

Rules for the Submission and Selection of Tenders
Call for Tenders No. 7
for Financial Intermediaries

Organiser:

PFR Starter Closed-End Investment Fund

Investments in innovative enterprises – STARTER

Warsaw, 28.08.2019

§ 1.

List of abbreviations and definitions

1.1 Unless defined otherwise, capitalised terms used in the Rules shall have the following respective meanings:

- **Due Diligence** – a review of the legal and factual status of the Tender, forming a part of the merit-based evaluation of the Tender, referred to in Section 9 of the Rules.
- **Beneficiary / Bank Gospodarstwa Krajowego** – Bank Gospodarstwa Krajowego operating under the Act of 14 March 2003 on Bank Gospodarstwa Krajowego (Journal of Laws No 65, item 594, as amended), with its registered office in Warsaw, Al. Jerozolimskie 7, 00-955 Warsaw, REGON (statistical number): 000017319, tax identification number NIP: 525-00-12-372.
- **Declared Capitalisation of the Financial Intermediary** means the value of PFR Starter FIZ, Private Investors and Managing Entity’s contributions to the Financial Intermediary, as planned by the Tenderer.
- **Business Day** means any day, Monday through Friday, other than a public holiday within the meaning of the Act of 18 January 1951 on public holidays (Journal of Laws of 2015, item 90, as amended).
- **Innovation/Innovative activity** means the undertaking’s launching, or carrying out works with a view to launching, a new product or service on the market, or making a significant improvement of existing products or services (product/service innovation), applying novel or improved production methods/processes, including with the use of high technology or modes of provision of services (process innovation), or implementing novel or significantly modified solutions in the marketing or organisational systems (marketing/organisational innovation).
- **Equity Investment** means the Financial Intermediary’s contribution, made on a one-off basis or in instalments within a single round of Investment, of capital to an Eligible Undertaking in return for the corresponding equity interests in the ownership structure of that Eligible Undertaking.
- **Follow-on Investment** means the Financial Intermediary’s additional Equity Investment or Quasi-equity Investment in an Eligible Undertaking, in which the Financial Intermediary has already invested, after one or more rounds of risk finance Investment.
- **Quasi-equity Investment** means quasi-equity investment within the meaning of §2 (2) of the Risk Finance Regulation,¹ made by the Financial Intermediary to an Eligible Undertaking.
- **Investment** means an Equity Investment and/or Quasi-equity Investment.

¹ Risk Finance Regulation in this regard shall refer to the definition covered by Regulation No. 651/2014. The “Quasi-equity Investment” within the meaning of Article 2 point 66 of Regulation No. 651/2014 shall mean 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 of shares/stocks is predominantly based on the profits or losses of the underlying target undertaking and which is unsecured in the event of bankruptcy of that undertaking. The Quasi-equity Investments can be structured as debt, unsecured and subordinated, including mezzanine debt, and in some cases, they may be convertible into equity, or the preferred equity.

- **Private Investor** - in the case of Private Investors making contributions to the Financial Intermediary, a Private Investor is an entity that: (i) has been approved by PFR Starter FIZ under the Call procedure, (ii) under the Investment Agreement, makes investments in a Financial Intermediary through resources other than public funding as defined in the Act of 27 August 2009 on public finance, irrespective of its ownership, and (iii) is independent (at the date of the initial Investment) of the Eligible Undertaking, i.e. is not a shareholder of the Eligible Undertaking in which the Financial Intermediary will invest, irrespective of its ownership, and is independent of the Managing Entity, (iv) bears the full risk of Investments; Where an Investment is made through an investment vehicle, the term “Private Investor” is also deemed to also include an entity that exercises ultimate control (i.e. ultimate beneficial owner) over such investment vehicle and all intermediate entities in the structure of that investment vehicle. In the case of Private Investors joining individual Investments at the Eligible Undertaking level, it means an entity that meets the conditions set out in point iii) and iv) above and has been selected by the Financial Intermediary in a transparent and competitive process for the selection of Private Investors.
- **Key Personnel** means key persons appointed by the Tenderer, who have the appropriate experience, expertise and knowledge in the management of investment activities, and knowledge of the venture capital market, who lend credence to the implementation of the Investment Strategy of the venture capital fund (Financial Intermediary/Managing Entity), meeting the criteria described in these Rules.
- **Investment Committee** means an internal decision-making body of the Managing Entity/Financial Intermediary, consisting, in particular, of members of the Key Personnel, as well as external experts and advisors, taking investment decisions concerning Investments of the Managing Entity/Financial Intermediary; depending on the legal form of the Financial Intermediary and the assumed decision-making model, the Investment Committee may but does not have to be the same body as the corporate body authorized to take decisions on behalf of the Financial Intermediary, and in any case its decisions are binding with regard to investment entries and exits.
- **Conflict of Interest** means a conflict of interest as described in §12 of these Rules.
- **SME** - as defined in Annex 1 to Regulation 651/2014.
- **Call/Call for Tenders** means a Call for Tenders process conducted pursuant to a Notice of Calls and on the basis of the **Rules**.
- **Tenderer** means a Financial Intermediary or Managing Entity intending to set up a Financial Intermediary, who has submitted a Tender under a call for Financial Intermediary based on these Rules.
- **Tender** means a Tender submitted by the Tenderer under the Call for Tenders, including the documents mentioned in Section 8.6. of the Rules.
- **Notice of Calls** means a notice concerning the initiation of the Call as published on the Website.
- **Eligibility Period** means the period of eligibility of expenditure under SG OP programme ending on 31 December 2023.
- **PFR Starter FIZ** means PFR Starter Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (PFR Starter Closed-End Investment Fund of Non-public Assets) entered in the register of investment funds kept by the District Court in Warsaw, 7th Civil Registry

Department, under number RFI 1437, through which Bank Gospodarstwa Krajowego implements the fund of funds within the meaning of Regulation No 1303/2013, set up for the purposes of implementing an equity-based financial instrument provided for in SG OP, whose part of investment portfolio (subject to selection and investment in Financial Intermediaries) will be managed by PFR Ventures, under authorisation of the Polish Financial Supervision Authority, and whose sole participant is, and will remain throughout the term of the Investment Agreement, the Beneficiary.

- **PFR Ventures** means PFR Ventures sp. z o.o. with its registered office at ul. Książęca 4, 00-498 Warsaw, entered in the register of entrepreneurs of the National Court Register, kept by the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Department of the National Court Register, under number KRS 0000533101, being the entity managing a part of the PFR Starter FIZ investment portfolio.
- **Managing Entity** means a legal entity or natural persons responsible for the implementation of the Investment Policy and management of the Financial Intermediary's investment portfolio, i.e.:
 - (i) natural persons making up the internal body managing the Financial Intermediary, e.g. members of the management board of the capital company which will act - following its establishment and successful selection within the Call for Tenders procedure - in the capacity of the Financial Intermediary)², or
 - (ii) legal persons making up the Financial Intermediary's external body (e.g. a general partner of a partnership limited by shares who will act - following its establishment and successful selection through the Call - in the capacity of Financial Intermediary), or
 - (iii) an independent third-party enterprise, authorised under the legislation of a Member State to manage the Financial Intermediary's investment activities, in whole or in part (e.g. the body to manage the investment portfolio, in whole or in part, of the investment fund, which, after its establishment and successful selection, under the Call procedure will act as the Financial Intermediary)³.
- **SG OP** means Smart Growth Operational Programme 2014 – 2020.
- **Investment Policy** means a document submitted by the Tenderer, containing the components listed in Appendix 3 to the Rules.
- **Financial Intermediary** means an entity selected or established under the procedure laid down in the Call Rules, which is a closed-end investment fund, a Company, a Partnership Limited by Shares, or a collective investment institution established within the territory of a Member State of the European Union or the European Free Trade Association (EFTA) or in a state belonging to the European Economic Area (or, in the case of entities with their registered office outside of the Republic of Poland, the Financial Intermediary is an entity having its legal form similar to the legal structure of a closed-end investment fund, a Company or a Partnership Limited by

² Explanation: Under the Call procedure, Tenders may also be submitted if the Financial Intermediary - as at the date of submission - has not yet been established (subject to the terms and conditions set out in these Rules). In such case, the Tender should be submitted by an internal body which is to manage such Financial Intermediary, or by members/partners to be responsible for running the affairs of such Financial Intermediary.

