

PLEASE ADD THIS SIGNED DISCLAIMER AND SEND IT TO INVEGA TOGETHER WITH THE APPLICATION

DISCLAIMER

INVEGA (including any employees, officers, advisers and/or contractors of INVEGA who contributed to the preparation of the Open Call for Expression of Interest) makes no representation, warranty or undertaking of any kind in relation to the accuracy or completeness of any information provided in, or in connection with, this Open Call for Expression of Interest or Selection Documents (for the purposes of this section the "Information").

INVEGA will not be liable or responsible to any person in relation to any inaccuracy, error, omission or misleading statements contained in the Information. INVEGA will not be liable or responsible to any person in relation to any failure to inform any person of inaccuracy, error, omission or misleading statement contained in such Information of which it/they become aware after the date of release of that Information. INVEGA shall not be liable to any person for any damages, losses, costs, liabilities or expenses of any kind which it may suffer as a consequence of relying upon such Information.

Any person considering making a decision to enter into contractual relationships with INVEGA and/or any other person on the basis of the information provided to (or otherwise received by) Applicants (whether prior to this Open Call for Expression of Interest or at any point during the Selection process) in relation to the Selection process should make their own investigations and form their own opinions. In particular, the distribution or receipt of this Open Call for Expression of Interest or Selection Documents shall not constitute, or be construed as, the giving of investment advice or a recommendation by INVEGA of any kind.

Only the express terms of any written contract (as and when it is executed) shall have any contractual effect in connection with the Fund Manager Selection process.

All Applicants are solely responsible for their costs and expenses incurred in connection with the Selection process including the preparation and submission of applications and participation in all future stages of this process. Under no circumstances will INVEGA be liable for any costs or expenses borne by Applicants or any of their supply chain, partners or advisors in this process.

The descriptions of the Terms and Conditions of the Funds are indicative and non-exhaustive and may be subject to change in accordance with the relevant legal acts and the final terms and conditions of the Funding Agreement.

CONFLICTS

Failure to declare any actual or potential conflicts of interest and/or failure to address such conflicts to the reasonable satisfaction of INVEGA could result in an Applicant being disqualified at the discretion of INVEGA.

CANVASSING AND NON COLLUSION

INVEGA reserves the right to disqualify (without prejudice to any other civil remedies available to INVEGA and without prejudice to any criminal liability which such conduct by an Applicant may attract) any Applicant who, in connection with this Open Call for Expression of Interest:

(i) offers any inducement, fee or reward to any Board member, employee or officer of INVEGA or any person acting as an adviser for INVEGA in connection with this Open Call for Expression of Interest;

(ii) contacts any Board member, employee or officer of INVEGA about any aspect of this Open Call for Expression of Interest in a manner not permitted by this Open Call for Expression of Interest;

(iii) enters into any agreement or arrangement with any other Applicant or potential Applicant to the effect that it shall refrain from making an application or as to the conditions of any application;

(iv) causes or induces any person to enter such agreement as is mentioned above or to inform the Applicant of the conditions of any other application; or

(v) offers or agrees to pay or give or does pay or give any sum of money, inducement or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused to be done in relation to any other application or proposed application.

COMMUNICATIONS

Applicants should note that from the date that the Open Call for Expression of Interest has been issued, all clarifications in relation to the Open Call for Expression of Interest should be made exclusively through INVEGA as set out in this Open Call for Expression of Interest.

PUBLICITY

Applicants shall not undertake (or permit to be undertaken) at any time, any publicity activity with any section of the media in relation to the Selection process other than with the prior written agreement of INVEGA. Such agreement shall extend to the content of any publicity. In this paragraph the word "media" includes (but without limitation) radio, television, newspapers, trade and specialist press, the internet and email accessible by the public at large and the representatives of such media.

I have read and agree with the disclaimer

(First name, surname and signature of the person submitting Expression of Interest (if a natural person) or authorised to submit the Expression of Interest on behalf of the Applicant (if a legal entity))



LIMITED LIABILITY COMPANY INVESTICIJŲ IR VERSLO GARANTIJOS

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APPROVED by
the Director General
of UAB Investicijų ir Verslo Garantijos,
Order No. B-62 of 23 March 2023

OPEN CALL FOR EXPRESSION OF INTEREST FOR FUND MANAGERS TO IMPLEMENT THE FINANCIAL INSTRUMENT DEVELOPMENT FUNDS III

(ONGOING SELECTION)

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I. INTRODUCTION

UAB INVESTICIJŲ IR VERSLO GARANTIJOS (**INVEGA**) is launching an Open Call for Expression of Interest (the **Call**) on an ongoing basis in order to identify financial intermediaries (the **Fund Manager(s)**) to manage the risk capital funds (the **Fund**) focused on Lithuanian market and, if the Fund Manager intends - sustainability under the financial instrument **Development Funds III** (the **Financial Instrument**) as further described below. All applications submitted to INVEGA should conform to the Call.

Each Fund under the Financial Instrument shall be financed from the public funds managed by INVEGA. The conditions of the Financial Instrument have been described in the **Ex-ante Assessment** (as defined).

The principal purpose of the Financial Instrument is to promote the Lithuanian risk capital market and facilitate access for Lithuanian SMEs and Small Mid-Caps to long term equity and quasi-equity financing consistent with the Ex-ante Assessment.

The implementation of the Financial Instrument is envisaged to:

- increase the level of equity and quasi-equity investments made particularly in SMEs and Small Mid-Caps across Lithuania filling funding gap and fluctuations in funding supply;
- catalyse private investors' interest and to help the fund managers reach targeted and viable fund size;
- promote best practices in the risk capital industry acting as a cornerstone investor in the fund;
- further develop a sound market-based risk financing infrastructure in Lithuania;
- promote sustainable investments and contribute to the implementation of the goals of the European Green Deal and the Lithuanian National Climate Change Agenda;
- generate positive public funds returns.

This Call is addressed to independent fund management teams which are interested in receiving resources for implementation of the Financial Instrument through their managed Fund and to offer SMEs and Small Mid-Caps in their growth phase access to equity and quasi-equity finance. Funds may be already established or to be established, generalist or sector focused, with the true value-added to the Lithuanian risk capital ecosystem and benefit for Lithuania, and may be managed either by first-time teams, emerging managers or established managers.

Interested financial intermediaries wishing to apply to be selected as the Fund Manager for the Fund (the **Applicant**) should express their interest by completing and submitting an Expression of Interest (as defined), in the manner provided for in this Call and meeting terms and conditions.

The process by which Fund Managers are selected (the **Selection**) and the ongoing implementation of the Financial instrument shall be conducted in compliance with applicable legal acts including the Law on National Promotional Institutions of the Republic of Lithuania, Law on Small and Medium-sized Business Development of the Republic of Lithuania, the Law on Partnerships of the Republic of Lithuania, Law on Informed Investors of the Republic of Lithuania, the Civil Code of the Republic of Lithuania, Communication from the Commission – Guidelines on State aid to promote risk finance investments (2021/C 508/01).

The Selection shall be performed on a non-comparative ongoing basis applying the "first come – first served" principle.

The Selection shall be performed based on the public funding available from time to time and shall be based on the Selection Criteria.

II. DEFINITIONS

In this Call, capitalised terms and expressions shall have the meaning attributed to them below, unless the context requires otherwise:

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| Applicant | legal entity or natural person or a group of legal entities or natural persons applying to this Call organised by INVEGA. For the avoidance of doubt, there is no requirement to have already established a legal entity to act as Fund Manager. |
| Application Deadline | 30 June 2029 or an earlier date subject to available resources for the Financial Instrument. Application Deadline can be changed by the decision of INVEGA and announced officially on the website of INVEGA (section Development Funds III). |
| Business Plan | the business plan submitted by Applicants as part of an Expression of Interest containing all aspects of information outlined in Annex 3 . |
| Call | this document (including Annexes thereto) outlining the terms and conditions by which a Fund Manager will be selected for the Fund. |
| Eligibility Criteria | the criteria the Expression of Interest and the Applicants must comply with and which are listed in Section V of this Call. |
| Ex-ante Assessment | the ex-ante market assessment carried out by the Ministry of Finance for the purpose of identifying market failures or suboptimal investment situations and the estimated level and scope of public investment needs and approved by the working group, formed by the order of Minister of Finance of the Republic of Lithuania No. 1K-195 dated 26 June 2014 (as amended from time to time) and announced officially on the website of the Ministry of Finance https://finmin.lrv.lt/uploads/finmin/documents/files/Verslo%20srities%20FP%20vertinimas.pdf . |
| Expression of Interest | a proposal sent by an Applicant in response to this Call, to be drafted in accordance with the template attached hereto (Annex 2). |
| Final Recipient | a legal person which receives equity and/or quasi-equity financing from the Fund. |
| Fund(s) | the investment vehicle(s) (legal entity(-ies)) that are set-up by the Fund manager (s) to provide financing to Final Recipients following the terms and conditions of this Call and partially financed from by the Financial Instrument. |
| Fund Manager | a legal entity managing the Fund and undertaking risk capital investments by providing long-term equity and/or quasi-equity financing in accordance with this Call. |
| Funding Agreement | an operational and funding agreement (including, without limitation, the side letter) entered into between a Fund Manager and INVEGA relating to a Financial Instrument on the basis of this Call and the Selection. INVEGA, acting as the manager of the public funds, will be an investor into the Fund. |
| INVEGA | UAB "INVESTICIJŲ IR VERSLO GARANTIJOS". |

