



[NAME OF REGION 1]

[NAME OF REGION 2]

[NAME OF REGION 3]

[NAME OF REGION 4]

[...]

AND

EUROPEAN INVESTMENT FUND

FUNDING AGREEMENT SCHEME



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This Agreement is entered into by and among:

- (1) [Region 1, represented by [●]]
- (2) [Region 2, represented by [●]]
- (3) [Region 3, represented by [●]]
- (4) [Region 4, represented by [●]],
(each, a "**Region**" and, collectively, the "**Regions**"), and
- (5) the **European Investment Fund**, 37 B, avenue J.F. Kennedy, L-2968 Luxembourg, Luxembourg ("**EIF**"),

collectively the "**Parties**" and individually, the "**Party**" as the context may require.

WHEREAS:

- (A) Each Region has performed an ex-ante assessment (the "**Ex-ante Assessment**"), confirming that there exists a market failure in the provision of finance to farmers and rural entrepreneurs in such Region, which results in a gap between the supply and demand for agriculture and non-agricultural activities in rural areas.
- (B) As an instrument to address the market failure evidenced in the respective Ex-ante Assessment, each Region entrusts EIF under this Agreement with the creation of a fund-of-funds for such Region (the "**Regional FoF**") within the meaning of Article 2 (27) of the CPR with the object of addressing the above market failure by facilitating access to finance to Final Recipients in cooperation with selected Financial Intermediaries active in or relevant to such Region market and improving funding conditions for farmers and rural entrepreneurs active on such Region market through the implementation of one or more Financial Instruments in such Region. Each Regional FoF is financed with resources from the relevant Rural Development Programme ("**RDP**").
- (C) On or around the same date as this Agreement each Region will enter into a bilateral agreement with EIF (the "**Regional Specific Terms Agreement**") in the form set out in Appendix A (Form of Regional Specific Terms Agreement).
- (D) Under this Agreement and the respective Regional Specific Terms Agreement, each Region appoints EIF as its agent to manage the amounts made available by each Region under this Agreement and the respective Regional Specific Terms Agreement in the form of the relevant Regional FoF pursuant to Article 38(4)(b)(i) of the CPR. EIF will select Financial Intermediaries and enter into Operational Agreements with each selected Financial Intermediary during the Commitment Period.
- (E) Each Region is entering into this Agreement for the purpose of:
 - (a) mandating EIF with the operation and the management of the amounts made available to EIF under this Agreement in the form of each Regional FoF in its own name, but for and on behalf of, and at the risk of, the relevant Region;



- (b) mandating EIF to operate the respective Regional FoF in the framework of the Platform;
 - (c) defining, together with EIF, the rules governing the operation of each Regional FoF, the functions and the duties of each Region and EIF with respect to the respective Regional FoF Activities;
 - (d) defining, together with EIF, the rules in relation to the monitoring, evaluation and auditing of the respective Regional FoF;
 - (e) defining, together with EIF, the exit strategy; and
 - (f) determining, together with EIF, the amount and the terms of payment of the Management Fees and Unforeseen Additional Expenses by each Region to EIF.
- (F) Alongside each Regional FoF who will be the junior risk taker (as further set out in Appendix G (Intercreditor Arrangements)), EIF will contribute, as senior risk taker (as further set out in Appendix G (Intercreditor Arrangements)), funds to the implementation of the aforementioned Financial Instrument(s) (the “**Agri Initiative**”). Such funds may be EIF’s own resources or funds contributed by other legal entities (“**Third Party Investor(s)**”) who express an interest in participating in the Agri Initiative. As of the date of this Agreement the entities who have expressed an interest in contributing funds to back EIF as senior risk taker are the European Investment Bank and Cassa Depositi and Prestiti S.p.A. Any other Third Party Investor(s) who expresses an interest in participating in the Agri Initiative will be communicated to the Investment Board in due time.
- (G) For purposes of deploying the same Financial Instrument(s) across all Regions in the context of the Investment Strategy and Business Plan, EIF has set up the Agri Multi-Regional Guarantee Platform for the implementation of the Agri Initiative in Italy (the “**Platform**”), which will serve as a platform for streamlining of actions and cooperation among the Regions as further set out in this Agreement.
- (H) In order to implement the Agri Initiative the EIF shall develop an appropriate call for expressions of interest - CEOI in accordance with its internal policies and procedures, taking into account the market needs of the Regions and the terms of Third Party Investors (if applicable). The EIF shall use the CEOI to identify, evaluate and select suitable Financial Intermediaries to implement the Financial Instruments in the context of the Agri Initiative.
- (I) Following the signature of this Agreement, one or more other Italian regions (the “**Acceding Region(s)**”) may accede to this Agreement and the Platform by signing an accession letter in the form attached in Appendix I (Accession Letter) (the “**Accession Letter**”) which shall also include the respective Regional Specific Terms Agreement.

NOW THEREFORE it is agreed as follows:



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1. DEFINITIONS AND INTERPRETATION

1.1 Any terms and expressions used in this Agreement shall bear the following meaning, unless the context requires otherwise:

"**Acceding Region**" has the meaning given to it in Recital (I);

"**Accession Letter**" has the meaning given to it in Recital (I);

"**AGEA**" means the Agenzia per le Erogazioni in Agricoltura, established pursuant to the legislative decree n. 165 of 27/05/1999 to which the corporate dossier (fascicolo aziendale) mentioned in Section 2 of Appendix K (Payment Procedures) will be presented;

"**Agreement**" means this Funding Agreement (and its Appendices) as amended, supplemented (including by any Regional Specific Terms Agreement) or modified from time to time;

"**AGRI Guarantee Term Sheet**" means the term sheet laying out the indicative terms of the Operational Agreements, and included in the CEOI;

"**Agri Initiative**" has the meaning given to it in Recital (F);

"**Agricultural Product**" means the agricultural products as referred to in Annex I of the EU Treaty (except fisheries);