³ Explanation: Under the Call procedure, Tenders may also be submitted if the Financial Intermediary - as at the date of submission - has not yet been established (subject to the terms and conditions set out in these Rules). In such case, the Tender should be submitted by the body which is to manage such Financial Intermediary.

Shares, respectively), whose sole business is to acquire funding from investors with a view to allocating the same in accordance with the Financial Intermediary's approved Investment Policy and the terms and conditions set out in these Rules.

- **Eligible Undertaking** - A Capital Company or a Partnership Limited by Shares (in the case of Eligible Undertakings with their registered office outside of the Republic of Poland, such Eligible Undertaking should be operating its business in the form of a company within the meaning of Article 2 (1) of Council Directive 2008/7/EC of 12 February 2008 concerning indirect taxes on the raising of capital, or in a legal form similar to the legal structure of a Company or a Partnership Limited by Shares), which meets the definition criteria of an SME under Annex I to Regulation No 651/2014, and which at the time the proceeds are paid to it as part of the Financial Intermediary's Investment, is not a listed company within the meaning of Regulation No 651/20014, i.e. it is not listed on the official list of a stock exchange, except multi-lateral trading platforms, and meets at least one of the following conditions:
 - (i) it has not been operating in any market (Eligible Undertaking before its first commercial sale) – **Group A Eligible Undertakings;**
 - (ii) it has been operating in any market for less than 7 years following its first commercial sale – **Group B Eligible Undertakings;**
 - (iii) in the case of Follow-on Investments – it has been operating in any market for less than 7 years following its first commercial sale – **Group C Eligible Undertakings.**
- **Risk Finance Regulation** - shall mean Regulation of the Minister of Economic Development and Finance of 25 November 2016 on granting risk finance aid and aid to enterprises starting up their business within the Smart Growth Operational Programme 2014–2020 (Journal of Laws of 2016, item 1924).
- **Regulation No 651/2014** means Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.
- **Regulation No. 480/2014** - shall mean Commission Delegated Regulation (EU) No. 480/2014 of 3 March 2014 supplementing Regulation (EU) No. 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund.
- **Regulation No 1303/2013** – Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.
- **Company** means a company within the meaning of Article 4 § 1 (2) of the Act of 15 September 2000 Commercial Companies Code (Journal of Laws No. 94, item 1037, as amended).

- **Partnership Limited by Shares** means a partnership limited by shares within the meaning of the Act of 15 September 2000 Commercial Companies Code (Journal of Laws No. 94, item 1037, as amended).
- **Website** means the website of PFR Ventures - <http://www.pfrventures.pl/pl/>.
- **PFR TFI** means PFR Towarzystwo Funduszy Inwestycyjnych S.A., an investment fund company with its registered office at ul. Ludna 2, 00-406 Warsaw, entered in the register of entrepreneurs of the National Court Register, kept by the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Department of the National Court Register, under number KRS 0000486060.
- **Framework Investment Agreement** means an agreement concluded by and between (i) the Tenderer, Private Investors and the Managing Entity, selected through the procedure prescribed by the Call Rules and (ii) PFR Starter FIZ, in particular based on the terms and conditions set forth in §11 of the Call Rules. In the case that the Financial Intermediary is established after the Investment Agreement is made between PFR Starter FIZ, the Managing Entity (which is to establish the Financial Intermediary) and a Private Investor, the Financial Intermediary shall join the Investment Agreement upon its establishment in accordance with the law applicable to the Financial Intermediary concerned (but not later than the payment of the first amount of repayable financing provided by PFR Starter FIZ, the Managing Entity and Private Investors in compliance with the requirements set out in these Rules and in accordance with the terms and conditions of the Investment Agreement).
- **Call Rules/Rules** mean these Rules for the Submission and Selection of Tenders - Call for Tenders No. 6 for Financial Intermediaries under a project financed through the European Regional Development Fund under the Smart Growth Operational Programme 2014 – 2020, Sub-measure 3.1.1. *Investments in innovative start-ups - Starter*.
- **Team** means a team of persons named by the Tenderer who have appropriate background and experience necessary to carry out an investment activity of the Financial Intermediary and dedicated for the conduct, within the Financial Intermediary or the Managing Entity, of operational activity of the Financial Intermediary (including; the Key Personnel, other members of the Investment Committee and the other personnel).

§ 2.

Legal basis

- 2.1 This Call is conducted on the following legal bases, within which the following legal bases shall apply to Financial Intermediaries:
- 2.1.1 Risk Finance Regulation,
 - 2.1.2 Regulation No. 1303/2013,
 - 2.1.3 Regulation No. 480/2014,
 - 2.1.4 Regulation of the European Parliament and of the Council (EU, Euratom) No. 966/2012 of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No. 1605/2002,
 - 2.1.5 Commission Implementing Regulation (EU) No. 821/2014 of 28 July 2014 laying down rules for the application of Regulation (EU) No. 1303/2013 of the European Parliament and of the Council as

regards detailed arrangements for the transfer and management of programme contributions, the reporting on financial instruments, technical characteristics of information and communication measures for operations and the system to record and store data,

- 2.1.6 Regulation No. 651/2014,
- 2.1.7 Act of 11 July 2014 on the rules for the implementation of cohesion policy programmes financed under the 2014–2020 financial perspective (Journal of Laws of 2016, item 217, as amended).
- 2.1.8 Act of 27 August 2009 on public finance (Journal of Laws No 157, item 1240, as amended),
- 2.1.9 Act of 30 April 2004 on procedural issues concerning state aid (consolidated text, Journal of Laws of 2007, No. 59, item 404, as amended),
- 2.1.10 Regulation of the Council of Ministers of 29 March 2010 on the scope of information submitted by an entity applying for aid other than de minimis aid or de minimis aid in agriculture or fisheries (Journal of Laws No. 53, item 312, as amended).

§ 3.

Purpose of the Call

- 3.1 The Call is issued under the Starter programme financed through the European Regional Development Fund under the Smart Growth Operational Programme 2014 – 2020, Measure 3.1. *Funding of the SME innovative activity using venture capital* Sub-measure 3.1.1. *Investments in innovative start-ups - Starter*. The Beneficiary of the programme is Bank Gospodarstwa Krajowego.
- 3.2 The Call procedure is operated by PFR Ventures, acting on behalf of PFR Starter FIZ. PFR Ventures is a specialised entity managing part of the investment portfolio of PFR Starter FIZ under the agreement referred to in Article 45a (1) of the Act on investment funds and managing alternative investment funds (Journal of Laws No 146, item 1546, as amended), made between PFR Ventures and PFR TFI.
- 3.3 The purpose of the Call is to select Financial Intermediaries that (i) shall contribute the most to the achievement of the main objective related to the implementation of the Starter programme, as referred to in §3.1 above, which is to ensure the necessary financing of Eligible Undertakings and (ii) shall ensure sound financial management, transparency, sustainability and financial viability of the above-mentioned objective of the Starter programme.
- 3.4 Financial Intermediaries selected or established under the Call by PFR Starter FIZ shall be responsible for selecting and making Investments in Eligible Undertakings seeking finance for the development of innovative activities, based on repayable financing by PFR Starter FIZ, the Managing Entity and Private Investors provided: (i) in the amounts and on the terms set out in these Rules, (ii) in accordance with the terms and conditions set out in the Investment Agreement and (iii) in compliance (as relevant and adequate for Financial Intermediaries) with the provisions of Regulation No 480/2014 (in particular Article 7, Article 13 and Article 14 of Regulation No 480/2014), Regulation No 1303/2013 (Title IV), Regulation No 651/2014 (Article 21 of Regulation No 651/2014) and Risk Finance Regulation, and with other provisions of national or EU law applicable to Financial Intermediaries and the principles of their Investment activity.

