

GREENTECH FUND 2022/09 MARKET CONSULTATION

On Call to select private fund managers for
establishing and managing green technology
investment funds

SMART
CAP

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MARKET CONSULTATION

AS SmartCap, a fund management company established under the laws of Estonia with registry code 12071991 (hereinafter **SmartCap**) is intending to launch a Call for Expressions of Interest (hereinafter the **Call**) in order to select **up to two** private fund managers (hereinafter the **Fund Manager**) for each of them to **establish and manage a green technology investment fund** (hereinafter the **Fund**), to which SmartCap Green Fund, a venture capital fund managed by SmartCap would make a cornerstone investment in an amount of **€ 20 million** per Fund (hereinafter the **Investment**).

The principal purpose of the Investments will be to increase the availability of venture capital for Estonian innovative and/or research-intensive early-stage green technology companies through the Funds.

The Investments are financed by the European Recovery and Resilience Facility with an aim to contribute to the fulfilment of the objectives of the strategy “Estonia 2035” and to also promote the environmental objectives provided in Article 9 of the Taxonomy Regulation.

SmartCap invites interested parties to review and **provide feedback on the entire draft Main Terms of the Fund** (e.g., definitions, investment restrictions and limitations, deadlines, financial terms etc.). Requirements of the Business Plan to be submitted by applicants together with the final Expressions of Interest (hereinafter **EoI**), as well as the Environmental Terms applicable to the Fund are also provided for information purposes and are subject to feedback in the context of the entire planned Call structure, but not open to detailed amendment proposals. Drafts of each document are provided below. The final version of the Main Terms and Business Plan requirements published at the Call may differ in part or in whole to this draft version published for market consultation.

All comments should be sent no later than **26 August 2022** in English via e-mail to investments@smartcap.ee with a subject line **“Greentech Fund 2022/09 - Market Consultation”**

SmartCap will hold a **market consultation presentation on 15 August 2022** for potential applicants interested in participating in the Call. Please contact SmartCap directly at the e-mail address provided above, if you are a potential applicant and interested to register for the event. Registered participants will receive details of the event by e-mail.

➤ MAIN TERMS OF THE FUND

Subject	Term
Fund structure	<p>The Fund shall be established as a limited partnership (<i>usaldusfond</i>) under the laws of Estonia or similar form (i.e., alternative investment fund) in the European Union acceptable for SmartCap and according to best industry practices.</p> <p>The Fund Manager and all related entities (e.g., investment advisor, carried interest vehicle) shall be established in the European Union.</p>
SmartCap Green Fund Contribution	<p>20,000,000 euros (per Fund)</p> <p>SmartCap may, at its sole discretion, decrease or propose to the Preferred Applicant to increase the commitment of SmartCap Green Fund, provided that the state aid requirements described below continue to be met.</p>
Independent Private Investor Contribution	<p>The expected aggregate amount of finance to be attracted from independent private investors at the level of the Fund shall be indicated by applicants in the EoI. For the avoidance of doubt, neither the SmartCap Green Fund, the Fund Manager nor persons or entities directly or indirectly associated with the Fund Manager shall be considered an independent private investor.</p>
Fund size	<p>Applicants are invited to propose the minimum, target and maximum Fund size in the EoI.</p>
State aid	<p>No state aid, <i>pari passu</i> investment (i.e., at least 30% Independent Private Investor Contribution which is invested at the same time and under the same terms as SmartCap Green Fund Contribution) and Distribution Cascade.</p>
Financial Commitment of the Team	<p>At least 2% of the Fund size. Applicants should include proposals in the EoI in relation to the level of the Financial Commitment of the Team (which must include all Key Executives) to the Fund.</p>
Currency	<p>The Fund shall be denominated in euros and all cash contributions, distributions and reporting shall be made in euros.</p>
Initial Closing	<p>Initial Closing of the Fund should take place when the proposed minimum Fund size is achieved. Initial Closing of the Fund is expected to take place within 6 months from signing the SmartCap Green Fund Contribution, unless extended with the prior written approval of SmartCap.</p>