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| Non-Compliant Jurisdiction (NCJ) | <p>a jurisdiction:</p> <p>a) listed in Annex I of the European Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes;</p> <p>b) included in the OECD/G20 list of jurisdictions that have not satisfactorily implemented the tax transparency standards;</p> <p>c) listed in the Annex of the Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies;</p> <p>d) rated as “partially compliant” or “non-compliant”, including corresponding provisional ratings, by the Organisation for Economic Cooperation and Development and its Global Forum on Transparency and Exchange of Information for Tax Purposes against the international standard on exchange of information on request;</p> <p>e) included in the Financial Action Task Force statement “High risk Jurisdictions subject to a Call for Action”);</p> <p>and/or</p> <p>f) included in the Financial Action Task Force statement “Jurisdictions under Increased Monitoring”;</p> <p>in each case as such statement, list, directive or annex may be amended and/or supplemented from time to time.</p> |
| Quality Assessment Criteria | <p>the criteria applied by INVEGA to assess the suitability of an Applicant as a prospective Fund Manager with respect to a Financial Instrument, as set out in Section V of this Call and in INVEGA’s internal rules and /or procedures.</p> |
| Sanctions list | <p>The Sanctions list is a list of persons, entities, arrangements, or property administered by Sanctions Authority. Sanctions Authority means an institution of:</p> <p>a) Republic of Lithuania;</p> <p>b) United Nations;</p> <p>c) European Union;</p> <p>d) United States Government;</p> <p>e) Ally of NATO;</p> <p>and includes any government entity of any of the above, including, without limitation, the Office of Foreign Assets Control of the US Department of Treasury (OFAC) and the United States Department of State.</p> <p>The Sanctions List includes:</p> <p>a) any legal act adopted by a state that includes restrictions prescribed in national sanction laws;</p> <p>b) any legal act adopted by the European Union, which, at most cases is identifiable by use of phrase “restrictive measures” in its title and usually is adopted by the Council of the European Union.</p> <p>c) United Nations Consolidated List which is based on the decisions of Security Council of the United Nations;</p> <p>d) the “Specially Designated Nationals and Blocked Persons” list maintained by OFAC; or</p> <p>e) any similar list maintained by, or public announcement of Sanctions designation made by, any other Sanctions Authority.</p> |
| Selection | <p>the process set out in this Call by which the Fund Manager (already established or to be established) is selected as eligible for the implementation of the Financial Instrument.</p> |
| Selection Criteria | <p>Eligibility Criteria and Quality Assessment Criteria</p> |

| | |
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| Selection Documents | the Call (including all Annexes thereto) and any other information provided to the Applicants by INVEGA in writing and published on the website of INVEGA section Development Funds III. |
| Small or medium-sized enterprise or SME | undertakings fulfilling the criteria established for micro, small or medium-sized enterprises in the Law of the Republic of Lithuania on Small and Medium-sized Business Development. |
| Small middle-capitalisation firm or Small Mid-Cap | undertaking fulfilling the criteria established for small mid-cap in Section 2.3, in paragraph 35 (30) of the Communication from the Commission – Guidelines on State aid to promote risk finance investments (2021/C 508/01). |

III. ACTIONS EXPECTED OF THE SELECTED APPLICANT (FUND MANAGER)

Each Fund Manager shall be required to implement the Fund, as provided for in this Call and in the Funding Agreement signed between the selected Fund Manager and INVEGA, and in full accordance with all applicable laws/regulations and best practice professional standards including with respect environmental, social and governance issues.

Specifically, the Fund Manager will be responsible for, among other things:

- (i) formulating and maintaining an appropriate Fund structure to facilitate external investment into Final Recipients, establishing the required legal entities (if applicable), and negotiating legal terms and conditions as well as full legal documentation for the Fund (if applicable);
- (ii) approaching potential investors and attracting third party capital to the Fund;
- (iii) sourcing, executing investments with attractive risk return profiles, managing, monitoring investments on an ongoing basis with a view to identifying risks for the investments and managing exits from the investments at the best price and most advantageous terms;
- (iv) ensuring compliance of the Fund and its investments, ensuring that effective and efficient internal control systems are in place, following best practices in Environmental, Social and Corporate Governance standards; and
- (v) the use of a reliable accounting system enabling to provide the accurate information in a timely manner and reporting to the Fund investors on the financial and operational progress of the Fund as well as on the contribution to implementation of the Environmental, Social and Corporate Governance standards.

Fund may be already established or to be established. The obligations and responsibilities of the Fund Manager shall be detailed in the Funding Agreement which governs the Fund. A non-exhaustive summary of key terms and conditions for each Fund which should be taken into account by Applicants together with all Selection Documents is provided in **Annex 1**.

IV. EXPRESSION OF INTEREST

The initial funding allocation for the **Financial Instrument is EUR 60 million** with the possibility to be increased depending on the financing gap identified in the Ex-ante Assessment and the amount of public funding made available to the Financial Instrument.

Applicants may express their interest for a funding contribution of up to, but not more than, the Indicative funding allocation for the Fund. During implementation of the Fund, INVEGA may, with appropriate approvals, further determine to increase or decrease the funding allocated to the Fund. For the avoidance of doubt, any committed capital to the Fund shall be governed by the terms of the relevant Funding Agreement.

The interested Applicants shall submit an Expression of Interest to INVEGA before the Application Deadline by email to the address equity@invega.lt. The Application Deadline applies to the reception of the email by INVEGA. A confirmation email will be sent by INVEGA to each Applicant upon receipt of its Expression of Interest. Such confirmation will not constitute a declaration of completeness or eligibility of the Expression

of Interest and the documents submitted therewith, nor any other kind of assessment or acceptance of the same.

The Expressions of Interest shall:

- state in the subject of the e-mail: “Expression of Interest | **Development Funds III** | [Name of the Applicant]”;
- be signed by electronic signature (the Expression of Interest itself and all documents attached) ¹
- contain:
 - i an application in the form provided in **Annex 2**;
 - ii the Business Plan² with the minimum required information provided in and of the length recommended in **Annex 3**;
 - iii declarations in the form provided in **Annex 4**;
 - iv KYC questionnaire in the form provided in **Annex 5**;
 - v additional documents listed in the **Annex 6**;
- be prepared in Lithuanian or English (including Annexes).

An Applicant may withdraw its Expression of Interest at any stage of the Selection by sending an email to INVEGA at the above-mentioned address stating that the Applicant wishes to withdraw from the Selection.

Expressions of Interest (including Annexes) and materials submitted by Applicants in connection therewith will not be returned to Applicants, including in the event of a withdrawal by an Applicant from the Selection.

Applicants may send questions regarding the Call to the same email address used for the submission of the Expression of Interest above. INVEGA shall analyse and publish the resulting answers in the form of Frequently Asked Questions (FAQ) in the Development Funds III section of the INVEGA’s website.

INVEGA shall process all provided personal data in accordance with the Regulations of the Personal Data Processing, approved by the Chief Executive Officer of INVEGA on the 29th of November 2019 Order No. 142 (with all subsequent amendments), that are publicly accessed on the website of INVEGA at <https://invega.lt/lt/asmens-duomenu-saugojimo-politika/>.

V. SELECTION PROCESS

The Selection shall be carried out and the decisions related to the Selection shall be based on INVEGA’s policies, rules, procedures, in conformity with best practices and following the principles of equality, non-discrimination, transparency, mutual recognition and proportionality, rationality, as well as observing the requirements of confidentiality and impartiality. All Expressions of Interest will be examined by INVEGA using professional analysis and judgement taking into account the requirements of this Call and the Selection Criteria.