§ 4.

Allocation of public funds to the Call

- 4.1 The amount of financial resources intended to be provided to Financial Intermediaries under this Call No. 7 for Financial Intermediaries for the PFR Starter FIZ programme shall be seven hundred twenty seven million and five hundred thousand zlotys (PLN 727,500,000) and it shall be reduced by the amount of funds allocated under Call No. 2, Call No. 3, Call No. 4, Call No. 5 and Call No. 6 for Financial Intermediaries for the PFR Starter programme.
- 4.2 PFR Starter FIZ reserves the right to change the amount allocated to support Tenderers under a Call, referred to in §4.1 above.

§ 5.

Key terms and conditions of the Call

The key terms and conditions of the Call shall be those set out in Appendix 7 to the Rules - Term Sheet for the call for tenders and selection of Financial Intermediaries - PFR Starter FIZ (“Term Sheet”).

§ 6.

General provisions concerning the Call

- 6.1 Tenders in response to the Call may be submitted from 5 September 2019 to 30 September 2019, by 04:00 p.m. local time.
- 6.2 Tenders in response to the Call for Tenders shall be submitted at the Tenderer’s sole cost and risk (in particular, PFR Starter FIZ and/or PFR Ventures shall not be obliged to pay any fees to Tenderers related indirectly or directly to a Tender submitted).
- 6.3 Any claims that the Tenderer may have, including claims for damages in respect of the submission of the Tender under the Call, the progress of the Call and its results, shall be excluded. Until the execution of the Investment Agreement, PFR Starter FIZ and/or PFR Ventures shall not be bound by the selection of the Tender, in particular, any claims that the Tenderer may have in respect of the course of negotiations leading to the execution of the Investment Agreement or of failure to conclude the Investment Agreement following the selection of the relevant Tender, shall be excluded.
- 6.4 In justified cases, PFR Starter FIZ may at any time, before the time limit for the submission of Tenders, modify the content of the Rules. In such a case, PFR Starter FIZ may extend the time limit for the submission of Tenders by a period of time sufficient to introduce changes to Tenders resulting from the modification of the Rules. PFR Starter FIZ shall publish the modified wording of the Rules on the Website and inform the Tenderers who have already submitted their Tenders under the Call of the changes, by sending a notice of modification to such Tenderers by electronic mail to the Tenderer’s electronic mail address stated in the Tender, while setting a time limit for supplementing or submitting a new Tender.
- 6.5 During the Call for Tenders, PFR Starter FIZ, PFR Ventures and the Tenderer may communicate with each other using means of direct remote communication. Where PFR Starter FIZ, PFR Ventures or the Tenderer uses means of direct remote communication, any statements, documents, notices, materials, files, etc. provided via these means of communication shall be deemed to have been effectively delivered when delivery thereof has been confirmed with a signature of the authorized person or by electronic mail, and in the case of transmission of statements, requests, notices and information via electronic mail, the delivery time shall be deemed by the parties to be the time of sending the message

by the sender (in the event that the sender does not receive a response from the mail server of the recipient containing a message describing the cause for failure to deliver the message sent to the addressee's mailbox) or via an individual electronic account of the Tenderer, established on the Internet platform which is made available for that purpose at: <https://pfrventures.pl/pl/fundusze/1/pfr-starter-fiz/>.

- 6.6 In justified cases, in a situation where, owing to the occurrence of events due to objective reasons beyond control, the occurrence of which could not have been avoided (Force Majeure), PFR Starter FIZ may, at any time, without following the procedure referred to in Section 6.4 above and before the time limit for the submission of Tenders, extend the time limit for the submission of Tenders or close the Tender without resolution.

§ 7.

Conditions for participation in the Call for Tenders

- 7.1 Through the Call, Tenders for Financial Intermediaries shall be evaluated as submitted by:
- 7.1.1 A Financial Intermediary, or
- 7.1.2 By a Managing Entity intending to establish a Financial Intermediary, in a situation where, at the time of submission of the Tender, the Financial Intermediary has not yet been established in accordance with the law applicable to the Financial Intermediary concerned, subject to §7.3 below.
- 7.2 If the Tender is submitted by a Financial Intermediary, it must be formally established, according to the law governing the place of its registration;
- 7.2.1 in the case of a Financial Intermediary in the form of partnership limited by shares, the Financial Intermediary must be a partnership registered in the KRS (Polish National Court Register), and the Managing Entity must be established in compliance with the governing law of the place of its registration and be registered in a register of Managers of Alternative Investment Companies (AIC) or be authorised by the relevant Member State to pursue business as an alternative investment fund manager.
- 7.2.2 in the case of a Financial Intermediary in the form of a Company, the Financial Intermediary: (i) is a company registered in the KRS (Polish National Court Register) and is entered on the list of managers as an internally managed AIC, (ii) is a company under formation. Pursuant to this paragraph, a Tender may also be submitted by natural persons, as an authorised Tenderer, acting as persons who will form the Financial Intermediary in future in the form of a Company managed internally by natural persons designated as the management board of the Financial Intermediary.
- 7.2.3 in the case of a Financial Intermediary in the form of a closed-end investment fund, the Fund has been formally established (registered in the Register of Investment Funds) and the application was filed by an investment fund company which manages the closed-end investment fund concerned or the entity to which the investment fund company has entrusted to intends to entrust the management and running of affairs of the open-end investment fund concerned.
- 7.2.4 in the case of the Financial Intermediary established in the form of collective investment institution based outside the territory of the Republic of Poland, such Financial Intermediary should be established in accordance with the governing law of its place of registration.
- 7.3 Where the Tender is submitted by the Managing Entity:

- 7.3.1 In the case of a Managing Entity which is to be an external manager of the Financial Intermediary established in the form of partnership limited by shares, the Managing Entity must be established in compliance with the governing law of the place its registration and entered in the relevant register (KRS), and the Financial Intermediary does not have to be formally established at the time of Tender submission, or may be formally established but may not be entered in the KRS except where prior to entry of the Financial Intermediary in the KRS, the Managing Entity has obtained a relevant entry in the register of alternative investment company managers.
- 7.3.2 In the case of a Managing Entity which is to be an internal manager of the Financial Intermediary established in the form of Company, the Financial Intermediary does not have to be formally established at the time of Tender submission, or may be formally established but may not be an entity entered in the KRS. Pursuant to this paragraph, a Tender may also be submitted by natural persons, as an authorised Tenderer, acting as persons who will form the Financial Intermediary in future in the form of a Company managed internally by natural persons designated as the management board of the Financial Intermediary.
- 7.3.3 In the case of a Managing Entity that is to be manager of a Financial Intermediary established in the form of a closed-end investment fund, the Managing Entity must be an investment fund company or other entity to which the investment fund company has entrusted to intends to entrust the management and running of affairs of the open-end investment fund concerned (which is to be the Financial Intermediary).
- 7.3.4 In the case of the Financial Intermediary established in the form of collective investment institution based outside the territory of the Republic of Poland, such Financial Intermediary should be established in accordance with the governing law of its place of registration.
- 7.4 No Tender may be submitted by a Tenderer who is subject to public collective insolvency proceedings for the purpose of rescue, adjustment of debt, reorganisation or liquidation within the meaning of Article 1 (1) (without the last sentence) of Regulation (EU) No 2015/848.
- 7.5 No Tender may be submitted by a Tenderer who is subject to the obligation to return state aid pursuant to a decision of the European Commission or decision of an authorised national body, declaring such aid to be illegal and/or inconsistent with the internal market.

§ 8.