Final Closing	Final Closing of the Fund is expected to take place in 12 months from Initial Closing. An extension of up to 6 months may be permitted with the prior investor approval.
Fund Term	Up to 12 years from the Initial Closing, with possible extensions subject to prior investor approval. Applicants are invited to propose the specific duration of the Fund together with any extensions in the EoI.
Investment Period	Up to 4 years from the Initial Closing, with possible extension subject to prior investor approval. Applicants are invited to propose the specific duration of the Investment Period together with any extension in the EoI.
Follow-on investments	Follow-on investments into portfolio companies are permitted during and following the Investment Period subject to certain caps and limitations to be set out in the Investment Documents. Applicants are invited to propose the specific follow-on investment strategy for the Fund in the EoI.
Green Tech Company	A company that meets both of the following criteria: <ul style="list-style-type: none"> (i) the company develops innovative and/or research-intensive technologies; and (ii) such technology contributes to achieving at least one of the following environmental objectives (as further described in Environmental Terms below): <ul style="list-style-type: none"> (a) climate change mitigation; (b) climate change adaptation; (c) the sustainable use and protection of water and marine resources; (d) the transition to a circular economy; (e) pollution prevention and control; and (f) the protection and restoration of biodiversity and ecosystem.
Investment focus	The Fund shall invest only into Green Tech Companies and shall have a focus on Early-Stage (as defined below) privately held non-listed micro, small and medium-sized enterprises (SMEs ¹) and Small Mid-Cap ² companies with high growth potential.

¹ https://ec.europa.eu/growth/smes/sme-definition_en

² Small Mid-Cap means an undertaking that is not an SME and whose number of employees does not exceed 499, calculated in accordance with Articles 3 to 6 of Annex I to Commission Regulation (EU) No 651/2014, and the annual turnover of which does not exceed EUR 100 million or the annual balance sheet of which does not exceed EUR 86 million. Several entities will be considered as one undertaking if any of the conditions listed in Article 3, point (3) of Annex I to Regulation (EU) No 651/2014 are fulfilled.

	<p>The Fund shall invest at least the lesser of 1.5 times the SmartCap Green Fund Contribution or 70% of Fund size into enterprises that are:</p> <ol style="list-style-type: none"> privately held SMEs and Small Mid-Caps, Early-Stage (as defined below), Green Tech Companies, developing technologies in the Strategic Areas (as defined below), and established and operating in Estonia, <p>provided that not more than 50% of such amount may be invested into such portfolio companies which provide products and/or services that are exclusively or predominantly comprised of software.</p>
<p>Early-Stage</p>	<p>Early-Stage shall mean the following development stages:</p> <ul style="list-style-type: none"> ➤ (Pre-) seed stage means the stage of development of an enterprise that needs funding to complete research, product definition or product design, including market tests and creating prototypes before a business has reached the start-up stage. This stage includes low scale pilot production, demonstration and/or development of associated business application of tested and validated products/technologies. ➤ Start-up stage means the stage of development of an enterprise which has a fully developed product or service, and which needs further funding to start mass production / distribution and initial marketing. The enterprise may be in the process of being set up or may have been in business for a short time but has not sold its product commercially. ➤ Other early stage means the phase of development of an enterprise that has completed the product development phase and recently initiated commercial manufacturing and/or sales and needs further funding before the break-even point. The enterprise will not yet be generating a profit. <p>For the avoidance of doubt, this includes seed and financing rounds up to but not later than series A financing. Early-Stage status shall be assessed at the time of initial investment in a portfolio company.</p> <p>Applicants are not required to focus on every development stage within the definition of Early-Stage and are invited to propose their investment focus in the EoI.</p>
<p>Geography</p>	<p>Applicants are invited to specify any target geographies for the Fund in the EoI, subject to the Estonian investment requirement as specified in Investment focus above.</p>
<p>Strategic Areas</p>	<p>Strategic areas shall be considered as:</p> <ul style="list-style-type: none"> ● energy; ● agriculture; ● food industry; ● transport and logistics; ● material and chemical industry;