"**Appendix**" means an appendix to this Agreement which shall form an integral part of this Agreement;

"**Audit Firm**" means an independent external audit company selected by EIF in its discretion for the purpose of the annual audited financial statements as per Clause 14.2 (b);

"**Business Day**" means a day, other than a Saturday or Sunday, during which EIF Luxembourg office is open, and banks are open for general business in Luxembourg and Italy;

"**Cap**" has the meaning given to it in Clause 7.4;

"**CEOI**" means a call for expressions of interest which complies in all material respects with the requirements set out in Clause 2.4 of this Agreement;

"**Clause**" means a clause of this Agreement;

"**Commission**" means the European Commission;

"**Commitment Period**" means the period during which EIF may enter into new Operational Agreements, which shall start on the Effective Date and end on 31 December 2018 (or such later date as decided by the Investment Board, upon formal proposal by EIF). For the avoidance of doubt, following the Commitment Period, EIF may amend existing Operational Agreements in order to reallocate resources that had been initially allocated by EIF to a Financial Intermediary under an Operational



Agreement (and have not been committed/disbursed to Final Recipients) from that Financial Intermediary to other Financial Intermediaries under existing Operational Agreement(s);

"**CPR**" means the Common Provisions Regulation (EU) No 1303/2013 of 17 December 2013 of the European Parliament and of the Council;

"**Delegated Act**" means the Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014 supplementing the CPR;

"**EAFRD**" means the European Agricultural Fund for Rural Development;

"**EAFRD Regulation**" means Regulation 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development;

"**Effective Date**" means the date on which EIF signs this Agreement;

"**Eligibility Period**" means, save as otherwise expressly provided, the period from the Effective Date until (and including) 31 December 2023;

"**ESIF**" means European Structural and Investment Funds;

"**EU**" means the European Union;

"**EURIBOR**" means, in relation to an unpaid or overdue amount, the euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the relevant period displayed on page EURIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters. If such page or service ceases to be available, the EIF may specify another page or service displaying the relevant rate after consultation with the Investment Board. If such rate is less than zero, EURIBOR shall be deemed to be zero. The relevant period shall be the period selected by the EIF in good faith which reflects the manner in which EIF finances the unpaid or overdue amount;

"**Ex-ante Assessment**" has, with respect to a Region, the meaning given to such term in Recital (A) of this Agreement;

"**Final Recipient**" means a legal or natural person receiving financial support from a Financial Instrument;

"**Financial Instrument**" means, in accordance with Article 38 of the CPR, any financial instrument, including, without limitation, loans, leases, guarantees and counter-guarantees, equity, quasi-equity or mezzanine investments for the benefit of the Final Recipients;

"**Financial Intermediary**" means a bank, financial institution, investment fund (including special purpose entities) or other financial intermediary, whether public or private, selected by EIF in accordance with this Agreement for the implementation of a Financial Instrument;



"**First Tranche**" means, with respect to a Region, an amount specified in the respective Regional Specific Terms Agreement which shall be an amount equal to twenty five per cent (25%) of the Region Contribution Committed, requested by the EIF, in the form of a Written Request, to be paid into the respective Regional FoF;

"**FoF Treasury Bank**" means one or more credit institutions (including the European Investment Bank) selected by EIF for the placement of Treasury Funds in accordance with the Treasury Guidelines or, absent any indication therein, EIF's internal rules and procedures and which satisfy the Treasury Required Rating;

"**ICC Rules**" has the meaning given to such term in Clause 22.2;

"**Implementing Act**" means the Commission Implementing Regulation (EU) No 821/2014 of 28 July 2014 supplementing the CPR;

"**Indemnified Amounts**" has the meaning given to such term in Clause 11.6 of this Agreement;

"**Interest Generated**" with respect to a Region has the meaning given to such term in Clause 4.3 of this Agreement;

"**Investment Board**" has the meaning given to such term in Clause 6.2 of this Agreement;

"**Investment Board Rules of Procedure**" has the meaning given to it in Clause 6.5 of this Agreement;

"**Investment Strategy and Business Plan**" means the investment strategy and business plan for the activities in the context of the Agri Initiative, attached to this Agreement as Appendix B, which shall include a separate section on the exit strategy;

"**Irregularity**" means any breach of EU law, or of national law relating to its application, resulting from an act or omission by an economic operator involved in the implementation of the European Structural and Investment Funds, which has, or is likely to have, the effect of prejudicing the budget of the EU by charging an unjustified item of expenditure to the budget of the EU;

"**Legacy Funds**" means, with respect to a Region, the aggregate of any funds continued to be managed by the EIF pursuant to this Agreement during the Legacy Period, whether in the form of commitments to Financial Instruments, amounts available in the respective Regional FoF Account or otherwise and including (without double counting) the respective Region Contribution Paid, interest or revenue received together with the respective Regional Proceeds of Operations (following application of Clause 4.2 of this Agreement) less any amount repaid to the Region pursuant to Clauses 5 and 3.6 of this Agreement;

"**Legacy Period**" means the period of eight (8) years commencing on 1 January 2024 and ending on 31 December 2031 at the latest;

"**Managing Authority**" means, with respect to a Region, the managing authority for the respective RDP within the meaning of art. 123(1) of CPR and art. 66 of EAFRD Regulation, specified in the Regional Specific Terms Agreement. For all such



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Region's rights and obligations under this Agreement, the Region is represented by its Managing Authority;

"Management Fees" means, with respect to a Region, the amounts payable to EIF by that Region for the services provided under this Agreement in accordance with Clause 7 (Management Fees);

"Net Region Contribution" means, with respect to a Region, the Region Contribution Committed as of the Effective Date net of expected Management Fees;

"Non-Compliant Jurisdiction" means any jurisdiction which does not co-operate with the EU in relation to the application of internationally agreed tax standards;

"Operational Agreement" means an agreement (or set of agreements) entered into between the EIF and a Financial Intermediary for the purpose of entry into, subscription or provision of one or more Financial Instruments in the context of the Agri Initiative;

"Paying Agency" means with respect to a Region the entity specified in the respective Regional Specific Terms Agreement which is the accredited paying agency by such Region for its RDP within the meaning of article 7 of Regulation 1306/2013;

"Platform" has the meaning given to it in Recital (G);

"Proceeds Reserve Amount" has the meaning given to such term in Clause 4.2.2.