Tender

- 8.1 Subject to §8.8 below, the Tenderer may submit only one (1) Tender through the Call. In the event that more than one (1) Tender is submitted through the Call (where a previously submitted Tender(s) has/have not been withdrawn), the Tender addressed to PFR Ventures first shall be considered (in accordance with the rules for submission of Tenders set out in §8.3 below).
- 8.2 The Tender shall be prepared in Polish or in English.
- 8.3 The Tender must be sent only in the electronic version via the Tenderer's individual electronic account set up by the Tenderer's signing up on the web platform available at: <https://www.pfrventures.pl/en/fund/1/pfr-starter-fiz/>. The maximum total size of files attached to the Tender through the Tenderer's individual account may not exceed 100 MB. Within three (3) Business Days of receipt of a Tender by PFR Ventures, the details of the acronym assigned to the Tender shall be available through the Tenderer's individual account and it shall be sent by PFR Ventures via electronic mail (to the email address stated by the Tenderer in the Tender or on registration of the Tender's individual electronic account on the web platform above). Information on an acronym having

been assigned to a Tender shall not constitute a confirmation receipt of the Tender or of its correct submission.

- 8.4 The Tenderer shall be bound by the Tender submitted until the date of entering into the Investment Agreement or until the date of completion of negotiations on entering into the Investment Agreement (without entering into the Investment Agreement with the Tenderer concerned) - including in the situation referred to in §11.4. Tenderers entered on the Reserve List shall be bound by the Tender until: (i) the date of conclusion of the Investment Agreement; (ii) the date of closing negotiations on conclusion of the Investment Agreement (without entering in the Investment Agreement) - including the situation referred to in §11.4, or (iii) closing the Call process without inviting the Tenderer(s) concerned and entered on the Reserve List to negotiate conclusion of the Investment Agreement, whichever situation occurs earlier.
- 8.5 The Tenderer whose Tender is entered on the List of Tenders Referred for Negotiation shall be required to submit originals, in a written form, to the address of PFR Ventures, of Appendix 1, Exhibit A to Appendix 2, Exhibit B to Appendix 2, Appendix 5, Appendix 6(i) and Appendix 6(ii) to the Rules, signed by authorised persons (save that the versions and numbers of the documents, submitted electronically via the Tenderer's individual account through the web platform and submitted in writing in originals, should be identical, and the binding version shall be deemed to be the electronic version of the Tender).
- 8.6 For the Tender to be effectively submitted, it shall be required to send, in electronic form, via the Tenderer's individual account through the web platform provided for the purpose, available at: <https://www.pfrventures.pl/en/fund/1/pfr-starter-fiz/> the following documents (available at <https://www.pfrventures.pl/en/fund/1/pfr-starter-fiz/>) as listed below:
- 8.6.1 Tender Identification Form – **Appendix 1** to the Rules (a scan of the completed and signed document, in PDF and Excel formats),
- 8.6.2 Verification form for Key Personnel and other members of the Investment Committee who form the Team but have not been appointed members of the Tenderer's Key Personnel - **Appendix 2** to the Rules (in Excel format)
- 8.6.3 Statement by the Tenderer's Team member: **Exhibit A to Appendix 2** to the Rules (a scan of the completed and signed document - in PDF format) and/or Statement by the Tenderer's Team Member making a contribution to the Financial Intermediary as part of the Managing Entity's contribution - **Exhibit B to Appendix 2** to the Rules (a scan of the completed and signed document - in PDF format),
- 8.6.4 The Tenderer's Investment Policy in accordance with the guidelines on the preparation of the Investment Policy provided in **Appendix 3** to the Rules (PDF format (not a scan)),
- 8.6.5 Financial Schedule – **Exhibit A to Appendix 3** to the Rules (in Excel format),
- 8.6.6 List of Potential Investment Projects – **Appendix 4** to the Rules (in Excel format),
- 8.6.7 Tenderer's Statement – **Appendix 5** to the Rules (a scan of the completed and signed document, in PDF format),
- 8.6.8 Private Investor's Statement – **Appendix 6(i)** (natural person) and/or **Appendix 6(ii)** (legal person) to the Rules (a PDF scan of completed and signed document),
- 8.7 The Tender may be withdrawn at any time during the Call for Tenders period, provided that the withdrawal of Tender shall be done via the Tenderer's individual account within the web platform. The Tender shall be considered to be withdrawn upon an effective withdrawal of the Tender via the

- Tenderer's individual account through the web platform, which shall be confirmed by the Tenderer's status displayed in the Tenderer's individual account on the web platform. At the Tenderer's request, PFR Ventures shall confirm the receipt of information on Tender withdrawal.
- 8.8 A Tenderer who has withdrawn a Tender submitted through the Call for Tenders may resubmit the Tender via the Tenderer's individual account on the web platform during the Call for Tenders period on the terms and conditions referred to in this §8 of the Rules, subject to §6.1 of the Rules.
- 8.9 In case of submissions made through electronic channels, Article 66¹ §1 - §3 of the Act of 23 April 1964 – Civil Code (Journal of Laws of 2016, item 380), shall be excluded, with the proviso that PFR Ventures shall confirm (in electronic format) to the Tenderer concerned, at the Tenderer's request, the receipt of the Tender in electronic format.
- 8.10 PFR Ventures shall have the right to instruct the Tenderer to correct any typing and computational errors in the Tender, and to fill any gaps in the Tender (subject to §8.11 below). The Tenderer shall be required to provide any missing details within five (5) Business Days of the date the notice to provide missing details or correct errors is dispatched by PFR Ventures (such notice to be sent by electronic mail to the e-mail address stated by the Tenderer in the Tender), by sending corrected and/or supplemented documents, information or statements as per the notice to the following email address stated by PFR Ventures in the notice. PFR Ventures shall be authorised to extend the period allowed for filling gaps or correcting errors in the Tender. It shall be allowed to supplement the Tender only once within the scope indicated in the notice of PFR Ventures.
- 8.11 Tenders that are not corrected or supplemented within the deadline and/or as instructed in the notice referred to in §8.10 of the Rules shall be rejected.
- 8.12 The Tenderer shall be required to submit at any time, when instructed to do so by PFR Ventures, a translation into Polish of documents submitted as part of and/or in connection with the Tender made in English. In case of any discrepancies between the Polish and English language version, the Polish version shall prevail.
- 8.13 At each stage of the Tender examination and analysis process, PFR Ventures may request the Tenderer to provide explanations regarding the content of the Tender submitted and to submit additional documents necessary to duly analyse the Tender. In the event the aforementioned explanations or additional documents are not received within five (5) Working Days, the Tender shall be rejected.

§ 9.

Rules for the selection of Tenders through the Call

- 9.1 General rules for the selection of Tenders:
- 9.1.1 The selection of Tenders shall be based on the analysis thereof for meeting formal and merit-based requirements, including Due Diligence.
- 9.1.2 The Tender shall be prepared in accordance with the requirements set out in these Rules.
- 9.1.3 The evaluation of Tenders shall be performed by PFR Ventures. The time allowed for formal and merit-based evaluation of Tenders and starting negotiations of the Investment Agreement shall depend on the number of Tenders submitted under the Call and the degree of complication of issues that require explanation in the course of Due Diligence, but the expected period for the examination thereof shall be at least two (2) months from the close of the Call.
- 9.1.4 A rejection decision shall be issued for Tenders that:

- a. do not meet formal criteria, except cases where the Tenderer is requested to correct/supplement/provide explanations regarding the Tender in accordance with §8.10 or §8.13,
- b. are inconsistent with these Rules (including the Key Conditions for the Selection and Submission of Tenders set out in the Term Sheet), which can be ruled at any stage of the merit-based evaluation of the Tender, subject to §8.10 and 8.13,
- c. have not been supplemented by the Tenderer within the required time limit in accordance with §8.10 and 8.13.

