

Financing under the EIB Envelope (European Investment Bank)

to develop investments in the European Union

The EIB supports the financing of projects in the European Union to promote innovation, environmental sustainability, regional development and support to small and medium sized businesses (SMEs).

Summary

What is the advantage?

Reduced interest rate of 25 bps compared to standard market terms.

Who can benefit?

Any company comprising up to 3000 employees.

Eligible projects?

Any investment that is beneficial to the development of small and medium sized businesses.

How much funding is available?

Up to €25 million is available towards the total cost of a project, with the most favourable funding terms available for loans over €12.5 million.

Eligible beneficiaries

SMEs with less than 250 employees, or medium-sized businesses with less than 3000 employees can benefit from the fixed rate loan under the EIB envelope terms.

Eligible business activities

All activities are eligible, with the following exceptions:

- Arms production, weapon and ammunition production; military, or police equipment or related infrastructure; projects which result in limiting or violating individual human rights and freedoms;
- gambling and related equipment;
- the production, processing or distribution of tobacco;
- activities involving animal testing for experimental or scientific purposes, where such activity would not comply with the 'European Convention for the Protection of Vertebrate Animals used for Experimental and Other Scientific Purposes';

- activities causing environmental damage that cannot be mitigated or offset;
- activities considered unethical or immoral, or those prohibited under law (for example, research into the cloning of human beings);
- purchase of goodwill or intangible assets resulting in the eligible beneficiary occupying a strong market position (for example, market share above 20% in the relevant sector);
- the purchase of licenses or rights for mineral resource exploitation;
- activities with a sole focus on real estate development;
- activities with a pure financial purpose (eg trading of financial products).

Eligible projects

Eligible projects are:

- Projects located within the European Union;
- Investment projects of less than €25 million, where the EIB can finance 100% of the investment (other investments and grants included) up to a maximum amount of €12.5 million;
- Investments and expenditure falling under the following categories:

Eligible investments and expenditure

Acquisition, expansion or renovation of tangible assets	<p>Other than land :</p> <p>The purchase of land is excluded except where an acquisition is for technical reasons essential to the related investment,</p> <p>Financing the purchase of agricultural land is excluded without exception.</p>
Intangible assets including:	<p>The costs related to development , planning and financing during the construction phase of a tangible asset,</p> <p>The costs related to research such as commissions, development expenses, gross salaries directly associated with the research, development and innovation components of the activity,</p> <p>The distribution networks deployed in domestic and foreign markets within the European Union (asset or brand acquisition, operating costs and personnel expenses).</p>

Project Continuity (in case Staffing costs to guarantee the continuation of the economic activities of

of a change of ownership or transfer of business): the company in question. Financing is capped at €5 million per transaction

The acquisition of businesses is not an eligible type of investment.

Medium and long term working capital needs, subject to the following conditions : EIB loans can be used to fund working capital, enabling the beneficiary to finance debts related to its business operations(part of its normal activity: purchase of raw materials, other production inputs, labour costs, inventory, overheads, funds for trade creditors and non-trade creditors).

[There are additional acceptance criteria to which you are subject by BNP Paribas Leasing Solutions.]

Beneficiary Undertakings

The Final Beneficiary undertakes to:

- (a) complete the Sub-Project as contemplated;
- (b) use the Sub-Financing solely for the implementation of the relevant Sub-Project;
- (c) **Assets:** retain ownership of all or a substantial part of the assets comprising the Sub-Project until it has obtained the prior consent of the Borrower or Intermediary;
- (d) **Insurances:** properly insure the works and assets forming the Sub-Project in accordance with good market practice in the relevant sector;
- (e) **Authorisations and licences:** obtain and maintain all relevant Authorisations (for construction and operation);
- (f) **Environment:** comply with Environmental Laws;
- (g) **Audit:**
 - as required by applicable laws, record all financial transactions and expenditure related to the Sub-Project and notify the Borrower of:
 - (i) any investigation or legal proceedings concerning the Final Beneficiary (or any member of its management or controlling bodies) relating to a criminal offence committed in relation to a Sub-Project or in relation to any funds made available by the Borrower or the Intermediary under the relevant Sub-Financing Agreement; and
 - (ii) any final and irrevocable court ruling relating to a criminal offence committed by a Final Beneficiary (or any member of its management or controlling bodies) in relation to a Sub-Project or in relation to any funds made available by the Borrower or the Intermediary under the relevant Sub-Financing Agreement.

- (h) keep accounting records in accordance with applicable GAAP regulations in relation to all assets, commercial and financial transactions relating to Sub-Projects including all costs, expenses, operational and capital expenditures relating to the relevant Sub-Project;
- (i) represent to the Borrower that it complies with all laws and regulations applicable to it or to the relevant Sub-Project, as well as to promptly inform the Borrower of any failure to comply with such laws or regulations that are reasonably likely to (i) materially affect its reputation or (ii) to trigger a violation of Environmental Laws;
- (j) represent to the Borrower that to the best of its knowledge, no funds invested in the Sub-Project by such Final Beneficiary are of illicit origin and that it will comply with anti-money laundering legislation and that it is not linked to the financing of terrorism, as well as to promptly inform the Borrower if at any time it becomes aware of the illicit origin of any such funds;
- (k) request any disbursements from, and make any payments to, the Borrower under a Sub-Financing Agreement to a bank account in the name of such Final Beneficiary held with a duly authorised financial institution in the jurisdiction where such Final Beneficiary is incorporated or has its place of residence or where the Sub-Project is undertaken by such Final Beneficiary;
- (l) **Visits:** allow designated persons of the EIB, as well as persons designated by other institutions or bodies of the European Union when required in accordance with relevant mandatory provisions of European Union law:
 - to visit the sites, installations and works comprising the Sub-Project and to conduct such checks as required;
 - to interview representatives of the Final Beneficiary, and unless it can demonstrate that it is not legally or materially possible to do so, implement all necessary measures to facilitate the missions of the persons referred to above, including not obstructing contact with any other person involved in or affected by the Sub-Project; and
 - to review the Final Beneficiary's books and records in relation to the execution of the Sub-Project and to take copies of relevant documents to the extent permitted by law;
- (m) **Information:** acknowledge that the EIB may be obliged to communicate information relating to the Final Beneficiary, the Sub-Financing and/or any Sub-Project to any competent institution or body of the European Union (including the European Commission, the European Court of Auditors, the European Anti-Fraud Office and the European Court of Justice) in accordance with the relevant mandatory provisions of European Union law;
- (n) In addition to what is already provided for in applicable laws and regulations, allow the Borrower or Intermediary to communicate to EIB any information relating to the Final Beneficiary, the Sub-Project or the Sub-Financing;
- (o) **Integrity:** (1) to take, without unreasonable delay, all necessary measures against it and/or any members of its board of directors or any members of its executive committees who have been convicted under a court order for a criminal offence in the course of its duties; and (2) to ensure that the Final Beneficiary (and/or the members of its board of directors or any members of its executive committees concerned) will not take part in any business

activities with a connection to the funds which EIB placed at the disposal of the Final Beneficiary for the transaction concerned; and (3) it will inform us without delay of any measure taken by you in this framework; and (4) it will immediately inform the EIB in the framework of any measure taken by it in accordance with this paragraph;

- (p) prepay the Sub-Financing at the request of the Borrower or Intermediary following any breach of the undertakings referred to above.