"Progress Report" means, as relevant, the annual progress report to be prepared by EIF for each Region in accordance with Clause 14.2(a), covering the period 1 January – 31 December of the previous year, and to be sent to the respective Managing Authority. The period can be amended with a decision of the Investment Board, however always in line with the applicable regulations;

"Region Contribution Committed" means, with respect to a Region, the amount specified in the respective Regional Specific Terms Agreement, being the amount of that Region's contribution committed to be invested in the respective Regional FoF under Clause 3 (Funding of the Regional FoF), plus any amount by which the respective Region's contribution is increased pursuant to Clause 3.8 of this Agreement, and which, for the avoidance of doubt, excludes any interest accrued on the respective Regional FoF Account, any respective Regional Proceeds of Operations or any other gains or receipts generated for the respective Regional FoF;

"Region Contribution Paid" means, with respect to a Region, the aggregate amount of the respective Region Contribution Committed which has been paid into the respective Regional FoF Account by the respective Paying Agency and which, for the avoidance of doubt, excludes any interest accrued on the respective Regional FoF Account, any respective Regional Proceeds of Operations or any other gains or receipts generated for the respective Regional FoF;

"Region Minimum Leverage Effect" means, with respect to a Region, the ratio between (x) new eligible debt financing to Final Recipients disbursed by the Financial Intermediaries pursuant to the terms and conditions of the Operational Agreements



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and attributed to that Region and (y) the respective Net Region Contribution, which shall be equal to 4;

"**Regional FoF**" has the meaning given to such term in Recital (B);

"**Regional FoF Account**" means, with respect to a Region, the respective account (or group of accounts referred to collectively) to be opened and managed by EIF on behalf of each Region in accordance with Clause 5.2;

"**Regional FoF Activity**" means, with respect to a Region, the activities of the respective Regional FoF as described in this Agreement, including the functions and duties of EIF in connection with the operation and management of the respective Regional FoF in accordance with Clause 2 (Mandate and Functions of EIF);

"**Regional Proceeds of Operations**" means, with respect to a Region, in relation to a Financial Instrument, the aggregate of all the returns (whether repayment of principal, or release of any resources committed under a guarantee contract (or which relates to a provision against contingent liabilities under a guarantee contract), interest, recovered amounts) which are paid to the respective Regional FoF Account by the EIF in accordance with this Agreement or otherwise received in the respective Regional FoF Account in respect of the relevant Financial Instrument, and which are attributable to support by the respective Regional FoF to Final Recipients and in particular, with respect to Financial Instruments in the form of guarantees, any amount (i) committed under such Financial Instrument, (ii) corresponding to eligible expenditure created in the sense of Article 42 CPR and (iii) which is released (including funds in the Regional FoF Account which are released from a provision against contingent liabilities under a guarantee contract);

"**Regional Specific Terms Agreement**" has the meaning given to it in Recital (C);

"**Regions**" has the meaning given to it in the preamble;

"**Regulation 1306/2013**" means Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008.

"**Reporting Period**" means, in relation to the first reporting period, the period commencing on the Effective Date and ending on 31st December 2017, and thereafter, each period commencing on 1st of January of a calendar year and ending on 31st December of that year ;

"**Return Request**" has the meaning given to such term in Clause 3.6.

"**Risk Policy**" means the risk framework and policy to be applied by EIF when implementing Financial Instruments and entering into Operational Agreements in the context of the Agri Initiative as set out in Appendix C (Risk Policy), as amended and/or restated from time to time;

"**Rural Development Programme**" (RDP) means the rural development programme of a Region, as specified in the respective Regional Specific Terms Agreement;



"**Scheduled Termination Date**" means 31 December 2037;

"**Secretariat**" has the meaning given to it in Clause 6.13;

"**Small and medium-sized enterprise**" or "**SME**" means a micro (including individual entrepreneurs and self-employed persons), small or medium-sized enterprise as defined in the Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises;

"**Small Mid-Cap**" means an enterprise within the meaning of Article 1 of the Title I of the Annex of the Commission Recommendation 2003/361/EC which (i) has up to 499 employees calculated in accordance with Articles 3, 4, 5 and 6 of the Title I of the Annex of the Commission Recommendation 2003/361/EC; and (ii) is not an SME;

"**State Aid**" means state aid as described in Articles 107 and 108 of the Treaty on the Functioning of the European Union together with all other rules or regulations relating to the provision of state aid as adopted from time to time by the European Union or, as the case may be, Italy;

"**Subsequent Tranche**" means, with respect to a Region, each subsequent tranche of the respective Region Contribution Committed requested by the EIF to be paid into the respective Regional FoF Account, as specified in a Written Request (including any related Management Fees):

- (i) the first Subsequent Tranche, in an amount specified in the respective Regional Specific Terms Agreement which is equal to twenty five per cent (25%) of the respective Region Contribution Committed, when at least 60% of the amount included in the respective First Tranche has been committed via Financial Intermediaries (regardless of the specific allocation of such commitments to the different measures of the relevant RDP) and/or paid as respective Management Fees; and
- (ii) the second and third Subsequent Tranches, each in an amount specified in the respective Regional Specific Terms Agreement, which each is equal to twenty five per cent (25%) of the respective Region Contribution Committed, when at least 85% of the amounts included in the previous tranches has been committed via Financial Intermediaries (regardless of the specific allocation of such commitments to the different measures of the relevant RDP) and/or paid as respective Management Fees;

for the purpose of covering forthcoming needs of the respective Regional FoF (including as a result of payments to be made under Operational Agreements and/or Financial Instruments to be entered into in relation to the respective Regional FoF (together with any related management fees) or for the payment of respective Management Fees).