	<ul style="list-style-type: none"> ● environment.
Investment form	Equity or quasi-equity.
Borrowing and guarantees	The Fund may not borrow money, issue guarantees or otherwise incur indebtedness unless otherwise agreed with SmartCap in the Investment Documents.
Re-investment	Applicants are invited to include specific proposals (if any) in relation to permitted re-investment in the EoI. Any re-investment will be subject to caps and limits to be set out in the Investment Documents. In any event, the Fund may not draw down more than 100% of total commitments to fund the acquisition cost of investments in portfolio companies and related transaction costs.
Management Fee	Applicants are invited to propose in the EoI a Management Fee based on market practice (i.e., amount and structure of the Management Fee including any step-down post-Investment Period). Any separate fee income generated by the Fund Manager or its affiliates related to the Fund's activities must be paid to the Fund or 100% offset against the Management Fee.
Distribution Cascade (together with hurdle rate / catch-up percentage / carried interest)	<p>Applicants are invited to propose in the EoI a Distribution Cascade based on market practice including the minimum hurdle rate, catch-up percentage (if any) in relation to the hurdle rate and carried interest percentage. The Distribution Cascade shall be <i>pari passu</i> for all investors of the Fund.</p> <p>It is expected that carried interest escrow and security arrangements may be required in the Investment Documents to secure any carried interest clawback obligations with respect to the Fund Manager.</p>
Fund Manager	The Fund Manager shall be an entity legally entitled to manage the Fund pursuant to the applicable law. The Fund Manager shall have a dedicated investment team composed of experienced professionals with an appropriate skill set and knowledge of the Estonian market and significant presence in Estonia. The Fund Manager shall operate in accordance with best industry practices including professional standards issued by Invest Europe and other recognised industry bodies. The Fund Manager shall operate independently.
Exclusivity	During the Investment Period, the Fund Manager shall for itself, and its directors, officers, employees, Key Executives and any of their affiliates undertake certain exclusivity obligations to be agreed with SmartCap in the Investment Documents, in relation to the management of any other fund, collective investment vehicle or managed account, or the performance of any functions or duties of a similar nature they undertake on behalf of the Fund, for any other person.

	<p>Until the end of the Investment Period, all investment opportunities reasonably falling within the Fund strategy received by the Fund Manager, any of its directors, officers, employees, Key Executives or any of their affiliates, will first be allocated to the Fund. During the Investment Period, none of the Fund Manager, its directors, officers, employees, Key Executives nor any of their affiliates shall invest in investment opportunities reasonably falling within the Fund strategy, other than through the Fund.</p>
Key Executives	<p>During the Investment Period the Fund Manager must retain at least two Key Executives who must devote substantially all of their business time and attention to the business and affairs of the Fund. Following the Investment Period, the Key Executives shall be required to devote such portion of their business time and attention to the Fund as shall be set out in the Investment Documents having regard to market practices and the needs of the Fund. At least one of the full-time Key Executives must be a resident of Estonia. Applicants are invited to propose the composition and time devotion of other team members, including additional Key Executives (if any) in the EoI. The Key Executives may be replaced only with the prior consent of SmartCap and according to the procedures foreseen in the Investment Documents.</p>
Investment Committee	<p>The Fund Manager shall form an Investment Committee which shall be independent from investors or other third parties (including any strategic or other sponsor of the Fund Manager) and should wholly or primarily be comprised of the Key Executives.</p>
Advisory Committee	<p>The Fund shall have an Advisory Committee, comprised of representatives of the most significant investors in the Fund (excluding investors representing the Financial Commitment of the Team, the Key Executives, Fund Manager and their affiliates). The Advisory Committee of the Fund shall convene at frequencies to be established in the Investment Documents 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 proposals on how to resolve such conflicts of interest, and (iv) such other duties as are specified in the Investment Documents. SmartCap or its representatives will be entitled to at least one seat on the Advisory Committee.</p>
Investment Restrictions	<p>The Fund will invest through subscriptions for new shares in portfolio companies and will seek to acquire existing shares only if necessary to strengthen the Fund's existing position in a portfolio company, to incentivise management or where management or earlier stage investors are exiting at the same time as the Fund's subscription for new shares.</p> <p>The Fund will not engage in or make investments which engage in speculative investment activities such as real estate investments when undertaken as a financial investment activity, invest in any financial derivative instruments, including the purchase or sale of options, currency or other futures, crypto</p>