9.2 Formal evaluation of Tenders:

9.2.1 Formal evaluation shall be made on the basis of a list of basic formal requirements (referred to in §9.2.3).

9.2.2 Failure to meet any basic formal requirement shall result in the rejection of a Tender under the Call concerned (save that PFR Ventures shall have the right to demand, in the manner prescribed by §8.10, that formal gaps be filled or additional documents concerning the Tender be submitted).

9.2.3 Formal requirements for Tenders submitted under the Call:

9.2.3.1 Submission of the Tender, via the Tenderer's individual account on the web platform provided for the purpose, available at: <https://www.pfrventures.pl/en/fund/1/pfr-starter-fiz/>, of the full set of documents referred to in §8.6 of the Rules using the required forms completed in Polish or English, as relevant (based on the model forms attached as Appendices to these Rules, available at: <https://www.pfrventures.pl/en/fund/1/pfr-starter-fiz/>),

9.2.3.2 Submission of the Tender in the period from 5 September 2019 to 30 September 2019, by 04:00 p.m. hours local time, in accordance with the rules for service of documents described in §8.3 of the Rules.

9.2.3.3 Eligibility of the Tender under the Call, ascertained on the basis of §8 of the Rules.

9.3 Merit-based evaluation of Tenders.

9.3.1 Tenders which meet formal requirements shall be first subjected to merit-based evaluation (as referred to in §9.3.3 of the Rules).

9.3.2 The merit-based evaluation shall consist of three stages:

- a) First stage of the merit-based analysis - analysis of the Tender documentation;
- b) Second stage of the merit-based analysis - meeting with the Tenderer when the Tender was recommended, after the first stage of the merit-based analysis, for the second stage of the merit-based analysis;
- c) Third stage of the merit-based analysis - Due Diligence when the Tender was recommended, after the second stage of the merit-based analysis, for the third stage of the merit-based analysis;
- d) A Tenderer who was not referred for the third stage of merit-based evaluation after the second stage of merit-based evaluation pursuant to (c) above, and the decision referred to in 10.1.2 of the Rules has not been taken on its Tender can be placed on a Reserve List established for the purpose (hereinafter: "Reserve List"), pursuant to 10.1.3. of the Rules.

9.3.3 In merit-based evaluation, Tenderers shall be evaluated on the basis of the following criteria, the criteria below being ranked in descending order of significance, i.e. the fulfilment of the criteria described in point A below will have the greatest impact on the selection of a specific Tender, while

the fulfilment of the criteria described in point I will have the least impact on the selection of a specific Tender. Criteria A-I are assigned with a maximum number of points of all available points, where criterion A represents a maximum of 40%, criterion B a maximum of 30%, criterion C a maximum of 20%, criterion D a maximum of 16% and the other criteria E-I a total of 14% of all available points.

A) The Team (in particular Key Personnel) indicated by the Tenderer:

- (i) is capable of implementing the proposed Investment Policy, as verified on the basis of the experience of individual members of Senior Management and Key Personnel and/or experts/advisors,
- (ii) have investment experience in seed/start-up projects, supported by results, and/or knowledge of the seed/venture capital market, save that Teams (including Key Personnel) with low investment experience in venture capital market projects but with a high knowledge of the venture capital market and broad private equity investment experience and/or transaction experience and/or entrepreneurial experience and/or experience in implementing seed/ start-up investments for their own account (“first time teams”) shall not be excluded (experience within the meaning of Article 7 (2) of Regulation No 480/2014),
- (iii) have experience in supporting the activities of investment portfolio companies (in case of investment experience), including those with a profile similar to those of Eligible Undertakings, taking into account measures aimed at supporting the implementation of individual value-building plans of those undertakings (smart money),
- (iv) have entrepreneurial experience and/or understanding of the seed/venture capital market, as well as experience in developing innovative SMEs in the early stage of development (experience within the meaning of Article 7 (2) of Regulation No 480/2014),
- (v) have specialised sector-specific experience (save that no restrictions shall apply as to the industry sectors preferred by the Financial Intermediary; especially sought after shall be teams with unique sector-specific experience, standing out among the other Tenderers) with a profile similar to the profile of Eligible Undertakings, in which the Financial Intermediary is to invest in accordance with its Investment Policy (experience within the meaning of Article 7 (2) of Regulation No 480/2014),
- (vi) have business (e.g. strategic/ consulting/ restructuring) experience (experience within the meaning of Article 7 (2) of Regulation No 480/2014) and/or understanding of the seed/venture capital market,
- (vii) have experience in leveraging finance (also during subsequent rounds) for undertakings (experience within the meaning of Article 7 (2) of Regulation No 480/2014),
- (viii) whose members of Key Personnel and/or other Team Members will be as much as possible dedicated to the investment activities of the Financial Intermediary, i.e. they will declare their time commitment to the investment activities of the Financial Intermediary of not less than 32 hours per week (save that the evaluation will cover primarily those members of Key Personnel who declare time commitment to the investment activities of the Financial Intermediary of not less than 32 hours per week) and will make significant cash contributions as part of the Managing Entity’s contribution (save that the evaluation will cover primarily those members of Key Personnel who declare to provide significant cash contributions as part of the Managing Entity’s contribution),

- (ix) whose members of both Key Personnel and other Team members will make own cash contributions as part of the Managing Entity's contribution (preference to be given to contributions made by Key Personnel).
- B) Investment Policy of the Financial Intermediary, including:**
- (i) Completeness, quality and effectiveness of the Investment Policy.
 - (ii) Potential of the Investment Policy with regard to smart money,
 - (iii) Demonstrating a realistic and effective Investment Budget and Operating Budget, which can ensure the delivery of the objective of the Call (economic and financial viability of the Financial Intermediary within the meaning of Article 7 (1) (b) of Regulation No 480/2014),
 - (iv) The investment strategy covers Investments primarily in Group A Eligible Undertakings engaged in Innovative Activity,
 - (v) Viability of the Investment Policy understood as a link between the assumptions of the Investment Policy and the size of the proposed budget,
 - (vi) The Investment Policy is consistent with the investment and/or entrepreneurial experience and/or experience other than investment or entrepreneurial experience in the first place of the Key Personnel, and then other Team members, preference to be given to investing in sectors that stand out among other Tenderers in term of the team's experience and qualifications,
 - (vii) The Investment Policy is based on market principles and includes a policy of risk diversification,
 - (viii) Model of accounting for proceeds from Investment exits as declared by the Tenderers (preferably Model No 2),
 - (ix) Arm's length and effective terms and conditions of investment agreements with Eligible Undertakings.
- C) Demonstrating an effective and systematic way of acquiring potential investment projects,**
- D) Demonstrating a credible list of potential investment projects (pipeline), e.g. information on a letter of intent/term sheet etc. concluded with a potential Eligible Undertaking,**
- E) Declaring a private contribution of Private Investors and the Managing Entity higher than the minimum required and the Managing Entity's proposed measures to align interests and to mitigate possible conflict of interest in connection with capital participation of the Managing Entity (within the meaning of Article 7 (2) (f) of Regulation No 480/2014),**
- F) Presentation of an effective incentive system for the Financial Intermediary's/Managing Entity's Team, including the presentation of the level and rules of distribution of Carried Interest between members of the Key Personnel and/or other Team members,**
- G) Providing credible evidence organisational capacity and readiness and effectiveness of the organisational structure of the Financial Intermediary (within the meaning of Article 7 (1) (c) - (e) of Regulation No 480/2014) for achieving the objectives of the Call and project schedule, in particular in terms of:**
- (i) governance framework, i.e. completeness and qualifications of the Financial Intermediary's team, legal form of the Financial Intermediary, investment decision-making procedures, in place or planned, to ensure the participation of the Investment Committee and external experts/advisors, procedures for monitoring and supervising Investments, procedures for auditing the Investments made,

(ii) technical and organisational conditions of the Financial Intermediary, financing of the Financial Intermediary, etc. (procedures for managing conflicts of interest, internal audit/compliance procedures, robust accounting system, in place or planned to be implemented),

taking into account the experience, resources, reputation of the Financial Intermediary and/or Managing Entity,

H) **Ability of the Managing Entity/Financial Intermediary to raise private funding** (both at the Financial Intermediary and Eligible Undertaking levels) (ability to raise additional resources within the meaning of Article 7 (2) (d) of Regulation No 480/2014), in particular on the basis of documented prior experience in this regard,

I) **Running parallel investment activities**, i.e. demonstration by the Managing Entity that conducting investment activities as Financial Intermediary shall be an addition/complement to or continuation of present investment activity (additional investment activity within the meaning of Article 7 (2) (e) of Regulation No 480/2014).