"**Third Party Investor(s)**" has the meaning given to it in Recital (F);

"**Treasury Funds**" has the meaning given to such term in Appendix D (Treasury Guidelines);



"**Treasury Guidelines**" means the set of guidelines which govern the management of the Treasury Funds and which are set out in Appendix D (Treasury Guidelines);

"**Treasury Required Rating**" has the meaning given to such term in Appendix D (Treasury Guidelines);

"**Unforeseen Additional Expenses**" has the meaning given to such term in Clause 8.1;

"**Unforeseen Additional Expenses Cap**" means an amount equal to 1% of the relevant Region Contribution Committed as of the Effective Date; and

"**Written Request**" means, with respect to a Region, a payment request in writing for payment of the First or a Subsequent Tranche (as applicable) of the Region Contribution Committed substantially in the form of Appendix J (Form of Written Request).

1.2 Interpretation:

Save where the context otherwise requires:

- (a) any reference to legislation, a statute or statutory provision shall include:
 - (i) such legislation, statute or provision as is from time to time modified or re-enacted or consolidated so far as such modification or re-enaction or consolidation applies or is capable of applying to any transactions entered into hereunder;
 - (ii) any subordinate legislation made from time to time under that statute or provision;
- (b) capitalised terms and expressions defined in the Preamble and the Recitals have the same meaning throughout this Agreement unless herein otherwise defined;
- (c) words denoting:
 - (i) the singular number only shall include the plural number also and vice versa;
 - (ii) one gender only shall include the other gender;
 - (iii) persons only shall include firms and corporations and vice versa;
- (d) headings shall be ignored in construing this Agreement;
- (e) if the last day of any term or deadline falls on a day which is not a Business Day, the relevant term or deadline shall end on the immediately following Business Day;
- (f) the Appendices form an integral part of this Agreement and shall have effect accordingly; and



- (g) following an accession to this Agreement by an Acceding Region by signature of the Accession Letter, any reference to “Region” or “Regions” in this Agreement shall be construed to include the Acceding Region as of the date of signature of the Accession Letter.

2. MANDATE AND FUNCTIONS OF EIF

2.1 Each Region hereby appoints EIF as its agent pursuant to Article 38(4)(b)(i) of the CPR, to act in the name of EIF, but for and on behalf of and at the risk of, that Region as principal, to manage and operate the respective Regional FoF, including the funds and resources of the respective Regional FoF and the respective Regional FoF Account and to carry out the other functions and duties in relation to the respective Regional FoF as set out in this Agreement.

2.2 Each Region authorises EIF, as its agent in connection with the management and operation of the respective Regional FoF:

- (a) to open and maintain the respective Regional FoF Account, in the name of EIF but for the account and at the risk of that Region;
- (b) to execute banking and financial transactions relating to the operation of the respective Regional FoF in compliance with the terms of this Agreement;
- (c) to pursue the strategy set out in the Investment Strategy and Business Plan and in particular to use the respective Region Contribution Committed to cover the junior risk of the portfolio of new eligible debt finance to be disbursed to eligible Final Recipients in the territory of the Region;
- (d) to operate the respective Regional FoF in the framework of the Platform for the purpose of the implementation of the Agri Initiative;
- (e) to identify, evaluate and select one or more appropriate Financial Intermediaries (by issuing and publishing CEOIs and other relevant criteria including in accordance with the criteria laid down by Articles 140(1), (2) and (4) of Regulation 966/2012 and taking account of market needs), which shall enter into Operational Agreements for Financial Instruments in the context of the Agri Initiative, provided that:
 - (i) the Risk Policy as set out in Appendix C (Risk Policy) of this Agreement is taken into account; and
 - (ii) EIF assesses each of the elements referred to in Article 7 of the Delegated Act when selecting the Financial Intermediaries;
- (f) to perform due diligence on the Financial Intermediaries;
- (g) to negotiate, enter into, execute, implement and, if needed, amend Operational Agreements in the name of EIF acting in its capacity as agent for and on behalf of that Region and for the ultimate benefit and risk of that Region in accordance with the CPR and the Delegated Act, taking into account the Risk Policy, including with the assistance or advice of external legal advisers retained by EIF in its discretion;



- (h) to enforce, defend and if necessary, adapt or waive any rights of the respective Regional FoF under or in connection with Operational Agreements, including, where it is commercially reasonable, by means of litigation, arbitration, mediation or other dispute resolution methods or procedures, subject to the recovery processes of the Financial Intermediary or limited to the rights vis-à-vis the Financial Intermediary;
- (i) to monitor the implementation of the Operational Agreements in accordance with Clause 14 (Monitoring and Reporting) and Appendix E (Monitoring);
- (j) to manage the funds credited to the respective Regional FoF Account, including, if relevant, through outsourcing and/or subcontracting all or part of the relevant activities to third parties, in accordance with the Treasury Guidelines. When opening and managing each Regional FoF Account in line with the Treasury Guidelines, EIF will endeavour, to the extent possible and acting in accordance with the Treasury Guidelines, to avoid negative interest rates. Each Region acknowledges that the treasury assets will be held and invested at the risk of the Region (including with respect to negative interest and asset management losses);
- (k) to undertake information, marketing and publicity measures in relation to the Agri Initiative, pursuant to plan(s) proposed by the EIF and to be approved by the Investment Board from time to time in accordance with the terms of Clause 6;
- (l) to the extent strictly necessary for the implementation of the respective Regional FoF Activity and/or the Agri Initiative under applicable law, organise the external translation of any documents as EIF from time to time deems necessary; and
- (m) to take any other action and to enter into any deeds or other documents that EIF considers to be necessary or desirable for the proper implementation of the respective Regional FoF and/or the Agri Initiative.