	<p>currencies, tokens, forward currency contracts, or commodities or commodity futures or options.</p> <p>The Fund shall not make bridging investments (i.e., investments that are in excess of the risk requirements of the Fund whether or not with the view to selling or syndicating such investment to third parties).</p> <p>The Fund will not engage in commercial bank-type, senior or non-equity related lending.</p> <p>The Fund will not be involved in hostile bids or investments made where the board of such company has expressed its objection to such investment.</p> <p>The Fund will not operate as a fund of funds and there shall be no investments in other investment funds or collective investment vehicles.</p> <p>The Fund will not invest into companies engaged in the alcohol, tobacco or arms industry, undertakings engaged in the organisation of gambling or manufacture of environmentally hazardous substances as well as in undertakings whose activities are not in accordance with law or do not comply with general ethical and moral standards, or that engage in any other activity, production, use, distribution, business or trade involving sectors and activities provided in the ESG exclusion list of SmartCap.</p> <p>Any changes to the Investment Restrictions will require the prior written approval of SmartCap.</p> <p>Applicants are invited to stipulate appropriate diversification limits for the Fund, if considered appropriate, in the EoI.</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>
Cross-over investments	<p>In order to avoid potential conflicts of interest, the Fund shall not co-invest with, acquire from or sell to another investment fund or collective investment scheme managed or advised by the Fund Manager, its Key Executives or any of their affiliates, unless with prior written approval of the investors of the Fund.</p>
Co-investments	<p>The Fund Manager, its directors, officers, employees, Key Executives and any of their affiliates shall not co-invest with the Fund, i.e., invest in any target companies, except via the Fund itself through the Financial Commitment of the Team.</p>
Removal of the Fund Manager	<p>The investors may at any time remove and replace the Fund Manager or terminate the Fund without cause by written notice approved by a super-majority of investors unaffiliated to the Fund Manager.</p>

	<p>Upon the occurrence of a cause event, the investors may remove the Fund Manager or terminate the Fund by written notice approved by a majority of investors unaffiliated to the Fund Manager. The circumstances defining “cause” will be set out in detail in the Investment Documents.</p>
<p>Responsible investing</p>	<p>The Applicants shall describe in the EoI its existing or proposed management system to systematically address environmental, social and governance issues in the investment activities of the Fund (hereinafter the ESG Management System). The description shall include the most relevant elements of the ESG Management System that the Applicant uses (or intends to use) to implement its responsible investment strategy (e.g., ESG values, internal policies regulating ESG matters and processes, risk and opportunity identification, organisational capacity, monitoring and performance management, reporting, etc.) and how the investment objectives of the Call could be integrated into its ESG Management System.</p>
<p>Reporting</p>	<p>The Fund Manager shall provide quarterly and annual reporting in a standardised form and scope, in compliance with the reporting guidelines published or endorsed by Invest Europe from time to time, and provide all additional information which may be required by SmartCap (including impact metrics and ESG reporting) or by the applicable law or other regulations in effect from time to time or which shall otherwise be stipulated in the Investment Documents. The Fund Manager shall also provide annual audited financial statements in accordance with the applicable law. The valuation of investments in portfolio companies shall be made in accordance with the valuation principles published or endorsed by Invest Europe from time to time, being currently the International Private Equity and Venture Capital Valuation Guidelines.</p>

ENVIRONMENTAL TERMS OF THE FUND

The following list contains the terms and requirements arising from the European Recovery and Resilience Facility and under the applicable law thereto and, therefore, must be applied to the investments made by the Funds into the Green Tech Companies.