9.4 Tenders that have successfully passed the second stage of merit-based analysis and have been recommended for Due Diligence shall be submitted to Due Diligence which consists of 3 parts as follows:

9.4.1 business Due Diligence concerning, in particular, the correctness of statements and information provided by the Tenderer in the Tender, investment experience indicated and investments made, as well as business reputation of the Team members – carried out by PFR Ventures or, in special cases, by professional consultants to PFR Ventures; and

9.4.2 legal Due Diligence concerning in particular: (i) the legal and financial capacity of Private Investors and the Managing Entity to make a private contribution to the Financial Intermediary in the declared amount and perform their obligations under the Investment Agreement, (ii) the legal capacity of the Financial Intermediary/ Managing Entity in the context of authority to perform the Investment Agreement within the meaning of Article 7 (1) (a) of Regulation No 480/2014, carried out by professional consultants of PFR Ventures, (iii) transparency of the Financial Intermediary's legal and fiscal structure, including from the point of view of regulations on the prevention of money laundering and terrorist financing.

9.4.3 examination of compliance, in particular as regards the reputation of the persons identified in the Tender based on the verification of available sources, consistent with the recommendations of the regulators.

9.5 The Financial Intermediary and/or the Managing Entity shall enable PFR Ventures/ PFR Starter FIZ to carry out such Due Diligence, and shall ensure that the Managing Entity, the Financial Intermediary, members of the Team as well as any Private Investor, will present all information and documents that PFR Ventures, PFR Starter FIZ or their professional consultants may demand for the purpose.

9.6 In the case of a Tender submitted by the Managing Entity intending to establish a Financial Intermediary, after such Financial Intermediary is established, it shall be required to join an executed Framework Investment Agreement, which should take place no later than the first transfer of funds to the Financial Intermediary on the terms of and in accordance with the Framework Investment Agreement.

9.7 When selecting Financial Intermediaries, PFR Ventures shall compare the received Tenders and shall select the best Tenders from among all Tenders that are not subject to rejection (taking into account the evaluation criteria and preferences referred to in §9.3.3 above).

§ 10. Selection of Tenders

- 10.1 The Tenderer, via the Tenderer's individual account shared on the electronic platform for submission of Tenders or via electronic mail (to the email address stated by the Tenderer in the Tender), shall receive information on:
- 10.1.1 rejection of the Tender as a result of the circumstances described in Section 9.1.4, or
 - 10.1.2 non-selection of the Tender, where the Tenderer meets formal conditions and the Tender concerned is not rejected pursuant to 10.1.1 above, but, as a result of merit-based evaluation at any of the stages of merit-based evaluation pursuant to 9.3.2 the Tender is not referred for the next stage of merit-based evaluation (taking into account 10.1.3 below) or the Tender is not referred for negotiation of the Investment Agreement pursuant to 10.1.4 or conditionally referred for negotiation, or as a result of negotiation of the Investment Agreement, the Investment Agreement is not concluded, or
 - 10.1.3 the Tenderer having been placed on the Reserve List in the case referred to in 9.3.2. (d), from which Tenders can be transferred to the third stage of merit-based evaluation in the event that Due Diligence or negotiations of the Investment Agreement for any Tenders are not concluded by signing the Investment Agreement, or Tender cannot be processed any further for other reasons, or
 - 10.1.4 the Tender having been referred for negotiation of the Investment Agreement and placed after the third stage of merit-based evaluation on a List of Tenders Referred for Negotiation of the Investment Agreement ("**List of Tenders Referred for Negotiation**")
 - 10.1.5 the Tender having been conditionally referred for negotiation of the Investment Agreement and conditionally placed on a list of Tenders Referred for Negotiation pursuant to Section 10.1.4 of the Call Rules, or
- 10.2 The resolution of the issue of Tender selection or referring Tenders for negotiation of the Investment Agreement shall be final, subject to Section 12.5.
- 10.3 The list of Financial Intermediaries or Managing Entities with whom Framework Investment Agreements have been made shall be published on the Website. The list of shall contain the name of a Financial Intermediary or a Managing Entity and the amount allocated to funding the Financial Intermediary concerned.
- 10.4 If all Tenders are rejected or no Tender is selected, the Call shall remain unresolved.
- 10.5 PFR Starter FIZ shall publish the information on completion of the Call on the Website.
- 10.6 Within ten (10) Business Days of the closing of negotiations on the Investment Agreement with a Tenderer from the List of Tenders Referred for Negotiation or in the case of negative result of the Tenderer's Due Diligence at the merit-based evaluation stage, PFR Starter FIZ shall communicate information (to the email address stated in the Tender concerned) to the first Tenderer on the Reserve List on its referral for the third stage of the merit-based evaluation (Due Diligence).
- 10.7 In the case of Tenderers that, as a result of the merit-based evaluation, received the number of points enabling the Tender to be referred for the third stage of the merit-based evaluation, PFR Ventures may subsequently, after the third stage of the merit-based evaluation, make placement of a given Tender on the List of Tenders Referred for Negotiation dependent on (i) reduction of the Financial Intermediary's capitalisation specified by the Tenderer in the Tender (within the limits set forth in Section 14 of the

Term Sheet), (ii) increase in the amount or change in the structure of the Managing Entity's own contribution specified in the Tender (within the limits set forth in Section 16 of the Term Sheet); (iii) decrease in the amount or change of the manner of distribution of the Carried Interest specified in the Tender, including any of the conditions alone, all conditions together or selected conditions in any configuration, if PFR Ventures deems it appropriate for the achievement of the Financial Intermediary's investment policy. The fulfilment of the conditions referred to above shall be achieved by the Tenderer submitting a written declaration of acceptance of the conditions defined by PFR Ventures.

- 10.8 In the case referred to in §10.1.2, PFR Starter FIZ may convey to the Tenderers individual or collective feedback on the merit-based evaluation of the Tender/Tenders, carried out in accordance with §9.3. Feedback shall not constitute justification of the decision referred to in §10.1.1 or 10.1.2 and in no event may provide a basis for any claims against PFR Ventures in this respect, and its purpose is to convey individual or collective information to Tenderers, which will allow the Tender(s) to be improved in future calls for the PFR Starter FIZ programme.

§ 11.