2.3 Each Region acknowledges and agrees that, with respect to the Financial Instrument deployed in the context of the Agri Initiative, it will act as the junior risk taker in accordance with the provisions set out in Appendix G (Intercreditor Arrangements). EIF acknowledges and agrees that, with respect to the Financial Instrument deployed in the context of the Agri Initiative, it will act as the senior risk taker and will make available, with respect to each Regional Portfolio (as defined in Appendix G (Intercreditor Arrangements)) the respective Senior Risk Cover in a maximum aggregate principal amount of up to the respective Maximum Risk Cover Size (as defined in Appendix G (Intercreditor Arrangements)) for such Senior Risk Cover in accordance with the provisions set out in Appendix G (Intercreditor Arrangements). Each Region acknowledges and agrees that EIF will carry out the tasks set out in Appendix G (Intercreditor Arrangements).



- 2.4 The CEOIs which EIF shall develop and issue in connection with the Agri Initiative shall comply with the following requirements in all material respects:
- (a) the CEOIs shall allow EIF to evaluate the Financial Intermediaries with respect to the criteria applicable to Financial Intermediaries referred to in Article 7 of the Delegated Act;
 - (b) the CEOIs shall be transparent, allow for justified decision-making on objective grounds and shall not give rise to a conflict of interest as regards the Financial Intermediaries to be selected;
 - (c) the CEOIs shall use the criteria for the selection of Financial Intermediaries from time to time set out in the CPR, the Delegated Act and this Agreement. As at the time hereof the applicable criteria to be used during the selection of Financial Intermediaries shall include, without limitation, the following:
 - (i) a robust and credible methodology for identifying and appraising Final Recipients;
 - (ii) the level of costs and fees for the implementation of the Financial Instrument and the methodology proposed for the calculation of such costs and fees;
 - (iii) the terms and conditions applied in relation to support to be provided to Final Recipients, including, where relevant, pricing;
 - (iv) the ability to raise resources for investments in Final Recipients additional to contributions from the Agri Initiative;
 - (v) the ability to deploy the Financial Instrument across the Regions;
 - (vi) where a particular Financial Intermediary already manages a similar financial instrument, the ability to demonstrate additional activity in comparison to present activity; and
 - (vii) in cases of risk sharing, the proposed measures to align interests and mitigate potential conflicts of interest between EIF and the Regions.
- 2.5 EIF shall be entitled to retain the services of professional advisers and external consultants, such as tax and legal advisers, accountants, brokers and/or investment banks, translators for specific tasks in connection with each Regional FoF Activity and the implementation of Financial Instruments which, in the reasonable opinion of EIF, require such expert or professional advice. When retaining such services, EIF shall ensure that (i) the scope of such services is connected to the scope of this Agreement or is agreed between the respective Region and EIF, (ii) the fees payable for such services are established in accordance with EIF's internal procedure, and (iii) the services rendered by the external consultants are reasonably evidenced and duly documented. For the avoidance of doubt, any costs arising from the services retained by the EIF described in this Clause 2.5 are covered by the respective Management Fees except if they constitute Unforeseen Additional Expenses or other expenses and charges set out in Clause 8 in which case they shall be covered in accordance with the provisions of Clause 8.



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- 2.6 Each Region acknowledges and agrees that EIF shall not have any obligation to enter into an Operational Agreement unless and until each or, as the case may be, the relevant tranche of the funds necessary for such Operational Agreement has been credited by the relevant Regions in cleared funds to the respective Regional FoF Accounts in accordance with Clause 3.
3. **FUNDING OF THE REGIONAL FOF**
- 3.1 Each Region hereby undertakes to make available to the respective Regional FoF the respective Region Contribution Committed, net of any charges or fees (including any bank transfer charges). Each Region shall procure that such Region Contribution Committed is paid by the Paying Agency in accordance with the procedure set out in Appendix K (Payment Procedure).
- 3.2 Each Region is responsible for the payment of the First Tranche of the respective Region Contribution Committed into the respective Regional FoF Account no later than 30 Business Days from delivery by EIF of the relevant Written Request.
- 3.3 Each Region and EIF agree that:
- (a) each Subsequent Tranche of the respective Region Contribution Committed shall be paid in the respective Regional FoF Account no later than 30 Business Days from delivery by EIF of the relevant Written Request;
 - (b) each Written Request shall be addressed to the competent Paying Agency, with copy to that Region;
 - (c) each Written Request shall confirm the amount required to be paid in the respective Regional FoF Account by that Region and include the information set out in Appendix J (Form of Written Request);
 - (d) EIF is entitled to submit each subsequent Written Request for the Subsequent Tranche only after EIF declares fulfilment of its conditions, in accordance with the definition of "Subsequent Tranche".
- 3.4 Each Region undertakes not to withdraw or cancel any portion of the respective Region Contribution Committed (whether or not such amount has been effectively paid to the respective Regional FoF) unless (i) that Region and EIF agree to the withdrawal or cancellation in writing or (ii) the mechanism set out in paragraph 8.1 of Appendix G (Intercreditor Arrangements) is applied.
- 3.5 Each Region Contribution Committed shall be used by EIF for the purpose of the respective Regional FoF Activity and in accordance with this Agreement.
- 3.6 Not earlier than three (3) months and no later than six (6) months following the end of the Eligibility Period and subject to the provisions set out in Appendix G (Intercreditor Arrangements), each Region shall be entitled to request in writing ("**Return Request**") to the EIF that an amount equal to the difference between:
- (a) the respective Region Contribution Paid; and



- (b) the aggregate amount equal to the respective Region Contribution Paid which has been applied or remains committed to be applied for the purpose of (a) the financing of Final Recipients by Financial Intermediaries through Financial Instruments, (b) the payment of fees owed to EIF, and/or (c) any other amount owed by that Region to EIF under this Agreement;

shall be returned to that Region as set out in this Agreement.