DNSH principle – The Green Tech Companies must comply with the “Do no significant harm” (DNSH) Technical Guidance (2021/C58/01). The Fund Manager shall provide SmartCap the results of its analysis regarding the compliance with the DNSH principle conducted pursuant to the Technical Guidance prior to making each investment.

Sustainability proofing – If the Fund is allowed to make investments in an amount of EUR 10 million or more into any single portfolio company (or related group of portfolio companies), the Fund Manager shall carry out a sustainability proofing within the meaning of the Technical guidance on sustainability proofing for the InvestEU Fund (2021/C 280/01) in regard to every such portfolio company. The Fund Manager shall provide SmartCap with the results of such sustainability proofings at its request.

Compliance with environmental legislation – The Fund Manager shall verify the legal compliance of each portfolio company with the EU and national environmental legislation relevant to such portfolio company prior to making the investment, including those exempted from sustainability proofing.

Green transition plan – The Fund Manager shall require that portfolio companies that derived more than 50% of their revenues during the preceding financial year of the investment from the following activities and/or assets to adopt and publish green transition plans: (i) activities and assets related to fossil fuels, including downstream use; (ii) activities and assets under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks; (iii) activities and assets related to waste landfills, incinerators and mechanical biological treatment plants; and (iv) activities and assets where the long-term disposal of waste may cause harm to the environment.

Accessibility requirements – If the investment made by the Fund into a portfolio company is assigned to be used for a specific project (e.g., real estate or infrastructure development, provision of service, e-environment development, etc.) then the portfolio company shall be required to ensure that the project shall be accessible according to the applicable specific requirements or standards as required pursuant to § 2 (4) of the Arrangement for the Implementation of the Recovery and Resilience Plan and the General Conditions for Providing Support (e.g., Regulation No 28 of the Minister of Enterprise and Information Technology, dated 29 May 2018

“Requirements for buildings due to the special needs of disabled people”, accessibility standards applicable for e-environments, etc.).

Protection of the EU's financial interests – The Fund Manager shall provide, and shall ensure that the portfolio companies provide the European Commission, European Anti-Fraud Office (OLAF), the European Court of Auditors, the European Public Prosecutor's Office and any other relevant public authority with the information related to the use of the invested capital as required under the applicable law and in accordance with the Article 129 (1) of the Financial Regulation (EL, Euratom 2018/1046).

Publicity – The Fund and its portfolio companies shall acknowledge the origin and ensure the visibility of the investment they receive being EU funding, including, where applicable, by displaying the emblem of the Union and an appropriate funding statement that reads ‘funded by the European Union – NextGenerationEU’, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.

Green Tech Companies shall be considered as contributing to an environmental objective in the following cases:

1. **Climate change mitigation.** A technology contributes to climate change mitigation where that technology directly enables other activities to³:
 - (a) generate, transmit, store, distribute or use renewable energy⁴ (including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid);
 - (b) improve energy efficiency (except for power generation activities that use solid fossil fuels);
 - (c) increase clean or climate-neutral mobility;
 - (d) switch to the use of sustainably sourced renewable materials;
 - (e) increase the use of environmentally safe carbon capture and utilisation and carbon capture and storage technologies that deliver a net reduction in greenhouse gas emissions;
 - (f) strengthen land carbon sinks (including through avoiding deforestation and forest degradation, restoration of forests, sustainable management and restoration of croplands, grasslands and wetlands, afforestation, and regenerative agriculture);
 - (g) establish energy infrastructure required for enabling the decarbonisation of energy systems; or
 - (h) produce clean and efficient fuels from renewable or carbon-neutral sources.
2. **Climate change adaptation.** A technology contributes to climate change adaptation where that technology¹⁴:

³ Provided that such technology, product or service (a) does not lead to a lock-in of assets that undermine long-term environmental goals, considering the economic lifetime of those assets; and (b) has a substantial positive environmental impact, on the basis of life-cycle considerations.

⁴ In line with the EU Directive 2018/2001.