Framework Investment Agreement

- 11.1 Provisions of the Framework Investment Agreement referred to or arising from these Rules, including the Appendices hereto, and/or arising from the applicable laws and regulations shall not be negotiable.
- 11.2 Each Framework Investment Agreement made between PFR Starter FIZ and a Financial Intermediary, a Managing Entity and a Private Investor(s), irrespective of any other conditions set out in the Investment Agreement or the legal form of the Financial Intermediary, shall contain mandatory provisions concerning, in particular, the following issues:
- 11.2.1 commitment to comply with EU and national laws and regulations, including in particular those concerning state aid, and the rules arising from SG OP, SZOOP (including in particular the commitment of the Managing Entity to act with due care and diligence characterising a professional manager, in good faith and avoiding conflicts of interest, using the best practices and regulatory supervision; the commitment to ensure the functioning of the due diligence procedure to ensure an economically viable investment strategy used to implement risk finance aid, including the policy of diversification of risk aimed at achieving profitability and efficient scale in terms of size and territorial coverage of a given Investment portfolio; the commitment that risk finance aid granted to Eligible Undertakings shall be based on a rational business plan containing detailed information about the product/service, sales, the level of profitability and maintained financial stability, the commitment that for each equity Investment and quasi-equity Investment a clear and realistic exit strategy shall be established, within the meaning of Article 2 (69) of Regulation No 651/2014),
- 11.2.2 commitment to achieve the objectives of the Financial Intermediary set out in the Investment Policy and the milestones set out in the Investment Agreement, including in particular those concerning the rate of spending funds within the Investment Budget, together with the definition of sanction mechanisms at the level of PFR Starter FIZ's right to reduce the Declared Capitalisation of the Financial Intermediary or terminate the Investment Agreement,
- 11.2.3 commitment to provide the required private capital pool in addition to public funds contributed to the Financial Intermediary, on the terms and conditions set out in the Investment Agreement

- (in particular in terms of a transparent and competitive selection system of private investors for individual Investments),
- 11.2.4 definition of the rules for the utilisation of resources provided to the Financial Intermediary, in particular investing principles in line with Risk Finance Regulation and/or Regulation No 651/2014 and these Rules,
 - 11.2.5 definition of the Financial Intermediary's financing object and rules, including the amount of the Financial Intermediary's remuneration and the terms of its payment and settlement,
 - 11.2.6 commitment that the members of Key Personnel and other Team members shall not perform, without the prior consent of PFR Starter FIZ, during the implementation of Investment after selection of the Tenderer as the Financial Intermediary under the Call, any managerial, supervisory, advisory or other key functions in entities other than the Financial Intermediary, Managing Entity and/or the Eligible Undertaking which is the object of Investment by the Financial Intermediary, the performance of which would entail a conflict of interest in relation to the business of the Financial Intermediary, which shall be in each case verified for compliance by PFR Starter FIZ,
 - 11.2.7 commitment of the Financial Intermediary to develop and implement internal audit procedures,
 - 11.2.8 definition of the terms of use of the accounting system to ensure accurate, complete and reliable information concerning in particular Investments made by the Financial Intermediary in due time, and recording financial flows between the Financial Intermediary and the Eligible Undertaking,
 - 11.2.9 definition of mechanisms ensuring economic viability and financial feasibility of the Investment Agreement by the Financial Intermediary,
 - 11.2.10 Financial Intermediaries' commitment to submit to controls and audits carried out by the Beneficiary, the Ministry of Economic Development, the European Commission, the European Court of Auditors or other entities authorised to carry out such controls, including to provide information and support to the European Court of Auditors to the extent necessary for the Court to perform its responsibilities, as well as the obligation to ensure that Eligible Undertakings in which the Financial Intermediary invests shall also submit to controls by these institutions,
 - 11.2.11 commitment to ensure an appropriate organisational structure and governance framework necessary to lend credibility to the Financial Intermediary,
 - 11.2.12 commitment to comply with applicable standards and regulations for the prevention of money laundering and combating terrorism and tax fraud, in particular the commitment not to cooperate with any entities registered within the territory of countries whose jurisdictions do not cooperate with the European Union in the application of tax standards agreed at international level,
 - 11.2.13 definition of the rules of monitoring and reporting,
 - 11.2.14 provisions on termination of the Investment Agreement by PFR Starter FIZ,
 - 11.2.15 definition of the rules for changing members of Senior Management, Key Personnel and Private Investors in the course of the investment period,
 - 11.2.16 definition of the rules for dismissal of the Managing Entity by PFR Starter FIZ,
 - 11.2.17 definition of the terms of distribution of proceeds from exits from investment between PFR Starter FIZ, Private Investors and the Managing Entity, including the terms of payment of Carried Interest,

- 11.2.18 definition of the rules for the provision of evidence of having a registered office within the territory of the European Union, a member country of the European Free Trade Association (EFTA), or in a member country of the European Economic Area or a branch in the Republic of Poland, and an Eligible Undertaking's operating business activity within the territory of the Republic of Poland as at the time of Investment or Follow-on Investment, as well as the rules of documenting the allocation of funds received in connection with a given Investment for the purposes specified in the Investment Agreement,
- 11.2.19 definition of rules of distribution of funds from the Financial Intermediary's Investment outside the territory of the Republic of Poland,
- 11.2.20 definition of the terms of repayment by the Financial Intermediary of funds disbursed incorrectly or drawn in an excessive amount,
- 11.2.21 definition of the rules for managing conflicts of interest,
- 11.2.22 the Managing Entity's commitment to perform periodic valuation of the investment portfolio and the performance of reporting and information obligations to PFR Ventures/ PFR Starter FIZ,
- 11.2.23 definition of the extent of control by the Financial Intermediary of the implementation of the Investment Policy in accordance with applicable law and the terms and conditions of these Call Rules, in particular by virtue of PFR Starter FIZ's option to appoint and dismiss members of the corporate bodies, should the Managing Entity be dismissed by PFR Starter FIZ in accordance with §11.2.16 of the Rules, and the investment committee of the Financial Intermediary,
- 11.2.24 definition of the basic planned terms and conditions of investment agreements with Eligible Undertakings,
- 11.2.25 commitment to provide authorised institutions with data necessary for the Ministry of Economic Development to build databases, perform and commission analyses concerning the implementation of PFR Starter FIZ, financial instruments, policies, including horizontal policies, impact assessment, as well as assessment of macroeconomic impacts in the context of implementation of financial instruments,
- 11.2.26 rules for covering costs of the Financial Intermediary's remuneration,
- 11.2.27 commitment to take information and promotion measures.
- 11.2.28 commitment to refer the Financial Intermediary's financial statements for an audit by a chartered accountant.
- 11.2.29 commitment to inform PFR Ventures about every situation that may potentially give rise to a conflict of interest referred to in § 12 of the Rules;
- 11.3 Starting negotiations on the Investment Agreement shall be possible provided that all of the following have been fulfilled:
 - 11.3.1 The Tenderer has provided all the original documents mentioned in § 8.6 of these Rules, and
 - 11.3.2 The Due Diligence review carried out at the merit-based evaluation stage does not show a lack of legal and/or financial and/or reputational capacity of the Managing Entity, Private Investors, Key Personnel, other Team members and/or the Financial Intermediary to enter into or perform the Investment Agreement.
 - 11.3.3 The Tender has been referred for negotiation of the Investment Agreement and placed on the List of Tenders Referred for Negotiation pursuant to Section 10.1.4

- 11.4 If the Investment Agreement is not entered into with the Tenderer put on the List of Tenders Referred for Negotiation in accordance with the Call Rules within thirty (30) Business Days from the date of the first negotiation meeting with the Tenderer put on the List of Tenders Referred for Negotiation, PFR Starter FIZ may invite the first Tenderer on the Reserve List to enter into negotiations on the Investment Agreement, with the proviso that in such a situation PFR Starter FIZ shall have the right to change the amount of co-financing by PFR Starter FIZ requested by such Tenderer.

§ 12.