For the purpose of the Selection INVEGA reserves the right at any time to request written clarifications or the submission of additional or supplementary written information in respect of any application, verify any Applicant or any information set out in any submission and/or receive information on the Applicants from third parties.

The Selection is organized **on an ongoing basis, applying the “first come – first served” principle**. Applications, that satisfies the Eligibility criteria, shall be evaluated in the order of priority according to the list of eligible applications. An Applicant may amend, restate or supplement its Expression of Interest only before the Eligibility Check is performed following the same procedure as set out in the Section IV above. An

¹ If due to technical issues some of the documents cannot be signed by electronic signature (e. g. a foreign citizen cannot sign his (her) declaration by electronic signature), then the authenticity of scanned copies of the original signed documents in PDF format can be verified by electronic signature of the Applicant and submitted with the Expression of Interest. Original signed documents must be sent to INVEGA by registered mail or courier.

² the Business Plan shall also be submitted by email in Word and/or Excel format (depending on how the specific information shall be provided).

Expression of Interest shall be put on the list of eligible applications after the eligibility check, when and if Eligibility criteria are met and according to the date and time of the last required document of the Expression of Interest receipt. Allocation of funding for the selected Applicants shall be subject to available resources for the Financial Instrument.

Following the receipt of each Expression of Interest, INVEGA shall assess the application pursuant to the Selection process outlined herewith. This process comprises from:

1. Eligibility check
2. First Screening, Second Screening
3. Due diligence
4. Negotiation on the Funding Agreement and signature

1. Eligibility check

Initially, INVEGA shall assess whether the submitted Expression of Interest for the Fund have been prepared in accordance with the provisions of this Call and comply with the Eligibility Criteria. All parts of an Expression of Interest shall have to be received in order to be considered eligible. When reviewing the submitted Expression of Interest, INVEGA may request to submit missing or supplementary written information, by giving the deadline of at least 10 days for such submission of requested information or documents. INVEGA shall complete the eligibility check within 10 (ten) working days from the date of receipt of the Expression of Interest and all properly completed documents required for the assessment, i. e. from the date of receipt of the last required document.

A submitted Expression of Interest shall be considered eligible if it satisfies all the following eligibility criteria (the **Eligibility Criteria**):

| Eligibility Criteria | | System of appraisal Yes/No |
|----------------------|--|-------------------------------|
| 1. | Expression of Interest is received by the Application Deadline | |
| 2. | Expression of Interest is received by email equity@invega.lt | |
| 3. | Expression of Interest includes completed and duly signed <u>application form</u> substantially in the form provided in Annex 2 | |
| 4. | Expression of Interest includes a duly signed Business Plan containing all relevant aspects of information outlined in Annex 3 | |
| 5. | Expression of Interest includes duly signed declarations in the form provided in Annex 4 | |
| 6. | Expression of Interest includes duly signed KYC questionnaire in the form provided in Annex 5 | |
| 7. | Expression of Interest includes duly signed documents, procedures, policies listed in the Annex 6 | |
| 8. | All information and documents submitted are provided in English or Lithuanian language | |

All Applicants shall be notified about their Expression of Interest eligibility check results. Any Expression of Interest that does not comply with the Eligibility Criteria shall be rejected.

2. First Screening and Second Screening

After completing assessment of the Eligibility Criteria, and after having obtained all additional information or clarifications from Applicant, if and as needed, INVEGA shall perform the quality assessment of the Expressions of Interest according to the Quality Assessment Criteria (**First Screening**) by giving a score from 1 to 10 and applying the indicated weighting:

| Quality Assessment Criteria | | Weighting |
|-----------------------------|--|------------|
| 1 | <p>Management</p> <p>Assessment of the Fund Manager’s team relevant investment experience, including team members’ track record, expertise and experience in international and local market, team’s profile, cohesion, stability, motivation and entrepreneurialism, joint working experience, hiring needs, operational, technical and financial capacity, local presence, ability to devote time.</p> | 40% |
| 2 | <p>Investment Strategy</p> <p>Assessment of Fund’s investment strategy validity, viability, competitive position, expected Fund returns, identification and appraisal of potential Final Recipients, financing terms and conditions, ability to add value, implement ESG principles, existing pipeline.</p> | 30% |
| 3 | <p>Structure and Terms</p> <p>Assessment of the Fund’s legal and organisational structure, including corporate governance and independence of Fund Manager, Fund’s terms and conditions, including management costs and fees, profit sharing structure, alignment of interests, additional private financing, measures to mitigate possible conflicts of interest.</p> | 30% |

The minimum required score of the First Screening to advance to the next stage of the assessment is **6 out of 10**, provided that the Management criterion score is at least 6 out of 10.

The Expression of Interest that does not reach a minimum required score of the First Screening will be rejected and the Applicant notified accordingly.

The Applicant whose Expression of Interest has surpassed the minimum required score of the First Screening shall be invited (physically or by video conference call) to present, and answer questions on their Business Plan to INVEGA. INVEGA may, at its sole discretion, choose to ask additional questions or seek additional information from the Applicant in advance of such presentation.

Following such presentation, INVEGA will re-assess the Applicant by scoring its Expression of interest under the Quality Assessment Criteria (**Second Screening**).

The minimum required score of the Second Screening to advance to the next stage of the assessment is **7 out of 10**.

The Expression of Interest that does not reach the minimum required score of the Second Screening shall be rejected and the Applicant notified accordingly.

The Applicant whose Expression of Interest has surpassed the minimum required score of the Second Screening shall follow with the due diligence process, carried out by INVEGA, where financial and operational matters relating to the Financial Instrument implementation shall be analysed in more detail.

3. Due diligence

The aim of the due diligence is to assess, inter alia, the ability to comply with the terms and conditions of the Financial Instrument, generate a qualitative deal flow, undertake an appropriate and relevant investment/divestment strategy, and comply with the reporting requirements, as well as the commitment, experience and operational capability of the Applicant. The due diligence normally comprises the evaluation of the information received under the Due diligence questionnaire and on-site visit or video conference call, which shall be at the discretion of the INVEGA. Due diligence is conducted with a view to confirming the selection of a Fund Manager and moving towards implementation and signing of a Funding Agreement,

nevertheless the due diligence process does not comprise formal legal negotiations while it will typically discuss and explain certain terms and conditions.

It should be noted that INVEGA selects a Fund Manager according to the process outlined herein. No Applicant has or shall have any claim or other right against INVEGA or may expect to be ultimately selected as Fund Manager. Similarly, INVEGA reserves the right to cancel the Selection at any time. Furthermore, INVEGA may also amend and/or supplement the Selection process and its rules including, without limitation, the terms thereof provided that the above indicated principles of equality, non-discrimination, transparency, mutual recognition and proportionality are observed. Applicants that are not selected shall be informed by INVEGA. Those Applicants, whose Expression of Interest is rejected, shall have the right to submit a written complaint about Selection process by email, to the same address used for the submission of the Expression of Interest above, within 30 days of receipt of the rejection notice.

4. Negotiation on the Funding Agreement and signature

The Selection process may not be considered completed prior to INVEGA and the Applicant having agreed on all relevant terms and conditions and upon the signature of the Funding Agreement by INVEGA in accordance with INVEGA's internal rules and procedures. The negotiation of terms and conditions of the Funding Agreement does not entail any obligation for INVEGA to enter into such Funding Agreement with the relevant Applicant.

VI. PUBLISHING OF INFORMATION ON THE FUND MANAGERS

INVEGA shall publish and supplement from time to time, on its website a list of Fund Managers and Funds under the Financial Instrument, which may include the name and the website address of the Fund and the registered address of the Fund Manager and the contribution of INVEGA. INVEGA may also publish a list of Final Recipients benefiting from the assistance by the Applicant as provided for in the Funding Agreement.

**TERMS AND CONDITIONS FOR THE FINANCIAL INSTRUMENT
DEVELOPMENT FUNDS III**

All capitalised terms used in this Annex shall have the same meanings as set out in the Call unless the context otherwise requires. Unless the contrary intention appears, words in the singular include the plural and words in the plural include the singular.

