quarter

where amounts available to EIF under the relevant SMEW Product are not sufficient) on a date falling [22 Business Days] following the written request by EIF to EIB for payment, for any SMEW Guaranteed Sums in respect of which no call under this Guarantee has yet been made.

- 3.4. EIB shall pay to EIF the amounts demanded by EIF in writing in EUR or in the EUR equivalent of the SMEW Guaranteed Sum specified in EIF's demand under this Guarantee converted at the prevailing market exchange rate on the relevant value date as transacted by EIF in a timely manner.
- 3.5. The maximum total liability of EIB under this Guarantee when aggregated with funding provided by EIB under Article 4 shall not exceed three billion euros (EUR 3 000 000 000) until 6 July 2018 and six billion seven hundred fifty million euros (EUR 6 750 000 000) thereafter.

EIF shall provide EIB with a regular report, for each SMEW Guarantee Product and in aggregate, on (i) the amount of the EFSI second loss piece (SLP), (ii) the release by EIF of the EFSI SLP and (iii) the SMEW Replenishment amounts.

ARTICLE 4

EIB Funding for SMEW

- 4.1 EIB hereby establishes the SMEW Facility of three billion three hundred million euros (EUR 3 300 000 000) in favour of EIF as SMEW Manager in respect of each sub-window of the SMEW Equity Product, SMEW PC Product and SMEW ESCALAR Product, subject to Schedule VII section 8 of the Agreement:
 - 4.1.1 as regards SMEW Equity Product Sub-window 1, an amount not exceeding two billion three hundred and twenty million euros (EUR 2,320,000,000) ("**Equity Product Sub-window 1 Commitment**") and
 - 4.1.2 as regards SMEW Equity Product Sub-window 2, an amount not exceeding four hundred and thirty million euros (EUR 430 000 000) ("**Equity Product Sub-window 2 Commitment**")
 - 4.1.3 as regards Sub-window 1 of the SMEW PC Product, an amount not exceeding two hundred and fifty million euros (EUR 250 000 000) ("**PC Product Sub-window 1 Commitment**")
 - 4.1.4 as regards SMEW ESCALAR Product, amount not exceeding three hundred million euros (EUR 300 000 000) ("**ESCALAR Product Commitment**"),(together the "**SMEW Commitment**").
- 4.2 EIF may draw down the SMEW Commitment at any time during the SMEW Funding Facility Period by giving five (5) Business Days' notice to EIB in the form of Annex A (a "**Drawdown Notice**"). Drawdown Notices shall be for a minimum amount to be agreed between the Parties but not otherwise limited in number. Amounts drawn under the SMEW Facility may not be redrawn following any repayment or prepayment.

If the SMEW Facility has not been drawn in full before the end of the SMEW Funding Facility Period, the SMEW Funding Facility Period may be extended on terms to be agreed by the Parties but for a period or periods no longer than the EIB SMEW Funding Final Repayment Date.

- 4.3 EIB shall transfer the amounts drawn down no later than on the value date contemplated in the Drawdown Notice to the SMEW Equity Product Account.

ARTICLE 5

Repayment and Limited Recourse

- 5.1 Subject to compliance with the SMEW Terms and this EIB/EIF SMEW Agreement, obligations of EIF in respect of amounts drawn down under Article 4, shall be limited to the amounts EIB is entitled to receive under Article 5 of Schedule VII of the Agreement.
- 5.2 EIF shall on each SMEW Quarterly Payment Date provide EIB with details on any SMEW Portfolio Value Variation Amounts occurring since the previous SMEW Quarterly Payment Date.
- 5.3 To the extent EIB has not received all outstanding EIB Funding Costs and repayment of all amounts drawn down under Article 4 and outstanding on the EIB SMEW Funding Final Repayment Date, EIB shall claim for such amounts under the EU Guarantee.
- 5.4 EIB shall not be entitled to payment, prepayment or repayment of any amounts in connection with the SMEW Facility or be entitled to take any recovery, enforcement or other similar type of action against EIF in connection with the SMEW Facility other than as set out in this EIB/EIF SMEW Agreement and the Agreement.