- (a) includes adaptation solutions that either substantially reduce the risk of the adverse impact of the current climate and the expected future climate on that economic activity or substantially reduces that adverse impact (without increasing the risk of an adverse impact on people, nature or assets); or
 - (b) provides adaptation solutions that contribute substantially to preventing or reducing the risk of the adverse impact of the current climate and the expected future climate on people, nature or assets (without increasing the risk of an adverse impact on other people, nature or assets).
3. **The sustainable use and protection of water and marine resources.** A technology contributes to the sustainable use and protection of water and marine resources where that technology directly enables other activities to¹⁴:
- (a) protect the environment from the adverse effects of urban and industrial waste water discharges (including from contaminants of emerging concern such as pharmaceuticals and microplastics, e.g., by ensuring the adequate collection, treatment and discharge of urban and industrial waste waters);
 - (b) protect human health from the adverse impact of any contamination of water intended for human consumption by ensuring that it is free from any micro-organisms, parasites and substances that constitute a potential danger to human health as well as increasing people's access to clean drinking water;
 - (c) improve water management and efficiency (including by protecting and enhancing the status of aquatic ecosystems) by promoting the sustainable use of water through the long-term protection of available water resources, inter alia, through measures such as water reuse, by ensuring the progressive reduction of pollutant emissions into surface water and groundwater, by contributing to mitigating the effects of floods and droughts, or through any other activity that protects or improves the qualitative and quantitative status of water bodies; or
 - (d) ensure the sustainable use of marine ecosystem services or contributing to the good environmental status of marine waters (including by protecting, preserving or restoring the marine environment and by preventing or reducing inputs in the marine environment).
4. **The transition to a circular economy.** A technology contributes to the transition to a circular economy where that technology directly enables other activities to¹⁴:
- (a) use natural resources, including sustainably sourced bio-based and other raw materials, in production more efficiently (including by (i) reducing the use of primary raw materials or increasing the use of by-products and secondary raw materials, or (ii) resource and energy efficiency measures);
 - (b) increase the durability, reparability, upgradability or reusability of products (in particular in designing and manufacturing activities);
 - (c) increase the recyclability of products (including the recyclability of individual materials contained in those products, inter alia, by substitution or reduced use of products and materials that are not recyclable (in particular in designing and manufacturing activities));
 - (d) substantially reduce the content of hazardous substances and substitutes substances of very high concern in materials and products throughout their life cycle⁵ (including by replacing such substances with safer alternatives and ensuring traceability);
 - (e) prolong the use of products (including through reuse, design for longevity, repurposing, disassembly, remanufacturing, upgrades and repair, and sharing products);
 - (f) increase the use of secondary raw materials and their quality (including by high-quality recycling of waste);

⁵ In line with the objectives set out in Union law.

- (g) prevent or reduce waste generation (including the generation of waste from the extraction of minerals and waste from the construction and demolition of buildings);
 - (h) increase preparing for the re-use and recycling of waste;
 - (i) increase the development of the waste management infrastructure needed for prevention, for preparing for re-use and for recycling (while ensuring that the recovered materials are recycled as high-quality secondary raw material input in production, thereby avoiding downcycling);
 - (j) minimise the incineration of waste and avoids the disposal of waste (including landfilling, in accordance with the principles of the waste hierarchy); or
 - (k) avoid and reduce litter.
5. **Pollution prevention and control.** A technology contributes to pollution prevention and control where that technology directly enables other activities to¹⁴:
- (a) prevent or, where that is not practicable, reduce pollutant emissions into air, water or land (other than greenhouse gasses);
 - (b) improve levels of air, water or soil quality in the areas in which the economic activity takes place whilst minimising any adverse impact on, human health and the environment or the risk thereof;
 - (c) prevent or minimise any adverse impact on human health and the environment of the production, use or disposal of chemicals; or
 - (d) clean up litter and other pollution.
6. **The protection and restoration of biodiversity and ecosystem.** A technology contributes to the protection and restoration of biodiversity and ecosystems where that technology directly enables other activities to¹⁴:
- (a) conserve nature and biodiversity (including achieving favourable conservation status of natural and semi-natural habitats and species), or prevent their deterioration where they already have favourable conservation status, and protect and restore terrestrial, marine and other aquatic ecosystems in order to improve their condition and enhance their capacity to provide ecosystem services;
 - (b) use and manage land sustainably (including through adequate protection of soil biodiversity, land degradation neutrality and the remediation of contaminated sites);
 - (c) apply sustainable agricultural practices (including those that contribute to enhancing biodiversity or to halting or preventing the degradation of soils and other ecosystems, deforestation and habitat loss); or
 - (d) apply sustainable forest management (including practices and uses of forests and forest land that contribute to enhancing biodiversity or to halting or preventing degradation of ecosystems, deforestation and habitat loss).