- 3.7 The amount requested under Clause 3.6 shall be paid, subject to the provisions set out in Appendix G (Intercreditor Arrangements), from the funds available in the respective Regional FoF Account to that Region, no later than 30 Business Days after the date of issuance of the audited financial statements prepared in accordance with Clause 14.2 to follow the Return Request.
- 3.8 If the relevant Region does not pay the respective Region Contribution Committed into the Regional FoF Account within 30 Business Days from delivery by EIF of the relevant Written Request, the unpaid amount shall bear interest as from 60 (sixty) Business Days from delivery by EIF of the relevant Written Request until the date of payment at a rate equal to EURIBOR plus one (1) per cent.
- 3.9 Any amount payable pursuant to Clause 3.8 shall accrue to and be retained by the EIF. If the First Tranche or the Subsequent Tranches are not paid within 30 Business Days from the delivery by EIF of the relevant Written Request, then this shall permit EIF to terminate this Agreement with respect to that Region under Clause 19.2 of the Agreement.

4. USE OF REGIONAL PROCEEDS OF OPERATIONS

- 4.1 Each Region and EIF agree as follows:
- (a) In the case of funds committed under Financial Instruments which are guarantees or retained in the relevant Regional FoF Account as provisions against liabilities under such guarantees such amounts shall be released from the commitment or provision (and be available for the general purposes of the relevant Regional FoF in accordance with the principles set out below) promptly following the date on which the relevant guarantee expires and/or no further liability may be incurred under such guarantee.
- (b) Subject to Clause 4.2 of this Agreement, any Regional Proceeds of Operations which are generated by the Financial Instruments and which are allocated to the respective Regional FoF in accordance with the provisions of this Agreement, shall be repaid, to that Region on an annual basis no later than 30 April of each year, unless decided otherwise by the Investment Board.
- 4.2 The Regional Proceeds of Operation generated in the course of a financial year and allocated to the Junior Risk Cover (as defined in Appendix G (Intercreditor Arrangements)) in accordance with the principles set out in Appendix G (Intercreditor Arrangements) shall be used:
- 4.2.1 during the Eligibility Period, (i) for the payment and/or reimbursement of the respective Management Fees, that remain unpaid, and (ii) to cover



commitments or exposures in relation to existing Financial Instruments, if relevant,;

4.2.2 following the Eligibility Period, in the following order of priority:

- (i) for the payment and/or reimbursement of the respective Management Fees;
- (ii) for the payment and/or reimbursement of any respective Unforeseen Additional Expenses that remain unpaid;
- (iii) for the payment of shortfalls, if any, due to negative interest in accordance with Clause 8.3;
- (iv) for the creation (or replenishment) of a reserve of 1% of the respective Region Contribution Committed as of the Effective Date (the “**Proceeds Reserve Amount**”) to cover for future Unforeseen Additional Expenses (as defined in Clause 8.1); and
- (v) if relevant, to cover commitments or exposures in relation to existing Financial Instruments.

4.3 Each Region and EIF also agree that any interest or other gains earned by the respective Regional FoF, including in respect of the respective Region Contribution Paid, the treasury activities and other gains generated from the respective Regional FoF Account (“**Interest Generated**”), shall be used:

4.3.1 firstly, to set off in accordance with Clause 4.6 any amounts owed to EIF by a Region pursuant to Clause 8.3 below; and

4.3.2 thereafter, subject to prior approval by the Investment Board, for the same purposes as the Region Contribution Committed, including, if needed, allocated in full or in part for the purposes set out in Clause 4.2 above.

4.4 EIF may not enter into further Operational Agreements and incur expenditure (including Management Fees) during the Legacy Period, in accordance with Article 45 of the CPR and subject to Clause 4.5 below, unless otherwise decided by the Investment Board. For the avoidance of doubt, if a Region does not agree with such decision of the Investment Board, it shall have the right to terminate this Agreement only with respect to such Region in accordance with Clause 19.3 and shall cease to be a Party to this Agreement.

4.5 Without prejudice to Clause 4.4 above, any use of Legacy Funds for Financial Instruments to be implemented in the Legacy Period is subject to an assessment of the market conditions demonstrating a continuing need for such investments and the Parties successfully renegotiating fees and other elements as required. Should the Investment Board, upon proposal by EIF, decide to implement new Financial Instruments during the Legacy Period, no later than six (6) months prior to the end of the Eligibility Period, the EIF and each Region that remains a Party to this Agreement shall conduct such an assessment and the Investment Board, upon proposal by EIF, shall, if appropriate, agree a revised Investment Strategy and Business Plan based on such assessment relating to the investment of Legacy Funds during the Legacy Period.



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- 4.6 EIF shall be entitled to set-off any amount owed to EIF by a Region pursuant to Clause 8.3 of this Agreement against the respective Interest Generated, save that such set-off shall be without prejudice to the obligations of that Region under Article 43 of the CPR with respect to the entire amount of Interest Generated.