ARTICLE 6

EIF Sole Responsibility

- 6.1 EIF is solely responsible for identifying, reviewing, assessing and entering into EFSI Operations under the SMEW, subject to and in accordance with the SMEW Terms.
- 6.2 EIF shall manage the SMEW in accordance with its own rules, policies, procedures and statutes as applied to its own risk operations, as amended, supplemented or substituted from time to time, this EIB/EIF SMEW Agreement and the SMEW Terms and good market practices ("**SMEW Manager**") as further specified in the SMEW Terms.
- 6.3 The role of the Steering Board on the governance and implementation of the SMEW shall be limited to the tasks described under Articles 4.3(h), 4.3(i), 4.3(j), 4.3(k), 4.3(l) in relation to the review and adjustment, if necessary, of the allocation of the total EFSI support available between IIW and SMEW under the EU Guarantee), 4.3(m) and 4.3(n) of the Agreement. The role of the Investment Committee as regards the SMEW shall be limited to the task set out in Article 5.15 of the Agreement. The Managing Director shall be responsible for approving the SMEW Products together with the Steering Board and after consultation of the Investment Committee. The EFSI activities conducted by EIF are otherwise to be governed by

the EIF governing bodies.

ARTICLE 7

EIB – EIF Mandates

- 7.1 The additional contribution to the RCR Mandate by EIB of two billion five hundred million euro (EUR 2,500,000,000) referred to in Article 3.8(a) of the Agreement is governed by the terms of the RCR Mandate Agreement pursuant to Article 3.10 of the Agreement. The SMEW operational and financial reporting, insofar as it relates to relevant information deriving from the RCR Mandate, shall be performed by EIF in accordance with this EIB/EIF SMEW Agreement and Article 24 and Schedules II and III of the Agreement and Annex II of the SMEW Schedule.
- 7.2 The additional gradual contributions to the RCR Mandate or other bilateral mandates of at least one billion five hundred million euros (EUR 1 500 000 000) referred to in Article 3.8(b) of the Agreement are governed by the terms of the relevant agreements pursuant to Article 3.10 of the Agreement. The SMEW operational and financial reporting, insofar as it relates to relevant information deriving from these mandates, shall be performed by EIF in accordance with this EIB/EIF SMEW Agreement and Article 24 and Schedules II and III of the Agreement and Annex II of the SMEW Schedule.

ARTICLE 8

Reporting and Auditing

- 8.1 EIF shall undertake and provide SMEW operational and financial reporting to EIB subject to and in accordance with Article 24 and Schedules II and III of the Agreement and Annex II of the SMEW Schedule as at the Effective Date or as may be further updated from time to time following written agreement between EIB and EIF.
- 8.2 EIF hereby consents to the European Court of Auditors exercising its powers in respect of the SMEW on the same terms as those set out in the Agreement. EIB shall use reasonable endeavours to ensure that the terms on which the European Court of Auditors may exercise its rights in respect of EIF as regards operations carried out under the SMEW are on terms not less favourable than those set out under the Tripartite Agreement.
- 8.3 Agreements entered into by EIF for EFSI Guaranteed Operations shall contain provisions allowing the Court of Auditors full access to EFSI Guaranteed Operations in accordance with the Tripartite Agreement.
- 8.4 EIF shall contribute to any audit carried out by the Commission or on its behalf on the implementation of EFSI by providing all relevant information and documentation it has related to the implementation of EFSI.
- 8.5 EIF shall provide EIB with any information as may be necessary in respect of the agreement entered into between the European Parliament and EIB pursuant to Article 17(5) of the EFSI Regulation on the detailed arrangements for the exchange of information between the European Parliament and EIB under the EFSI Regulation.