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| Financial Instrument | Financial instrument “Development Funds III” financed from the public funds managed by INVEGA and which consists of several Funds. |
| Fund | One of the several funds (including Dark Green Funds) implemented under the Financial Instrument. The specific name of the Fund shall be specified in the Funding Agreement. |
| Dark Green Fund | Such a Fund, the objective of which is exclusively sustainable investments, as provided in the Article 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector |
| Fund Objectives | <p>Each Fund implemented under the Financial Instrument shall have a strong focus on Lithuania and provide development capital through equity and (or) quasi-equity investments to a diversified portfolio of companies seeking to enter new markets or sectors, develop new products or otherwise realise expansion plans.</p> <p>Each Fund should target investments in at least 10-15 or more Final Recipients. The Fund Manager shall provide in the Business Plan a reasoned target number of Final Recipients, which should depend on the target Fund size and the Investment Strategy.</p> |
| Indicative funding allocation for the Fund | Subject to the qualifications and terms set out in the Call indicative funding allocation for the Fund under Financial Instrument is at least 4 million EUR and up to 20 million EUR. |
| Pari-passu Treatment and Maximum Participation Limit | <p>INVEGA will invest into the Fund on a strict <i>pari passu</i> basis (investments made on the same terms and conditions between public and private investors).</p> <p>INVEGA’s total commitment to the Fund shall be limited to a maximum of 40% of the total commitments subscribed for in the relevant Fund, provided that at least 30% of the total commitments subscribed for in the relevant Fund are from the Independent private investors, however if the Fund is Dark Green Fund, INVEGA’s total commitment to the Fund shall be limited to a maximum of 50% of the total commitments subscribed for in the relevant Fund, provided that at least 30% of the total commitments subscribed for in the relevant Fund are from the Independent private investors.</p> |

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| <p>Type of investments</p> | <p>Investments shall be made in the form of either equity investment (“equity investment” means the provision of capital to an undertaking, invested directly or indirectly in return for the ownership of a corresponding share of that undertaking) or quasi-equity investment (“quasi-equity investment” means a type of financing that ranks between equity and debt, having a higher risk than senior debt and a lower risk than common equity and whose return for the holder is predominantly based on the profits or losses of the underlying target undertaking and which are unsecured in the event of default. Quasi-equity investments can be structured as debt, unsecured and subordinated, including mezzanine debt, and in some cases convertible into equity, or as preferred equity).</p> |
| <p>Eligible investments</p> | <p>The Fund shall invest in undertakings which at the time of the risk finance investment (initial and follow-on investment) are unlisted SMEs or Small Mid-Caps.</p> |
| <p>Investment stage and use of financing</p> | <p>Financing from the Fund shall be used to target:</p> <ul style="list-style-type: none"> a. the establishment of new enterprises; b. early stage capital (i.e. seed capital and start-up capital); c. expansion capital; d. capital for the strengthening of the general activities of an enterprise; e. realisation of new projects; or f. new developments by existing enterprises. <p>The investments shall be expected to be financially viable with attractive risk return profiles. Applicants shall indicate in their Business Plan the targeted investment stage.</p> |
| <p>Replacement capital</p> | <p>The Fund may provide replacement capital only if combined with new capital representing at least 50% of each investment round into the eligible Final Recipient.</p> |
| <p>Territory for investment</p> | <p>The Fund shall have investment strategy with a strong focus on Lithuania and, if the Fund Manager intends - sustainability. Subject to the Fund’s selected strategy, the Fund shall meet the territory requirement described below (hereinafter – Territory Requirement).</p> <p>The Fund Manager shall ensure that the Fund, except when the Fund is a Dark Green Fund, on an aggregate basis shall invest in Final recipients located in Lithuania at least one and a half (1,5) times the amount drawn down for the purpose of investments from INVEGA (i. e. excluding the amounts drawn down for the purpose to finance the Fund's management fee and/or expenses), and the Fund Manager of the Dark Green Fund, shall ensure that the Dark Green Fund on an aggregate basis shall invest in Final recipients located in Lithuania at least the amount drawn down for the purpose of investments from INVEGA (i. e. excluding the amounts drawn down for the purpose to finance the Dark Green Fund's management fee and/or expenses).</p> <p>The Fund Manager shall ensure that the Fund meets the Territory Requirement applicable and relevant to the Fund starting from the end of the third (3) year of the Investment period of the Fund.</p> |

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| | <p>Final Recipient located in Lithuania means:</p> <ul style="list-style-type: none"> - the Final Recipient which, at the moment of each risk finance investment (initial or follow-on investment) from the Fund, is established and operating (having its main activities in Lithuania) in the Republic of Lithuania not less than 1 year after each risk finance investment (initial or follow-on investment) from the Fund or till the write-off or exit of such investment (if the write-off or exit of such investment occurs earlier than 1 year after risk finance investment) or - the Final Recipient which, at the moment of each risk finance investment (initial or follow-on investment) from the Fund, is established outside the Republic of Lithuania (established in any other EU or NATO country) and operating (having its main activities in Lithuania) in the Republic of Lithuania not less than 1 year after each risk finance investment (initial or follow-on investment) from the Fund or till the write-off or exit of such investment (if the write-off or exit of such investment occurs earlier than 1 year after each risk finance investment). <p>Final Recipient operating in Lithuania (having its main activities in Lithuania) means that Final Recipient has its main activities (i. e. the main portion of its activities based on headcount, assets or primary focus of the Final Recipient’s business activities) in Lithuania or are planning to expand the operations into Lithuania. For Final Recipients with expansion plans and early stage portfolio companies with insignificant operations, the assessment of their main activities shall be based on the Final Recipient’s business plan at the time of the investment by the Fund.</p> |
| <p>Independent private investors</p> | <p>The Fund shall attract additional finance from the other investors (Independent private investors or such other investors as the European Investment Bank, the European Investment Fund or others). Not less than 60% of the total commitments subscribed for in the Fund shall be from the other investors.</p> <p>The Fund shall attract at least two Independent Private Investors and at least 30% of the total commitments subscribed for in the Fund shall be from the Independent private investors.</p> <p>Independent private investor means an investor who is private and independent, as set out below. “Private” investors will typically include banks investing at own risk and from own resources, private endowments and foundations, family offices and business angels, corporate investors, insurance companies, pension funds, private individuals, and academic institutions. The European Investment Bank, the European Investment Fund, an international financial institution in which Lithuania is a shareholder, or a financial institution established in Lithuania aiming at the achievement of public interest under the control of a public authority, as well as a public or private law body with a public service mission will not be considered private investors for the purposes of this definition. “Independent” means that a private investor is not a shareholder of the eligible undertaking in which it invests. Upon the creation of a new company, private investors, including the founders, are considered to be independent from that company. For the avoidance of doubt, neither INVEGA, the Fund Manager nor entities directly or indirectly associated with the Fund Manager shall be considered an Independent private investor.</p> |

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| | <p>The expected aggregate amount of finance to be attracted from other investors, including Independent private investors at the level of the Fund shall be indicated in the Expression of Interest.</p> <p>All contributions to the Fund shall be in monetary form, no in-kind contributions (in the form of assets, securities or other forms) shall be allowed.</p> |
| Financial commitment of the Fund Manager | <p>Subject to an assessment of the financial position and viability of the Fund Manager and team members, the Fund Manager shall make a significant financial commitment to the Fund in order to enhance alignment of interest between the Fund Manager and investors in the Fund. Applicants have to include proposals in their Business Plan in relation to the level of financial commitment to the Fund. A typical commitment may often be at least 2% of the total commitments.</p> |
| Currency | <p>All commitments to the Fund shall be denominated in EUR.</p> |
| Investment Period of the Fund | <p>Typically up to 5 years from the first closing of the Fund (with the possibility of extension) unless different period is justified in the Business Plan.</p> |
| Maximum investment | <p>The total amount, including follow-on investments, invested by the Fund in a single Final Recipient shall not exceed 20% of the total commitments to the Fund.</p> |
| Duration of the Fund | <p>Typically up to 10 years (with the possibility of extension) unless different period is justified in the Business Plan.</p> |
| Requirements for the Fund Manager | <p>The Fund manager shall comply with the relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud to which they may be subject. The Fund manager (and entities related to the Fund manager) shall not be incorporated in Non-Compliant Jurisdictions. The Fund Manager shall ensure via contractual provisions that no funds or economic resources are made available directly or indirectly to, or for the benefit of, persons or entities included in the Sanctions list.</p> <p>The Fund Manager shall seek to be licenced and (or) to receive an activity permit by the Bank of Lithuania or any other institution responsible for the licencing and supervision of the collective investment undertakings to engage in activities of managing collective investment undertakings.</p> <p>The Fund Manager shall have a dedicated investment team composed of experienced professionals with an appropriate skillset and knowledge of the risk capital market (included Lithuanian), acting with the diligence of a professional manager and in good faith. The Fund Manager shall manage the Fund based on commercial principles and shall operate in accordance with best industry practices including complying with professional standards issued by Invest Europe, Institutional Limited Partners Association and other recognised industry bodies. The Fund Manager must be independent and must be in a position to take the management and investment decisions independently, in particular without the influence of investors, sponsors or any other third party which is not integrated in the structure.</p> |