5. THE REGIONAL FOF AND THE REGIONAL FOF ACCOUNT

- 5.1 Each Region and EIF agree that the respective Regional FoF shall be established as a "separate block of finance" within EIF, as permitted under Article 38(6) of the CPR and EIF shall implement appropriate solutions (including an accounting distinction) separating such resources from other resources managed by it.
- 5.2 Each Regional FoF Account shall be opened by EIF in its own name, acting as agent for and on behalf of, and at the risk of, the respective Region, with a financial institution selected by EIF in accordance with its internal rules and procedures and shall be communicated for information to that Region and maintained by EIF in compliance with applicable law and EIF's internal rules and procedures.
- 5.3 Each Regional FoF Account shall be denominated in Euros and/or any additional currency as necessary for the respective Regional FoF Activity.
- 5.4 Each Regional FoF Account, which shall be utilised for the payments to and by the respective Regional FoF in accordance with Clause 3 (Funding of the Regional FoF) and Appendix G (Intercreditor Arrangements), shall be the account communicated by the EIF to the respective Region not later than thirty (30) Business Days after the Effective Date, or such other account, the details of which are communicated by the EIF to such Region in writing with ten (10) Business Days' prior notice.
- 5.5 Each Regional FoF Account and funds credited thereto shall at all times and in all respects be used, committed or otherwise disposed of or managed in accounting terms separately from other EIF resources (including, for the avoidance of doubt, other funds or accounts belonging to EIF), and shall be used exclusively for the performance of the respective Regional FoF Activity in accordance with this Agreement.
- 5.6 Each Region shall not create or permit to subsist any security, lien or other charge or encumbrance over the respective Regional FoF Account, the respective Region Contribution Paid or any other funds managed by the EIF in connection with the respective Regional FoF whether in favour of that Region or any third party creditor of that Region and whether under any financial assistance agreement entered into by that Region or otherwise. Such Region shall not be entitled to operate, close or otherwise restrict the use of the respective Regional FoF Account (including by withdrawing any funds deposited in the respective Regional FoF Account).



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5.7 Subject to paragraph 5 of Appendix G (Intercreditor Arrangements), each Region acknowledges and agrees that EIF shall be entitled to operate the respective Regional FoF Account as follows:

Each Regional FoF Account shall be:

- (a) credited with, inter alia, the following items:
 - (i) the respective Region Contribution Paid;
 - (ii) the respective Interest Generated;
 - (iii) following application of paragraph 5.2 (c) of Appendix G (Intercreditor Arrangements), the respective Claw-back Amounts allocated to the Junior Risk Cover (both as defined in Appendix G (Intercreditor Arrangements));
 - (iv) following application of paragraph 5.2 (b) of Appendix G (Intercreditor Arrangements), the respective Principal Receipts allocated to the Junior Risk Cover (both as defined in Appendix G (Intercreditor Arrangements));
 - (v) any respective other Regional Proceeds of Operations. For the avoidance of doubt, any Regional Proceeds of Operations that are in the form of releases of amounts committed under a Financial Instrument (in the form of a guarantee instrument) will remain credited in the Regional FoF Account; and
 - (vi) amounts for the payments of the respective Unforeseen Additional Expenses.
- (b) debited by EIF, with, inter alia, the following items:
 - (i) amounts to be paid directly or indirectly to Financial Intermediaries under Operational Agreements, including guarantee payments;
 - (ii) the respective Management Fees as provided under Clause 7 (Management Fees) and Unforeseen Additional Expenses and other amounts due to EIF under Clause 8 (Unforeseen Additional Expenses, Negative Interest and Treasury Losses) and any other amounts due to EIF by that Region under this Agreement;
 - (iii) the amount of the respective Treasury Funds to be withdrawn to make investments in accordance with the Treasury Guidelines;
 - (iv) amounts transferred to that Region under this Agreement, including, without limitation, amounts to be transferred to that Region from time to time after the expiration or termination of this Agreement with respect to that Region; and
 - (v) any other amount expressly authorised in writing by that Region and EIF jointly.



The EIF shall continue to be entitled to debit these sums to the respective Regional FoF Account after a termination of this Agreement with respect to that Region, in order to satisfy its remaining rights and obligations under this Agreement.

- 5.8 EIF and each Region agree that any costs incurred as regards any negative interest or other charges assimilated to negative interest shall be covered in accordance with Clauses 8.3 and 8.4 of this Agreement.
- 5.9 It is acknowledged and agreed by EIF and each Region that any funds managed by EIF for the respective Regional FoF in accordance with this Agreement are the exclusive property of that Region whether or not such funds were financed in whole or in part by a loan or other financing made available to that Region by the European Investment Bank.
- 5.10 Subject to the provisions set out in paragraph 8 of Appendix G (Intercreditor Arrangements), at the end of the period during which financing to Final Recipients covered by Operational Agreements may be disbursed, with respect to each Region the respective Region Minimum Leverage Effect shall be achieved.

6. PLATFORM

- 6.1 Each Region acknowledges that by signing this Agreement it accedes to the Platform. Each Region further acknowledges and agrees that following the signature of this Agreement, one or more other Italian regions may accede to this Agreement and the Platform by the signature between EIF and such Acceding Region(s) of an Accession Letter.
- 6.2 At the level of the Platform a management board (the “**Investment Board**”) will be established with a view to (i) enhancing cooperation among the Regions in order to allow for implementation of the same Financial Instrument(s) across all Regions and (ii) monitoring and supervising the implementation of the Investment Strategy and Business Plan. The Investment Board shall consist of two (2) members appointed by each Region after consultation with EIF: (i) the respective Managing Authority as a member with voting rights, and (ii) a second member without voting rights. The names and contact details of the initial members per each Region shall be set out in the relevant Regional Specific Terms Agreement. In the case that the Region is unable to provide this information prior to the signature of the relevant Regional Specific Terms Agreement, the names and contact details of the members shall be communicated to EIF within ten (10) Business Days from the Effective Date.

For the avoidance of doubt,

- (a) any Acceding Region shall have the right to appoint two (2) members for the Investment Board as described above following the signature of the Accession Letter; and
- (b) any members of a Region, with respect to which this Agreement has been terminated, shall automatically cease to be members of the Investment Board on the date that such termination becomes effective.