ARTICLE 9

Liability

- 9.1 The Parties shall be liable for their obligations under this EIB/EIF SMEW Agreement in accordance with the general principles of law governing the liability of EU institutions and bodies as developed by the Court of Justice of the European Union.
- 9.2 A Party faced with Force Majeure shall not be held to be in breach of its obligations under this EIB/EIF SMEW Agreement if it has been prevented from fulfilling them by Force Majeure. A Party faced with Force Majeure shall notify the other Party without delay, stating the nature, likely duration and foreseeable effects. The Parties shall take the necessary measures to limit or minimise costs and possible damages due to Force Majeure. The provisions of this Article 9.2. shall not apply for Articles 4 and 5 of this EIB/EIF SMEW Agreement.
- 9.3 The Parties shall be liable for the performance of their duties and obligations under this EIB/EIF SMEW Agreement with a professional degree of care and diligence.
- 9.4 This Article may not be relied on by, and does not give any right to, any person other than the Parties. The performance by EIF of its obligations towards the EU under the Horizon 2020 Delegation Agreement, the COSME Delegation Agreement, the EaSI Delegation Agreement or the CCS Delegation Agreement shall be governed exclusively by the liability provisions set out therein.

ARTICLE 10

Remuneration

- 10.1 As consideration for the services provided by EIF under this EIB/EIF SMEW Agreement, EIB acknowledges that EIF shall be entitled to the EIF Administrative Fees and the SMEW Costs subject to, and in accordance with, the SMEW Terms. Save for the deduction of EIF Administrative Fees and SMEW Costs from the reserves held by EIF, they shall be paid subject to sufficient funds being available in the EFSI Account and/or prior receipt of the corresponding amount by EIB from the EU under the SMEW Terms, as applicable.
- 10.2 Any sum payable to EIF by EIB as EIF Administrative Fees under the SMEW Schedule shall be invoiced by EIF to EIB for payment on the date falling 45 Business Days thereafter.

ARTICLE 11

Confidentiality

- 11.1. Other than as expressly permitted under the SMEW Terms, in view of the confidential or commercially sensitive nature of certain information to be exchanged pursuant to this EIB/EIF SMEW Agreement, each Party undertakes not to disclose such information to a third party without the prior written consent of the other. This undertaking does not apply to the transmission of information as required by the Agreement or by law, regulation, treaty, by an order of a court having jurisdiction in the matter, or in particular, to the European Court of Auditors pursuant to the Tripartite Agreement. The Parties may also disclose such information as necessary to their respective governing bodies, auditors and advisors.

- 11.2. EIF acknowledges that EIB will treat as confidential any information submitted in written or permanent (including electronic) form in connection with the SMEW that has been clearly identified as confidential. Subject to compliance with EIB's transparency policy, EIB hereby undertakes not to disclose such information to any third parties (except to its auditors, governing bodies and advisors as necessary) without the prior written consent of EIF, unless a binding order is made by a regulatory authority or court or where required by law or under the Agreement (including, without limitation, under Article 30.3 of the Agreement) - in which event the Parties shall consult with one another as to the content of such communication.

ARTICLE 12

Termination

- 12.1 This EIB/EIF SMEW Agreement shall remain in full force and effect until either:
- all liabilities under any EFSI Operations under the SMEW have been terminated by means of the exercise of any action, rights, remedies, powers and discretions, in accordance with terms and conditions of the agreements concluded by EIF, and all amounts payable under this EIB/EIF SMEW Agreement have been discharged in full;
 - or on any other date mutually agreed between the Parties.
- 12.2 Termination of this EIB/EIF SMEW Agreement under second indent of Article 12.1 above:
- shall not affect the duty of each Party to continue to perform its obligations under this EIB/EIF SMEW Agreement in respect of EFSI Operations under the SMEW already entered into at the time of such termination; and
 - shall be without prejudice to the rights acquired by each Party pursuant to this EIB/EIF SMEW Agreement prior to such termination.