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| | <p>The Fund Manager shall perform its obligations in accordance with applicable law and act with the degree of professional care, efficiency, transparency and diligence expected from a professional body. The Fund manager shall ensure that:</p> <p>(a) Final Recipients are selected with due account taken of the nature of the Financial Instrument, the potential economic viability and attractive risk return profiles of investment projects to be financed. The selection shall not give rise to a conflict of interest;</p> <p>(b) Final Recipients are informed that funding is partially financed from the public funds, managed by INVEGA.</p> <p>Financing to Final Recipients shall be based on a viable business plan, containing details of product, sales and profitability development in order to establish ex ante financial viability and where a clear and realistic exit strategy shall exist for each investment. The selected Fund Manager will be expected to draw on their networks of relevant industry and market contacts to aid the development of their Final Recipients.</p> |
| <p>Management fee</p> | <p>The Fund Manager shall be entitled to a management fee agreed in the Funding Agreement.</p> <p>Management fee is typically paid on the total commitments of the Fund during the Investment Period and on the invested capital (acquisition cost of the active portfolio of the Fund reduced by the acquisition costs of the Fund’s investments that have been sold, written-off or written-down) thereafter.</p> <p>The proposed management fee (including all applicable taxes) and costs (which has to cover all operating expenses of the Fund, including all applicable taxes) and the calculation methodology shall be specified in the Business Plan and shall comply with the market standards.</p> <p>All investors in the Fund are required to allocate part of their financial commitment (pro rata to their financial commitment to the Fund) for the payment of the management fee.</p> |
| <p>Distribution of the Fund’s income</p> | <p>Proceeds received by the Fund shall be distributed following the <i>pari-passu</i> distribution cascade and so that each investor shall receive a net investment return equivalent per annum (the Hurdle Rate) before the Fund Manager becomes entitled to a share of the profits (the Carried Interest).</p> <p>Applicants shall propose in their Business Plan the distribution cascade including the Hurdle rate percentage (preferably 6-8% per annum unless different percentage is justified in the Business Plan), the Carried Interest percentage and the catch up mechanism (if any) for the Fund Manager in relation to the Hurdle Rate.</p> <p>It is expected that Carried Interest escrow or security arrangements may be required in the Funding Agreement to secure any Carried Interest clawback obligations with respect to the Fund Manager.</p> |

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| <p>Investment Committee</p> | <p>The Fund Manager should have an investment committee of the Fund (the Investment Committee), which should be responsible, among other things, for the consideration and approval of all investment and divestment decisions of the Fund. The Investment Committee should be independent from the influence of investors or other third parties and should primarily be comprised of representatives of the Fund Manager.</p> |
| <p>Advisory Committee of the Fund</p> | <p>The Fund should have an advisory committee (the Advisory Committee), comprised of representatives of the most significant investors in the Fund. The Advisory Committee shall convene at frequencies to be established in the Funding Agreement and shall have functions that include: (i) providing overall guidance to the Fund Manager, (ii) reviewing the activities and governance of the Fund, (iii) reviewing any conflicts of interest and approving the Fund Manager’s proposals on how to resolve such conflicts of interest, and (iv) such other duties as are specified in the Funding Agreement.</p> <p>INVEGA shall seek the right to delegate its representatives to the Advisory Committee.</p> |
| <p>Ineligible investments</p> | <p>The Fund shall not directly or indirectly invest in or guarantee or otherwise provide financial or other support for:</p> <ul style="list-style-type: none"> a) Final Recipients listed on the official list of a stock exchange or a regulated market; b) undertakings that have received illegal state aid which has not been fully recovered. <p>The Fund shall not directly or indirectly invest in or guarantee or otherwise provide financial or other support for companies engaged in or which in turn directly or indirectly invest in enterprises which are engaged in or guarantee or otherwise provide financial or other support for, the following:</p> <ul style="list-style-type: none"> a) pure financial activities or real estate development when undertaken as a financial investment activity; b) the provision of consumer finance; c) investments in restricted sectors set out on the harmonized exclusion list of the European Development Finance Institutions (https://www.edfi.eu/policy). |
| <p>Addressing Environmental, Social and Corporate Governance (ESG) principles</p> | <p>The Fund Manager shall apply principles of sustainable development and environmental protection, social responsibility and good governance (Environmental Social and Governance, ESG) in the management of the Fund.</p> <p>The Fund Manager is invited to propose in the Business Plan the intended application of ESG principles and (or) indicators in each Final Recipient and (or) the whole Fund portfolio together with the proposed reporting format.</p> <p>The Fund Manager is invited to propose in the Business Plan the intended application of "Do-No- Significant Harm" principle in the investment activities of the</p> |

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| | <p>Fund as provided in the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.</p> |
| Conflicts of interest | <p>The Fund shall enter into all transactions on an arm's length basis.</p> <p>The Fund Manager shall immediately refer and fully disclose to the Advisory Committee any activities which could create an opportunity for actual or potential conflicts of interest to arise and shall seek the determination of the Advisory Committee as to the course of action to be taken.</p> <p>Clear procedures for the management of conflicts of interest shall be implemented by the Fund Manager in line with requirements of national legislation.</p> |
| Domiciliation of the Fund and Fund Manager | <p>The Fund, The Fund Manager and all related entities (e.g. investment advisor, carried interest vehicle) shall be established in the European Union and shall have the right to act in the Republic of Lithuania.</p> |
| Reporting | <p>The Fund Manager shall provide periodical (at least quarterly) information in a standardised form and scope, in compliance with the reporting guidelines of Invest Europe, and provide all additional information which may be required by applicable regulations or law in effect from time to time, or which shall otherwise be stipulated in the Funding Agreement, or any additional information requested by INVEGA.</p> <p>The Fund Manager shall submit electronic copies of documents requested relating to investments and the performance of the Fund.</p> |
| Compliance | <p>The Fund Manager shall ensure compliance with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud. The Fund Manager shall ensure via contractual provisions that no funds or economic resources are made available directly or indirectly to, or for the benefit of, persons or entities included in the Sanctions list.</p> <p>To that end, the Fund Manager shall institute and maintain internal control procedures designed to (i) prevent the Fund or any Final Recipient from being involved in any money laundering or tax evasion scheme, any fraudulent, coercive, collusive or corrupt practice or any other criminal or terrorist activity, as well as to ensure that any Final Recipient is not included in the Sanctions list (ii) confirm the integrity, as well as absence in the Sanctions list, of all the investors in the Fund, each prospective Final Recipient and each individual associated with them.</p> <p>The Fund, Fund Manager and any other entities involved in the implementation of the Financial Instrument shall not be established, and shall not maintain business relations with, or invest in or through, entities incorporated in Non-Compliant Jurisdictions and shall transpose such requirements in their contracts with Final Recipients.</p> |
| Audit requirements | <p>The Fund Manager undertakes to allow authorised representatives of INVEGA, the European Commission (including the European Anti-Fraud Office), the Ministry of Finance, the Ministry of Economy and Innovation, the National Audit Office of the Republic of Lithuania, the Financial Crime Investigation Service under the Ministry</p> |

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| | <p>of the Interior, Special Investigation Service of the Republic of Lithuania, the Competition Council, as well as representatives of duly authorised other EU institutions and bodies, national authorities entitled to assess how funds are used to audit the Financial Instrument and/or carry out the review to the level of the Final Recipient.</p> <p>The Fund Manager and the Final Recipient shall enable these bodies to discharge their duties with respect to monitoring, control and auditing of the correct use of the funds. These controls may include on-the-spot controls of the Fund manager, the Fund and the Final Recipients. To that effect, appropriate provisions shall be included in the Funding Agreement.</p> <p>The Fund Manager shall be required to store and retain all documents related to investments and Final Recipients until at least the later of (1) the date which falls 3 years after the termination of the Fund, and (2) the date defined in national laws related with the storage of the financial documents.</p> <p>The Fund Manager shall cause the financial statements of the Fund to be audited at least annually.</p> |
| <p>Visibility of the Financial Instrument</p> | <p>The Fund Manager will be required to perform periodic actions aimed at ensuring the publicity of the Financial Instrument in order to build awareness both in Lithuania and abroad.</p> <p>The Fund Manager’s information measures and investment agreements concluded with Final Recipients shall indicate that funding is provided from the public funds managed by INVEGA.</p> |

(Name of the Applicant)

(Legal form, registered office and contact details of the Applicant)

UAB INVESTICIJŲ IR VERSLO GARANTIJOS

**APPLICATION
OF THE FUND MANAGER TO IMPLEMENT THE FINANCIAL INSTRUMENT DEVELOPMENT FUNDS III**

(Date)

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| 1. | Name of the Applicant | |
| | Details of the Applicant: | |
| | Address Telephone Email | |
| | Legal Form | |
| | Commercial Register Details ³ | Date of registration/incorporation: Country of registration: Standard identification code/registration number, if applicable: |
| 2. | First name and surname of the person submitting Expression of Interest (if a natural person) or name of entity authorized to submit the Expression of Interest on behalf of the Applicant (if a legal entity) ⁴ | |
| | Telephone number | |
| | Email address | |
| 3. | Contact person (if different from 2.) | |
| | Telephone number | |
| | Email address | |

The undersigned, duly authorised to represent the Applicant, by signing this application hereby certify and declare that the Applicant agrees with all and any terms and conditions of the Selection as set out in the Open Call for Expression of Interest and that the information contained in this Expression of Interest and its Annexes is complete and correct in all respects.

