

## Clarification Document to the Call for Expressions of Interest Greentech Fund Call 2022/09

This Clarification Document is published in connection with the Call for Expressions of Interest, reference code Greentech Fund Call 2022/09, dated 6 September 2022. Capitalised expressions used herein shall have the meaning attributed to them in the above-mentioned Call for Expression of Interest, unless otherwise expressly defined herein or otherwise required by the context.

According to the Call Document, the Applicants were invited to submit requests for clarification regarding the Call until 30 September 2022. These requests for clarification shall, pursuant to the Call Document, not receive individual replies. Instead, answers to requests received before or on the above-referred deadline that are relevant to the Call and to all Applicants shall be published in one or several clarification document(s) to be posted on the website of SmartCap [www.smartcap.ee](http://www.smartcap.ee) at latest on 14 October 2022. Applicants will not be separately notified of a specific date that any such clarifications will be published. In accordance with the above, SmartCap hereby present the aforementioned clarification document.

The questions may or may not appear in the exact wording that they were received. The questions are not provided in the order that they were received.

No	Question	Answer
1	Can a contribution from legal entity be part of Financial Commitment of the Team?	<p>The intention is that the Financial Commitment of the Team should be provided by the Key Executives, directors, officers and employees of the Fund Manager.</p> <p>Whilst the Call Document does not limit the above-mentioned team members from providing the Financial Commitment of the Team through wholly owned and controlled personal legal entities, the structuring of such Financial Commitment would be subject to relevant due diligence upon short-listing.</p>
2	Can the Fund invest into listed companies? What about enterprises, which have a very small minority listing?	<p>The Call Document provides that the Fund shall focus on privately held non-listed companies as the primary strategy. The Call Document does not preclude Applicants from proposing investments in publicly listed companies in their Expression of Interest, provided that the primary focus of the Fund is on privately held non-listed companies.</p> <p>The Call Document does not distinguish between enterprises, which have either fully or partially listed share capital.</p>
3	How shall the Fund Manager evaluate if the company meets any of the environmental objectives of the EU Taxonomy?	To determine whether a company contributes to an environmental objective of the EU Taxonomy Regulation the Fund Manager shall evaluate if the primary economic activity of the company

		<p>contributes to that environmental objective. The exhaustive lists of activities that are considered as contributing to each environmental objective are provided in the Environmental Terms. An economic activity may be considered primary if, for example, 50% of the annual turnover of a company is derived from that activity. The process for determining the primary economic activity of a company may be further specified in the Investment Documents.</p>
4	How shall the Fund Manager evaluate if the company meets DNSH criteria?	<p>The evaluation of the compliance with the DNSH principle shall be carried out by filling out the two-part DNSH checklist form pursuant to the <a href="#">“Technical guidance on the application of ‘do no significant harm’ under the Recovery and Resilience Facility Regulation”</a> (European Commission Notice 2021/C 58/01).</p>
5	Please elaborate how should “established and operating” be evaluated?	<p>“Established and operating” is used within the context of the European Union law and, if necessary, the specific criteria can be agreed during the negotiation of the Investment Documents. However, for reference, a company would be considered by SmartCap to be established and operating in Estonia, if at the time of the first investment it:</p> <ul style="list-style-type: none"> <li>a) is incorporated in Estonia or has legal presence in Estonia through a subsidiary or other form of legal entity; and</li> <li>b) exercises its main activities in Estonia.</li> </ul>
6	Do only Fund Managers have to follow Publicity requirements, or also portfolio companies?	<p>SmartCap has clarified the publicity requirement arising from the RRF and, contrary to what was previously described in the Environmental Terms, the publicity requirement will apply only to the Fund/Fund Manager, and does not extend to underlying portfolio companies.</p> <p>The publicity requirement is expected to be fulfilled by including the relevant emblem and/or statement to, inter alia, the website of the Fund/Fund Manager, annual report of the Fund and possible press releases.</p> <p>The Call Document has been amended as of 14 October 2022 and the amended Call Document has been published on the website of SmartCap <a href="http://www.smartcap.ee">www.smartcap.ee</a>.</p>

7	<p>Assessment criteria 1.4. Ability to demonstrate additional activity in comparison to present activity (if any) for the life of the Fund – What is meant by “additional activity” and by “present activity” and to which time period it refers to?</p>	<p>The intention is to assess whether the Applicant and the team have the ability to undertake fund management activities for the life of the Fund in addition to any other actual or contemplated activities unrelated to the Fund (if any) that may be undertaken by the Fund Manager and its team members during that period.</p>
8	<p>Assessment criteria 2.7. Pipeline that validates the Fund strategy – What type of information is expected to be provided under this criteria? Do we need to provide the actual names of potential startups who could be part of the pipeline as an example or is it more general description of which type of startups (development phase, focus, etc) constitute the future pipeline?</p>	<p>Please refer to <i>“Appendix 1 – Mandatory elements of the Business Plan – Fund’s strategy and investment approach”</i>, which identifies the preferred information to be provided with the business plan:</p> <p><i>“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.”</i></p> <p>It is recognised that the pipeline for an early-stage venture capital fund is dynamic and may change over time. For confidentiality reasons, Applicants may provide code names or similar identifiers for each pipeline company rather than the specific company name.</p>
9	<p>Assessment criteria 3.2. Financial commitment to the Fund by the proposed Fund Manager and the team – Does this mean that both the Fund Manager and the key team members need to make separate commitments or can only the Fund Manager alone or the team alone cover in full the expected own financial commitment to the fund?</p>	<p>The Main Terms provide that the Financial Commitment of the Team (which must include all Key Executives) shall be at least 2% of the Fund size. Applicants may propose to structure the financial commitment directly or indirectly through the Fund Manager, which will be assessed in due diligence. We refer to Answer 1 above in relation to the intended participants of the Financial Commitment of the Team.</p>
10	<p>Appendix 1 “Mandatory elements of the Business Plan” Section “Applicant’s market experience and knowledge” requires the Applicants’ to indicate whether companies demonstrated as part of the previous track record have been deep tech companies. What is the intention of this information?</p>	<p>Reference to “deep tech” in the aforementioned Section is a clerical error. The intention is to identify whether the company included in the track record is considered “green tech”.</p> <p>The Call Document has been amended as of 14 October 2022 and the amended Call Document has been published on the website of SmartCap <a href="http://www.smartcap.ee">www.smartcap.ee</a>.</p>