Conflict of interest

- 12.1 A conflict of interest may arise, in particular, for the following reasons:

- 12.1.1 the existence of family relationships, i.e. the relationship by marriage, consanguinity, lineal or collateral affinity up to the second degree, adoption, care or guardianship, or actual cohabitation, and other close private ties between an employee or associate of PFR Ventures, PFR Starter FIZ, PFR TFI and/or the Beneficiary with members of the corporate bodies of the Financial Intermediary, Managing Entity or Private Investor, or persons linked by marriage, consanguinity, lineal or collateral affinity up to the second degree, adoption, care or guardianship, or actual cohabitation, and other close private ties with members of corporate bodies of the Financial Intermediary, Managing Entity (including members of the Team/Key Personnel) or Private Investor (a conflict of interest shall survive cessation of the relationship justifying this exclusion, referred to above),
- 12.1.2 the existence of any ownership relationships involving the ownership of shares or stocks of the Financial Intermediary, Managing Entity or Private Investor, or any other entity, in which any of the above entities hold shares or stocks, by an employee or associate of PFR Ventures, PFR Starter FIZ, PFR TFI and/or the Beneficiary, or joint participation in partnerships, investment funds and other unincorporated bodies, involving any rights attaching to shares or stocks, or any similar rights,
- 12.1.3 the existence of asset-based relationships, especially financial relationships (e.g. the receipt by an employee or associate of PFR Ventures, PFR Starter FIZ, PFR TFI or the Beneficiary of gifts of a significant value or donations from the Financial Intermediary, Managing Entity (including members of the Team/Key Personnel) or Private Investor; or an employee or associate of PFR Ventures, PFR Starter FIZ or the Beneficiary contracting financial liabilities with the Financial Intermediary, Managing Entity or Private Investor),
- 12.1.4 an employee or associate of PFR Ventures, PFR Starter FIZ or the Beneficiary receiving income from the Financial Intermediary, Managing Entity or Private Investor in respect of employment or civil-law contracts, i.e. an employee or associate of PFR Ventures, PFR Starter FIZ or the Beneficiary is employed with the Financial Intermediary, Managing Entity or Private Investor under a contract of employment, contract for specific work or contract of mandate; also where an employee or associate of PFR Ventures, PFR Starter FIZ or the Beneficiary remains on unpaid leave granted by the Financial Intermediary, Managing Entity or Private Investor,
- 12.1.5 an employee or associate of PFR Ventures, PFR Starter FIZ or the Beneficiary serving in managerial or supervisory capacity with the Financial Intermediary, Managing Entity or Private Investor, by holding a position on the governing bodies of the Financial Intermediary, Managing Entity or Private Investor, e.g. on the management board, supervisory board, etc.,
- 12.1.6 an employee or associate of PFR Ventures, PFR Starter FIZ or the Beneficiary establishing contacts with the Financial Intermediary, Managing Entity or Private Investor concerning the

possibility of establishing in future an employment relationship as employee or associate of PFR Ventures, PFR Starter FIZ or the Beneficiary with the Financial Intermediary, Managing Entity and/or Private Investor,

- 12.1.7 remaining in such a legal or de facto relationship, which may give rise to reasonable doubt as to the impartiality of an employee or associate of PFR Starter FIZ, PFR Starter FIZ and/or Beneficiary.

The reasons mentioned in the paragraphs above may lead to a conflict of interest if they arise at the time an employee or associate of PFR Ventures, PFR Starter FIZ and/or Beneficiary considers the Tender submitted by the Financial Intermediary or Managing Entity, or if they have arisen in the past or there is a high probability of their arising in future, insofar as they affect the decision-making process in the case.

- 12.2 An associate of PFR Ventures, PFR Starter FIZ, PFR TFI and/or Beneficiary, as the case may be, shall be defined as a person involved in conducting any stage of the Call for Tenders, collaborating with PFR Ventures, PFR Starter FIZ, PFR TFI and/or Beneficiary, as the case may be, under any legal relationship.
- 12.3 An employee or associate of PFR Ventures, PFR Starter FIZ, PFR TFI and or the Beneficiary, as the case may be, involved in work related to the Call for Tenders, shall submit a written statement to PFR Ventures to the effect that there are no grounds for a conflict of interest in the case on which they make a decision or give an opinion.
- 12.4 Conflict of interest, as to the affiliations with PFR Ventures, PFR Starter FIZ, PFR TFI and/or the Beneficiary, referred to in §12.1 of the Rules, shall apply accordingly to the persons composing the Team (including the Key Personnel), who have undertaken to contribute to the Declared Capitalisation of the Financial Intermediary and to the Private Investors being natural persons. In such a situation the affiliations with PFR Ventures, PFR Starter FIZ, PFR TFI and/or the Beneficiary, referred to in §12.1 of the Rules, should be deemed to apply accordingly.
- 12.5 Where the Tender has been selected in breach of the provisions of §12.1 – §12.4, the selection of such Tender may be cancelled and the Tender may be subject to re-evaluation.
- 12.6 Prior to Investment in a given Eligible Undertaking, the Financial Intermediary shall be required to inform PFR Starter FIZ of the capital or personal relationship of shareholders or partners of Eligible Undertakings, members of the management or supervisory body of Eligible Undertakings or their spouses, relatives by blood or by marriage (up to the second degree) with a partner, shareholder or with persons managing or supervising the Financial Intermediary, Managing Entity, Private Investor or with other persons of those entities who can influence the Financial Intermediary's investment decisions. In such a situation, making an Investment in such an Eligible Undertaking shall be subject to consent of PFR Starter FIZ.

§ 13.

Final provisions

- 13.1 These Rules shall enter into force as of the date of publication of the Notice of Calls on the Website.
- 13.2 Submission of the Tender shall operate as acceptance by the Tenderer of the provisions of the Rules and all appendices forming an integral part of the Rules.
- 13.3 Neither PFR Starter FIZ nor Tenderers may, without the consent of the other party, disclose any information associated with the content of the Tender and the progress of the Call, and PFR Starter

FIZ, the Tenderer, the Team (including the Key Personnel) and Private Investors shall be obliged to maintain the confidentiality of all information obtained in the course of negotiating the Investment Agreement. The above shall be without prejudice to the right of PFR Starter FIZ and/or PFR Ventures to use the assistance of external experts, auditors and advisers in the course of the Call procedure, including the examination and evaluation of Tenders, and shall not apply to any information that has been made public or is known to PFR Starter FIZ and/or PFR Ventures from other sources. The commitment to maintain confidentiality shall be without prejudice to the obligation of PFR Starter FIZ, PFR Ventures, the Tenderer, Key Personnel, other members of the Team and/or Private Investors to provide information to competent (internal, external) authorities or to make information public insofar as required by law.

- 13.4 Members of the Key Personnel, other members of the Team and the Managing Entity shall consent to the acquisition by PFR Ventures (acting on behalf of PFR Starter FIZ) and authorised legal advisers of PFR Ventures performing due diligence, for the purposes of the merit-based analysis of the Tender and the due diligence referred to in §11.3 of the Rules, of information on their existing investment and entrepreneurial activities and market reputation, which consent shall satisfy the conditions of consent to the processing of personal data within the meaning of art. 6(1)(a) of Regulation of the European Parliament and of the Council (EU) 2016/679 of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data ("GDPR"), or shall constitute consent of the party to which confidential information applies, to the disclosure of information covered by the confidentiality requirement, should any contractual or unilateral obligation provide for non-disclosure of information on the Key Personnel, other member of the Team or the Managing Entity. Members of the Key Personnel, other members of the Team and the Managing Entity shall also give their consent to the further processing by PFR Starter FIZ and PFR Ventures of the information obtained only for the purposes of institutions that offer financing from public funds (PARP, NCBIR, BGK, ARP, KFK), and only in order to verify the indicated experience in investment activities and market reputation.
- 13.5 These Rules shall be governed by and construed in accordance with the Polish law and the EU law.
- 13.6 Any disputes arising from these Rules or arising out of or in connection with these Rules shall be resolved by a common court having territorial jurisdiction over the registered office of PFR Starter FIZ.
- 13.7 PFR Starter FIZ reserves the right to cancel the Call, in particular in the event that major changes are made to laws and regulations that affect the conditions of the Call process or events of Force Majeure. In such case, the Tenderer shall not have the right to claim damages.

Appendices:

- Appendix 1: Tender Identification Form**
- Appendix 2: Verification form for Key Personnel and other members of the Investment Committee who form the Team but have not been appointed members of the Tenderer's Key Personnel**
- Appendix 3: The Tenderer's Investment Policy**
- Appendix 4: List of the Tenderer's Potential Investment Projects**
- Appendix 5: Tenderer's Statement**
- Appendix 6: Private Investor's Statement (Natural Person/Legal Person)**

Appendix 7: Key Terms for the Submission and Selection of Tenders for Financial Intermediaries - PFR Starter FIZ ("Term Sheet")