³ Please also attach a copy of the Applicant's certificate of incorporation or registration (if a legal entity).

⁴ Please also attach a copy of an identifying document for the person submitting the Expression of Interest (if a natural person) or authorized to submit the Expression of Interest of behalf of the Applicant (if a legal entity), such as a passport, identity card or other official document evidencing the person's identity and appropriate evidence of the authorisation to act for and on behalf of the Applicant (signatory powers).

The Applicant declares not to have made nor to make any offer of any type whatsoever from which an advantage could be derived under the Funding Agreement and not to have granted nor to grant, not to have sought nor to seek, not to have attempted nor to attempt to obtain, and not to have accepted nor to accept, any advantage, financial or in kind, to or from any party whatsoever, constituting an illegal practice or involving corruption, either directly or indirectly, as an incentive or reward relating to the Open Call for Expression of Interest and the signing of any Funding Agreement.

The following documents are hereby submitted together with this application (and attachments):

| Item No. | Title of documents submitted | Number of pages in the document |
|----------|--|---------------------------------|
| 1. | Business Plan (including CVs and applicable attachments) | |
| 2. | Declarations (Parts A and B) | |
| 3. | KYC questionnaire | |
| 4. | <i>[documents listed in the Annex 6 of the Open Call for Expression of Interest]</i> | |
| 5. | | |

By submitting this application the undersigned, duly authorised to represent the Applicant, hereby certify and declare the following:

- 1) We are aware that the Financial Instrument **Development Funds III (DFs III)** is financed from the public funds managed by INVEGA.
- 2) We have read and taken into account the Open Call for Expression of Interest for fund managers to implement the Financial Instrument **DFs III** as was published by INVEGA on the website of INVEGA and agree to its terms.
- 3) When implementing the Financial Instrument DFs III we shall comply with all requirements set out in Annex 1 thereto.
- 4) The Applicant is or shall be established and operating in one or more of the EU Member States or OCTs linked to EU Member States;
- 5) The Applicant is duly authorised – if applicable - to carry out financing activities in accordance with applicable laws and regulations;
- 6) The Applicant does not perform activities, which are illegal according to the applicable legislation.
- 7) The Applicant complies with relevant international and EU standards and legislation, as applicable, on the prevention of money laundering, the fight against terrorism, tax fraud, tax evasion and artificial arrangements aiming at tax avoidance.
- 8) The Applicant is not subject to Sanctions list.

This Application is signed by the electronic signature of the authorised person submitting the Expression of Interest of the Applicant.

(Signature)

(First name and surname)

BUSINESS PLAN REQUIREMENTS

In preparing a Business Plan, Applicants should take into consideration the Selection Documents and the applicable Terms and Conditions for the Fund provided in **Annex 1**. The Business Plan should be concise – do not exceed **the maximum of 20 pages**, although it is recommended to include all of the information highlighted below. Specific parts of the Business Plan can be with the reference to the documents provided following the list of documents provided in the **Annex 6**.

Market Opportunity

- Overview of target market segment and demonstration of why the targeted segment represents an attractive investment opportunity;
- Risks/barriers relevant to the market segment and its impact on the investment opportunity set;
- Envisaged competition and/or co-operation with other market players (including, if relevant, universities, science hubs, business incubators, business angels and entrepreneurship initiatives);
- Marketing strategy of the Fund.

Investment Team (management) and Track Record

- Details of existing funds (if any) under management;
- List of joiners and leavers of the team, their date of arrival/departure, position at arrival and current title;
- Full details of each member of the proposed management team, to include (i) time dedication to the Fund (describing side activities for the part-time team members), (ii) detailed CV, (iii) prior experience and connections within target market segments, (iv) list all board seats (if any) of the team members and how current activities will impact the operation of the Fund; (v) investment track record (including investee name, sector, geography, key areas of responsibilities, invested amount and ownership, date of investment and exit, realised or unrealised value including multiple of cost and gross / net IRR), where the track record involves formal funds, in addition to individual transaction information, net fund level returns should be included; (vi) current / previous salary, and (vii) three references (including phone numbers) including where possible related to a transactions relevant to the proposed strategy: CEOs of investees, co-investors, other;
- Relevant team's experience and (or) intention of sustainable investing applying the Environmental, Social and Corporate Governance (ESG) principles or "Do-No- Significant Harm" principle;
- Details of prior personal and professional relationships between team members;
- Respective responsibilities of each team member in the management of the Fund;
- Competitive advantage of proposed management team;
- Details of any previous and/or existing activities not related to the Fund engaged in by any management team members that could generate conflicts of interests with the Fund or otherwise place time demands on the team members, measures proposed to deal with the mentioned potential conflicts of interest;
- Planned location of team members, and their ability to communicate in English and Lithuanian;
- Details of any hiring needs/plans;

Investment Strategy

- Overview of proposed strategy including how it fits under Financial Instrument and how it fits within the economic and social context of the country;
- If the Fund has as its objective exclusively sustainable investments, as provided in the Article 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, an explanation on how the application of the requirements of Regulation (EU) 2019/2088 will be ensured, which criteria will be used to assess the sustainability of the Final Recipient as well as the possibilities to make a broad impact on sustainability;
- Appropriate target and minimum viable Fund size to execute the strategy including the rationale for that assessment;
- Overview of industry sectors which are expected to present particular opportunities for the Fund;

- Development stage of investment opportunities;
- Envisaged financial instruments (equity, quasi-equity) to be utilised and stakes to be acquired, including expected control rights and protective measures;
- Competitive positioning of strategy vis a vis other finance providers;
- Target number of investments, capital deployment rate (including reserves and follow-on investments policy) and portfolio composition;
- Terms and conditions applied in relation to the financing provided to Final Recipients, including pricing (if any);
- Ability to add value to Final Recipients;
- Expected holding period of investments;
- Expected exit route for investments;
- Target/expected returns and how they will be generated;
- Indicative investment pipeline including, for each opportunity: name, sector, transaction type, indicative commitment, indicative stake, source of opportunity, indicative value creation plan, and potential exit route;
- Risks related to implementing the investment strategy and planned risk management measures, including in relation to risk diversification for the Fund's capital and any sector or exposure limits;
- Measures to avoid double funding from other public funding mechanisms in implementing investments;

Investment Processes

- Expected source(s) of deal flow;
- Overview of investment process from origination to signing;
- Overall strategy and key focal points of due diligence, including the evaluation of eligible investment criteria;
- Expected use of third party advisors and their roles in the investment process;
- Post-investment management of portfolio companies, including approach to monitoring, value-creation, and involvement in governance bodies;
- Anticipated involvement in strategy, finance and/or operations of investee companies;
- Proposed procedures for application of planned money laundering prevention, anti-terrorism and anti-tax fraud standards and legislation, verification of applied sanctions in the implementation of the Financial Instrument;
- Proposed approach to corporate governance and financial transparency in investee companies;

Fund Structure & Terms

- Description of governance and legal structure for all Fund related entities foreseen, including governing laws, ownership and cash flows, supported by legal and / or tax memorandum, if available;
- Main economic terms, including (i) proposed management costs and fees during and post Investment Period (management fees paid to the Fund Manager and operating expenses of the Fund shall be calculated separately), (ii) proposed Hurdle rate percentage per annum (ii) any profit share (carried interest) as well as any catch up mechanism for the Fund Manager including the calculation methodology for each respectively;
- Indicative investment by the Fund Manager and the team into the Fund;
- Indicative requested investment from the Financial Instrument (INVEGA) into the Fund;
- Details on the proposed shareholders / ownership of the Fund Manager and investment advisor entities and the distribution of carried interest;
- Proposed domiciliation and legal form of the Fund, Fund Manager and any advisory entity, including the rationale for choosing the proposed legal structure of the Fund;
- Detailed operational budget for the Fund Manager, to include details of proposed remuneration of all investment professionals;
- Proposed Investment Committee membership and voting mechanics;
- Independence of the management team, notably as regards investment decisions;
- Details of any other proposed boards / advisors the Fund will have, including how individuals will contribute to the Fund (including time and financial commitment) and be compensated;
- Winding-up provisions of the Fund, including the return of resources from the Fund to INVEGA.