ARTICLE 13

Miscellaneous

- 13.1 Any amendment, variation or modification of this EIB/EIF SMEW Agreement shall require an instrument in writing duly signed by each Party and is subject to approval by the Commission in line with Article 3.7 of the Agreement.
- 13.2 The waiver or forbearance by a Party from insisting in any one or more instances upon the performance of any provision of this EIB/EIF SMEW Agreement shall not be construed as a waiver of that Party's rights to future performance of such provision and the other Party's obligation in respect of such future performance shall continue in full force and effect.
- 13.3 Each Party may assume that the other Party will ensure that the matters under this EIB/EIF SMEW Agreement which fall within its competences are complied with.
- 13.4 All notices and other communications under this EIB/EIF SMEW Agreement shall be

in writing and shall be deemed to have been duly given: when delivered, if delivered by messenger during normal business hours of the recipient; when sent on the third Business Day following mailing, if mailed by certified or registered mail, postage prepaid, in each case addressed as follows:

European Investment Fund
37B, Avenue J. F. Kennedy
L-2968 Luxembourg

By hand/courier
For the attention of Mandate Management Department
Institutional Business Development Division
European Investment Bank
98-100, boulevard Konrad Adenauer
L-2950 Luxembourg

By hand/courier
For the attention of Mandate Management Department
Risk Sharing Mandates Division.

Any changes made to the above addresses shall have effect only after it has been notified to the other Party in accordance with this Article 13.3.

- 13.5 In case any of the provisions contained in this EIB/EIF SMEW Agreement is invalid or non-enforceable, such invalidity or non-enforceability shall not affect the validity of any other provision contained in this EIB/EIF SMEW Agreement and the affected clause shall be construed in a way or, as the case may be, replaced by a valid clause which complies with the original intention of the invalid clause.
- 13.6 This EIB/EIF SMEW Agreement will be executed in two counterparts and all such counterparts shall constitute one and the same instrument.

ARTICLE 14

Governing law and Jurisdiction

- 14.1 This EIB/EIF SMEW Agreement is governed by EU law.
- 14.2 The Parties shall endeavour to settle amicably any dispute or complaint relating to the interpretation, application or performance of this EIB/EIF SMEW Agreement, including its existence, validity or termination.
- 14.3 Any dispute between the Parties arising out of or in respect of this EIB/EIF SMEW Agreement which cannot be settled amicably shall be subject to the exclusive jurisdiction of the General Court, or on appeal the Court of Justice of the European Union.

ARTICLE 15
Entry into force

This EIB/EIF SMEW Agreement shall enter into force on the Effective Date.

IN WITNESS WHEREOF, each of the Parties has caused this EIB/EIF SMEW Agreement to be executed, in duplicate, each Party taking one copy, as of the day and year written below.

Place: Luxembourg

Place: Luxembourg

Date: []

Date: []

EUROPEAN INVESTMENT BANK

EUROPEAN INVESTMENT FUND

Annex A

Form of Drawdown Notice

From: EIF

To: EIB

Dated:

Dear Madam, Sir,

European Fund for Strategic Investments SME Window EIB/EIF SMEW Agreement – Drawdown Notice

We refer to the EIB/EIF SMEW Agreement dated 22 July 2015 as amended and restated (the "EIB/EIF SMEW Agreement"). Terms defined in the Agreement have the same meaning herein.

This is a Drawdown Notice pursuant to Article 4 of the EIB/EIF SMEW Agreement

1 We wish to draw down the following amount(s):

(a) Amount in euros:

(i) Under the Sub-window 1 Commitment: [</>]

(ii) Under the Sub-window 2 Commitment: [</>]

(iii) Under the PC Product Sub-window 1 Commitment: [</>]

(iv) Under the ESCALAR Product Commitment [</>]

(b) Value date [*being a Business Day not earlier than 5 Business Days after the date of this notice*]

2 Amounts referred above should be transferred to the account specified in Article 4 of the EIB/EIF SMEW Agreement

3 This Drawdown Notice is irrevocable.

Yours faithfully

.....

authorised signatory for EIF