› REQUIREMENTS OF THE BUSINESS PLAN

› Applicant's (proposed) team, shareholders and structure

- List of Key Executives and other members of the team (including any expected positions to be recruited at relevant fund sizes), detailing who would be full-time dedicated and who would be part-time dedicated (including, if applicable, Investment Committee members, venture partners, industry advisors, entrepreneurs in residence, etc.) to the Fund (with % of full-time equivalent time dedication);
- Division of roles and responsibilities and the (planned) locations of the team members;
- If having existing business activities, a list of joiners and leavers of the team in the last 3 years, their date of arrival/departure, position at arrival and current title;
- Details of team members' other activities and/or work assignments (including any management, supervisory, advisory board or other similar seats) not related to the Fund and estimated time (together with % of full-time equivalent time dedication) required to perform other tasks during the Fund Term;
- Details of the previous joint experiences and co-operation of the team members;
- Organizational chart showing management structure and actual (if existing) or anticipated (if planned to establish a new entity) ownership of all relevant Fund entities, including Fund Manager, general partner (if different from the Fund Manager), investment advisor (if any) and carried interest vehicle (if any);
- Detailed shareholder base and ultimate beneficial ownership of the Applicant (to the extent different to the above);
- Three references (including email addresses and telephone numbers) for each investment team member (if possible, related to transactions relevant to the proposed strategy: e.g., CEOs of investees, co-investors, other).

› Applicant's market experience and knowledge

- In case of an Applicant that is an established legal entity – detailed history of the Applicant and its affiliates' previous and existing business activities, including details of any existing related funds under management;
- Competence(s) of each team member that will be contributed to the Fund Manager, including early-stage investment experience and competence of the team members, and investments and/or expertise in green technology fields;
- Description of the competitive advantage of the proposed management team;
- Track record of the Fund Manager team members in Excel format, including realised and unrealised investments (including any investments that have been written off):
 - name of investee;
 - location;
 - sector;
 - investment development stage;
 - date of entry and exit;
 - invested amount;
 - instrument;
 - ownership %;
 - proceeds received to date;

- exit multiple of cost (realised);
 - exit type;
 - current fair value;
 - multiple of cost (unrealised);
 - gross IRR;
 - role of team member in transaction;
 - indication of whether each company is deep tech;
 - name and contact details of at least one founder for each company;
 - where the track record involves formal funds, in addition to individual transaction information, gross and net fund level returns should be included.
- Description of previous collaboration with other (co)investors, market players, etc.;
 - Description of relevant networks and relationships built with the public and private sector, including universities, research centres, laboratories, incubators, etc.