Fundraising

- Proposed financial commitment to the Fund by the Fund Manager;
- Financial commitment of other existing and / or potential investors in the Fund (including Independent private investors), fundraising strategy and the stage of approval of potential investors considering an investment in the Fund (if applicable) and any conditionalities or special economic or governance rights attached to such commitments;
- Details of any sponsor or potential investor receiving any special right with regard to the Fund (economic or related to governance), if any;
- Expected timing for achieving required additional investment and beginning of the operations, expected timing for first and final closings.

(Name of the Applicant)

(Legal form, registered office and contact details of the Applicant)

UAB INVESTICIJŲ IR VERSLO GARANTIJOS

**DECLARATION
PART A**

(to be completed (i) by the person authorised to represent the Applicant (if a legal entity) or by the Applicant (if a natural person) and (ii) by all team members)

(Date)

1. I, _____,⁵
do hereby certify that [I] / [_____ supervised or represented by me],⁶ and
participating in the Selection for Fund Managers to implement the Financial Instrument by UAB
INVESTICIJŲ IR VERSLO GARANTIJOS (code 110084026, with its registered address at Konstitucijos av. 7,
Vilnius, Lithuania) (hereafter referred as **INVEGA**):

- a) possess no criminal conviction (or the criminal conviction has expired or has been repealed), or in the course of the past five years, no court judgment has been passed or has come into effect for the participation in, organization or commanding of a criminal association, for a bribery, bribery through an intermediary, fraud, the use of a credit, loan or an earmarked support not according to its purpose or not in accordance with the set procedure, credit fraud, failure to pay taxes, submission of false data on the income, profit or property, failure to submit a return, report or any other document, the acquisition or disposal of a property that came into possession by virtue of criminal activities, or legalization of moneys or property acquired by way of criminal activities;
- b) have met all obligations related to the payment of taxes, including social insurance contributions, in compliance with the requirements applicable in the country in which the Applicant is registered (if a legal entity) or resides (natural person) and in the Republic of Lithuania. The Applicant (if a legal entity) / I (if a natural person) shall be considered to have met the obligations related to the payment of taxes, including social insurance contributions, if the amount of outstanding obligations is lower than EUR 50;
- c) possess no criminal conviction (or the criminal conviction has expired or has been repealed) for bankruptcy;
- d) have not been declared bankrupt or is not being wound up (if a legal entity), have not concluded a peaceful settlement agreement with creditors (an agreement between the Applicant (if a legal entity) / me (if a natural person) and creditors whereby the Applicant assumes (if a legal entity) / I assume (if a natural person) certain obligations and creditors agree to postpone, reduce or withdraw their claims), have not suspended or restricted its operations (if a legal entity), or it is

⁵ Insert official title, first name and surname of the person authorised to represent the Applicant (if a legal entity) or of the Applicant (if a natural person) or the relevant team member

⁶ Insert name of the Applicant (if a legal entity) or delete, as appropriate

not in an equivalent or similar situation under the laws of the country wherein it is registered (if a legal entity) / I (if a natural person) reside. The Applicant has not (if a legal entity) / I have not (if a natural person) been subject to restructuring (if a legal entity), bankruptcy proceedings or extrajudicial bankruptcy proceedings, no forced liquidation procedure (if a legal entity) or arrangement with creditors has been sought, and the Applicant has not (if a legal entity) / I have not (if a natural person) been subject to any equivalent procedures under the laws of the country wherein the Applicant is registered (if a legal entity) / I reside (if a natural person);

- e) possess no record of criminal conviction (or the conviction has expired or has been repealed), in the course of the past five years (if a natural person), or no court judgment in respect of the Applicant (if a legal entity) / me (if a natural person) has been passed or has come into effect in relation to criminal acts regarding property, property rights and property interests, intellectual or industrial property, economics or business procedure, financial system, civil service or public interests;
- f) am not guilty of any grave professional misconduct proven by any legal means. The term “grave professional misconduct” used herein means a violation of professional ethics where less than one year has passed from the moment of recognising the Applicant (if a legal entity) / me (if a natural person) as being non-compliant with the norms of professional ethics, or a violation of competition, labour, occupational safety and health, environmental legislation, for which the Applicant (if a legal entity) has / I have (if a natural person) been imposed an administrative penalty or an economic sanction imposed by the laws of the Republic of Lithuania, where the decision to impose such a sanction became effective less than one year ago. In the event that the Applicant has (if a legal entity) / I have (if a natural person) violated Article 5 of the Law on Competition of the Republic of Lithuania, such violation under this paragraph shall be considered to be a grave professional misconduct if less than three years has elapsed from the effective date of the decision to impose the sanction provided for in the Law on Competition of the Republic of Lithuania. In the event that the Applicant (if a legal entity) or the shareholder of the Applicant holding the majority of votes in the meeting of the Applicant’s (if a legal entity) shareholders has been found guilty of a fraudulent bankruptcy within the meaning of the Law on Enterprise Bankruptcy of the Republic of Lithuania, such violation under this paragraph shall be considered to be a grave professional misconduct if less than three years has elapsed from the effective date of the court judgment;
- g) have not concluded a peaceful settlement agreement with creditors, have not suspended or restricted its operations, or it is not in an equivalent or similar situation under the laws of the country wherein it is registered, it does not seek forced liquidation procedure or arrangement with creditors, or it has not been subject to analogous procedures under the laws of the country wherein it is registered, and it is not guilty for any grave professional misconduct (competition, labour, occupational safety and health, environmental legislation), for which the Applicant (if a legal entity) has / I have (if a natural person) been imposed an administrative penalty or an economic imposed by the laws of the Republic of Lithuania, where the decision to impose such a sanction became effective less than one year ago, and the Applicant (if a legal entity) has / I have (if a natural person) been imposed an economic sanction for the violation of Article 5 of the Law on Competition of the Republic of Lithuania, where less than three years has elapsed from the effective date of the decision imposing this sanction;
- h) have not to its (if a legal entity) / my (if a natural person) knowledge, been listed in the Early Detection and Exclusion System (EDES), established under Commission Regulation (EC, Euratom) No 1302/2008 of 17 December 2008 on the central exclusion database;
- i) have not been (if a legal entity) / me and any of my relatives (if a natural person) have not been listed on Sanctions list or any other sanctions list or internationally recognised “black list”.

2. I am aware that if the declaration submitted by me is false, the Expression of Interest shall be rejected.

3. The Applicant (if a legal entity) / I (if a natural person) shall be held liable for the failure to provide correct information in the Declaration under the procedure laid down by law.

4. Should a group of legal entities or natural persons participate in the Selection as an Applicant, the Declaration shall be completed by each member of the group of legal entities or natural persons separately.

5. I (if a natural person) hereby unconditionally agree, that INVEGA and competent authorities shall apply for and receive my personal data and information from any state register and private data base that are necessary for the purpose of evaluation of the Expression of Interest and/or Selection procedures, including, but not limiting, all information proving the above declarations. Nevertheless, upon request of INVEGA I hereby conform and agree to additionally submit any and all necessary certificates and data extracts from any state register or data base for the purpose of evaluation of the Expression of Interest and/or Selection procedures, including, but not limiting, all information proving the above declarations if such request shall be made by INVEGA.

6. I (if a natural person) confirm that I have been duly informed about the processing of my personal data and my rights related thereto, and hereby agree that INVEGA, as the data controller, shall process (including, without limitation, shall collect, record, accumulate, store, classify, group, combine, supplement and rectify, if necessary, disclose, if necessary, use, destroy or carry any other lawful action with) my personal data, including, without limitation my personal data, received by INVEGA from any third party. I agree that such processing of my personal data shall be implemented for the purpose of evaluation and/or accounting of the Expression of Interest and/or Selection and its ongoing implementation, and that my personal data may be transferred to the authorities implementing control functions in Lithuania and other countries in EEA under the respective inquiries.