› Fund's strategy and investment approach

- Minimum/target/maximum fund size to execute the strategy, including the rationale for the assessment;
- Description of the market opportunity, including the targeted market segment(s) and rationale for why the targeted segment(s) represent an attractive investment opportunity;
- Detailed overview of the Fund focus, including: (i) financial instruments to be used, (ii) target investment stakes, (iii) development stage(s), (iv) sector(s) (v) geographical focus (including % outside Estonia and specific details of the other target markets, if any) and (vi) exit strategy;
- If relevant, details of any part of the Fund strategy not targeted towards Early-Stage Green Tech Companies, including the % of Fund commitments allocated to such opportunities and other relevant details specified in the preceding paragraph above;
- Outline of the Fund portfolio model at relevant targeted Fund sizes (broken down by development stage where applicable), including: (i) target number of investments, (ii) ticket sizes, (iii) expected holding period of investments, (iv) capital deployment rate (including capital reserves, reinvestment and follow-on investment strategies, if any), together with illustrative financial model of the Fund in Excel format in each case for each proposed fund size scenario;
- Targeted returns (including at the portfolio company level and net to investors) and how they will be generated;
- Terms and conditions proposed to be applied in relation to possible investments, including expected protective rights and economic terms (e.g., conversion caps, liquidity preferences, anti-dilution mechanisms);
- How the investment strategy is linked to green tech and Estonia and how it contributes to the main objective of the Call;
- Risks/barriers related to implementing the investment strategy and their potential impact on the Fund together with proposed mitigants and risk management measures, including risk diversification for the Fund and any sector, country or exposure limits;
- Description of competitive landscape and Fund's competitive position;
- Envisaged co-operation with main market participants in the relevant market segments (including, if relevant, universities, science hubs, business incubators and entrepreneurship initiatives);
- Proposed duration of the Investment Period and the Fund Term, and the rationale for choosing each (if less than the maximum permitted in the Main Terms);
- Expected sources and strategy for generation of deal flow, including marketing strategy of the Fund;

- Indicative investment pipeline relevant to proposed investment strategy, including for each opportunity: name, sector, transaction type, indicative investment size, indicative stake, source of opportunity, proposed value creation plan, and potential exit route;
- Outline of the Fund Manager's expected investment approval process from origination to signing, including approval stages and overview of the Fund Manager's approach to the timing, content and process for investment due diligence;
- Overview of proposed post-investment management of portfolio companies and approach to monitoring, value-creation (including involvement in strategy, finance and/or operations of portfolio companies) and participation in portfolio company governance bodies;
- Fundraising status and plans, including envisaged commitments, expected timing, stage of discussion (if any), timeline for beginning Fund operations, and any conditionalities or special economic or governance rights attached to such potential commitments.

> Institutional capacity and alignment of interest

- Proposed legal structure (including proposed country of incorporation and legal form to be used) of the Fund and all relevant Fund entities, including the Fund Manager, general partner (if different from the Fund Manager), investment advisor (if any) and carried interest vehicle (if any), including the rationale for choosing the proposed structure;
- Description of the Fund Manager's proposed approach to risk management and compliance, including procedures and internal controls to prevent the Fund from being used to launder money, finance terrorist activities and whether there is (or will be) a team member assigned to the risk monitoring function;
- Services proposed to be outsourced from third parties regarding the Fund and the Fund Manager, and expected service providers, if already known;
- Details of any expected or confirmed advisors and industry experts to be engaged by the Fund Manager (including through any proposed industry/advisory board) and the respective cooperation structure, including how such individuals will contribute to the Fund, time and/or financial commitment (if any) and how they would be compensated by the Fund Manager;
- Proposed structure, membership and voting mechanics of the Investment Committee;
- Details of any actual or potential conflicts of interest with the planned Fund, including arising from any previous or existing activities not related to the Fund engaged in by any management team member, together with any measures proposed to deal with such actual or potential conflicts of interest;
- Description of environmental, social and governance (ESG) values and responsible investment strategy, including the existing or proposed framework for a management system to systematically address ESG issues in investment activities and how investment objectives of the Call are integrated into the ESG management framework.

> Economic and financial terms of the Fund

- Proposed main economic terms for the Fund, including (i) the proposed Management Fees during and post Investment Period and (ii) the proposed Distribution Cascade including (a) the applicable hurdle rate and (b) any profit share (carried interest) as well as any catch-up mechanism for the Fund Manager (including a breakdown of carried interest allocation amongst the team members), including in each case the relevant calculation methodology;
- Proposed Financial Commitment of the Team to the Fund, including (i) a description of the sources of finance and (ii) the proposed split between the team and, (iii) if the Fund Manager includes a financial, industrial or other sponsor, showing the split between sponsor and the investment team;
- Detailed operational budget for the Fund Manager, including details of the proposed remuneration of all team members.

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