6. Capitalised expressions utilised in this Declaration that are not otherwise defined shall have the meaning attributed to them in the Open Call for Expression of Interest, unless the context requires otherwise.

This Declaration is signed by the electronic signature⁷.

(Signature)

(First name and surname)

⁷ If due to technical issues some of the documents cannot be signed by electronic signature (e. g. a foreign citizen cannot sign his (her) declaration by electronic signature), then the authenticity of scanned copies of the original signed documents in PDF format can be verified by electronic signature of the Applicant and submitted with the Expression of Interest. Original signed documents must be sent to INVEGA by registered mail or courier.

DECLARATION

PART B

(to be completed (i) by all directors, officers and executives of the Applicant (if a legal entity), or (ii) by the Applicant (if a natural person) as well as by all other team members)

(Date)

1. I, _____,
(First name and surname, personal identification code and residential address)

hereby declare that I am of sufficiently good repute, as defined in Article 3(41) of the Law on Markets in Financial Instruments of the Republic of Lithuania.

2. I hereby also confirm that I have been duly informed that:

- a. UAB INVESTICIJŲ IR VERSLO GARANTIJOS (code 110084026, with its registered address at Konstitucijos av. 7, Vilnius, Lithuania, tel. (370 5) 210 7510, email info@invega.lt, data protection officer's email duomenu.apsauga@invega.lt) (hereafter referred as INVEGA), as the data controller, when implementing the financial instrument Development Funds III (hereinafter referred to as the Financial Instrument), shall process (including, without limitation, shall collect, record, accumulate, store, classify, group, combine, supplement and rectify, if necessary, disclose, if necessary, use, destroy or carry any other lawful action with) my personal data: name, surname, personal identification number, personal identification document data, email address, telephone number, names of the companies managed, including share of capital or voting rights, links with other legal entities, information on important public duties, relations with politically exposed persons, curriculum vitae data and other information that I shall provide with the Expression of Interest in order to participate in the selection of fund managers for the implementation of the Financial Instrument.
- b. The personal data referred to in point 2(a) of this Declaration shall be processed for the purposes of implementing the Financial Instrument, i.e. for the purpose of evaluation of the Expression of Interest and/or Selection, conclusion of the Funding Agreement with the selected financial intermediary and its ongoing implementation and for the purpose of complying with the requirements of the legislation on the prevention of money laundering, the fight against terrorism and tax fraud.
- c. INVEGA shall process my personal data in accordance with:
 - i. Articles 6(1)(b) and (c) of 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, and repealing Directive 95/46/EC (the 'General Data Protection Regulation') (hereinafter referred to as Regulation (EU) 2016/679);
 - ii. Law on Legal Protection of Personal Data of the Republic of Lithuania;
 - iii. Article 6(3) of the Law on National Development Institutions of the Republic of Lithuania;
 - iv. the Rules for the Processing of Personal Data of INVEGA approved by the General Director of INVEGA (hereinafter referred to as the INVEGA Personal Data Processing Rules). Information on the processing of personal data is provided in the "Protection of personal data" section of the INVEGA website www.invega.lt;
- d. INVEGA, in accordance with the requirements of legal acts, may receive my personal data and information from other sources: public and private registers and information systems that process data on the payment of taxes, personal income, names of managed companies, including share of capital or voting rights, private interests declared by a person, and other publicly available and private sources, for the purposes specified in point 2(b) of this Declaration;
- e. INVEGA shall process and store personal data at least until the later of (i) the date which falls 3 years after the end of the implementation of the Financial Instrument, and (ii) the date defined in the legal acts of the Republic of Lithuania regulating the storage of documents;
- f. INVEGA may transfer the personal data indicated in point 2(a) of this Declaration to external experts, who may, as necessary, be invited during the Selection and/or to providers of other

services necessary for the proper implementation and/or administration of the Financial Instrument. INVEGA shall submit data indicated in point 2(a) of this Declaration for audit purposes and to the authorities implementing control functions in Lithuania and other countries in EEA under the respective inquiries. Personal data shall not be transferred to third countries.

3. I confirm that I have been duly informed about my rights as a data subject, as set out in Regulation (EU) 2016/679, the Law on Legal Protection of Personal Data of the Republic of Lithuania, and the procedures for their implementation:

- a. the right to know (be informed) about the processing of your personal data;
- b. the right to access your personal data processed;
- c. the right to request the rectification of personal data;
- d. the right to request the erasure of personal data ("right to be forgotten");
- e. the right to restrict the processing of personal data;
- f. the right to object to the processing of personal data;
- g. the right to the portability of personal data.

4. I am aware that if the requested data are not provided, INVEGA shall not be able to assess and determine whether the Expression of Interest meets the requirements for the implementation of the Financial Instrument and complies with the requirements of the legal acts on the prevention of money laundering, the fight against terrorism and tax fraud.

5. I am familiar with the Rules for the Processing of Personal Data in INVEGA, published on INVEGA website www.invega.lt, the section "Protection of personal data".

6. I hereby confirm that I am duly informed about the right to submit a complaint to the State Data Protection Inspectorate if the processing of personal data is carried out in violation of Regulation (EU) 2016/679 and the right to submit a lawsuit if the rights laid down in Regulation (EU) 2016/679 are infringed due to my personal data being processed in breach of Regulation (EU) 2016/679.

7. Capitalised expressions utilised in this Declaration that are not otherwise defined shall have the meaning attributed to them in the Open Call for Expression of Interest, unless the context requires otherwise.

N.B.

I confirm that if I provide the personal data of other persons, the personal data of such persons have been obtained legally and I have the right to disclose this personal data to INVEGA.

I confirm that the persons whose personal data I provide (e. g. joiners and leavers of the team) are aware that their personal data is processed by INVEGA and that these persons have been familiarized with the information in this Declaration and INVEGA's Personal Data Processing Rules.

This Declaration is signed by the electronic signature⁸.

(Signature)

(First name and surname)

⁸ If due to technical issues some of the documents cannot be signed by electronic signature (e. g. a foreign citizen cannot sign his (her) declaration by electronic signature), then the authenticity of scanned copies of the original signed documents in PDF format can be verified by electronic signature of the Applicant and submitted with the Expression of Interest. Original signed documents must be sent to INVEGA by registered mail or courier.

Annex 5
to the Open Call for
Expression of Interest

KYC questionnaire



THE LIST OF DOCUMENTS TO BE SUBMITTED WITH THE EXPRESSION OF INTEREST:

1. Applicant's most recent regulatory body registration / disclosure form (if applicable);
2. Most recent audited annual & unaudited quarterly reporting packages sent to limited partners for each active prior fund*;
3. The audited financial statements of the Applicant for the last 3 years (if applicable);
4. Examples of capital call and distribution notices*;
5. Any relevant Disaster Recovery Plan (should include location of back-up data) or Business Continuity Plan;
6. All relevant Applicant policies, including any Valuation policy, Compliance Manual, Code of Ethics / Conduct, anti-corruption policy, anti-money laundering policy, GDPR policy, Conflicts of Interest policy, Risk Management policy, ESG-related policy and other policies, procedures, which Applicant considers as necessary for the management of the Fund;
7. Completed due diligence report / investment recommendation / investment memorandum for two recent investments together with any standard due diligence questionnaire or checklists used in the Applicant's investment processes*;
8. Chart: Ownership and control structure of the Applicant, General Partner of the Fund, any other related entities, its relevant investment advisors and any sponsor/parent organization;
9. Chart: Management / organizational structure of the Applicant, General Partner of the Fund, its relevant investment advisors and any sponsor / parent;
10. Chart: Fund legal / tax structure;
11. Applicant (the Fund Manager) budget in MS Excel format;
12. Fund budget in MS Excel format;
13. Fund Portfolio Model for the life of the Fund in MS Excel format;
14. List of potential investors contacted and status of discussions and the names and amounts committed by each investor (differentiating between hard and soft commitments) in MS Excel form "DFsIII_Fund information form" provided below;
15. Details of advanced investment pipeline opportunities for the Fund in MS Excel form "DFsIII_Fund information form" provided below;
16. Each team member individual track record in MS Excel form "DFsIII_Fund information form" provided below.

MS Excel form "DFsIII_Fund information form":



**Newly formed teams, which do not yet have an established fund structure and /or active fund, are invited to provide templates of the documents specified in points 2, 4, 7 of the list.*