- 6.3 The members of the Investment Board shall act at all times in good faith and solely in the interest of the best implementation of the Agri Initiative in accordance with the terms of this Agreement.
- 6.4 EIF shall be entitled to designate up to two (2) of its officials to participate in meetings of the Investment Board as observers.
- 6.5 The Investment Board shall be governed by the rules of procedures (the "**Investment Board Rules of Procedure**") attached in Appendix H (Investment Board Rules of Procedure).
- 6.6 For the avoidance of doubt, the Parties acknowledge that the above appointments shall have effect exclusively for the purposes of this Agreement and for the governance of the Platform and further acknowledge that all costs in relation to establishing and operating the Investment Board shall be borne by the Regions and that members of the Investment Board (or any observers) shall not be entitled to receive any fees, costs or expenses from any Regional FoF or EIF. The Regions will operate the Investment Board and its internal organisation under their exclusive responsibility and cost.
- 6.7 The Investment Board shall liaise internally with competent ministries and other authorities, as it deems appropriate, to perform its tasks in relation to the implementation of the Agri Initiative and the Investment Board shall be responsible for the following matters:
- (a) acting as the coordination and communication point among the Regions and between EIF and the Regions on all matters relating to the Agri Initiative;
 - (b) communicating, setting and amending, if deemed necessary, national rules and requirements relating to each Regional FoF Activity, in consultation with EIF;
 - (c) providing conclusive interpretations on matters relating to applicable national laws and regulations, including the RDPs and on compliance with State Aid rules, in connection with the eligibility of financing to Final Recipients under the Operational Agreements, the operation of each Regional FoF, the Financial Instruments and the Operational Agreements;
 - (d) upon formal proposal by the EIF (it being understood that EIF will consult the Investment Board in good faith regarding content and scope of such proposal prior to submission of the formal proposal), approving any amendments to this Agreement (including its Appendices);
 - (e) upon formal proposal by the EIF (it being understood that EIF will consult the Investment Board in good faith regarding content and scope of such proposal prior to submission of the formal proposal), approving the terms of the CEOIs submitted to the Investment Board by EIF for its approval (approval entailing verification that the CEOI satisfies the requirements of Articles 7(1) and 7(2) of the Delegated Act and any applicable EU, national and regional eligibility requirements, as well as the eligibility requirements of the RDPs);



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- (f) granting or refusing within ten (10) Business Days of receipt of a proposal by EIF the right to deviate from the Risk Policy and related risk parameters identified in this Agreement in connection with higher risks implied by such deviations (ineligibility risk, counterparty risks, etc.), in respect of both entering into Operational Agreements and in the course of implementing the Operational Agreements;
 - (g) upon formal proposal by the EIF (it being understood that EIF will consult the Investment Board in good faith regarding content and scope of such proposal prior to submission of the formal proposal), approving the information, marketing and publicity strategy for the Agri Initiative;
 - (h) upon formal proposal by the EIF (it being understood that EIF will consult the Investment Board in good faith regarding content and scope of such proposal prior to submission of the formal proposal), approving the use of Interest Generated as set out in Clause 4.3.2;
 - (i) upon formal proposal by the EIF (it being understood that EIF will consult the Investment Board in good faith regarding content and scope of such proposal prior to submission of the formal proposal), approving Unforeseen Additional Expenditure according to Clause 8.2.1 (ii) (b) or 8.2.2 (iii);
 - (j) upon formal proposal by the EIF (it being understood that EIF will consult the Investment Board in good faith regarding content and scope of such proposal prior to submission of the formal proposal), approving the entry into further Operational Agreements and the incurrence of expenditure during the Legacy Period, as set out in Clause 4.4 and
 - (k) upon formal proposal by the EIF (it being understood that EIF will consult the Investment Board in good faith regarding content and scope of such proposal prior to submission of the formal proposal), carry out any other tasks under or in connection with this Agreement.
- 6.8 The Parties acknowledge that any decisions taken or communicated by the Investment Board shall always be taken after appropriate assessment of the position of each Region, and that EIF shall be entitled to rely, without further enquiry, on any decisions taken or communicated by the Investment Board and to assume that such decisions fully reflect the position of the Regions.
- 6.9 The quorum necessary in order to have a validly constituted Investment Board meeting is of at least a majority of the members with voting rights and one observer appointed by the EIF. Once a quorum is achieved, decisions of the Investment Board shall be taken by a majority of votes of the members with voting rights of the Investment Board that are present. In case of a tie of votes, the proposal in question shall be deemed to have been rejected.
- 6.10 Each Region specifically agrees that, for all matters relating to the implementation of the Agri Initiative and falling into the scope of this Agreement, the decisions validly taken by the Investment Board shall constitute decisions of all Regions and shall be binding on all Regions. Notwithstanding the above:



- (a) a Region that voted against a decision of the Investment Board shall have the right to terminate this Agreement with respect to itself pursuant to Clause 19.3 provided that (i) the decision in question relates to matters listed under sub-cases (d), (e), (f), (h) and (i) of Clause 6.7 of this Agreement and (ii) the Region expressly objects to such decision by sending a written notice to the EIF within ten (10) Business Days from the date of the relevant meeting of the Investment Board or the adoption of the decision by written procedure, as applicable (it being agreed, that the termination shall become effective immediately (upon delivery of such notice in accordance with Clause 24.2 of this Agreement) provided that the aforementioned conditions (i) and (ii) are met).
- (b) a Region whose voting member to the Investment Board did not attend the physical meeting of the Investment Board that adopted the decision in question shall have the right to terminate this Agreement with respect to itself pursuant to Clause 19.3 provided that (i) the decision in question relates to matters listed under sub-cases (d), (e), (f) and (h) of Clause 6.7 of this Agreement and (ii) the Region expressly objects to such decision by sending a written notice to the EIF within ten (10) Business Days from the date of the finalisation of the minutes of such meeting (it being agreed, that the termination shall become effective immediately (upon delivery of such notice in accordance with Clause 24.2 of this Agreement) provided that the aforementioned conditions (i) and (ii) are met).
- 6.11 Where the Investment Board has decision-making powers upon formal proposal of EIF, the Investment Board shall have the power only to approve or reject proposals or recommendations in their entirety (and not in part) and shall not have the power to amend such proposals or recommendations, unless EIF has consented to any such amendment. The Investment Board can take decisions either at the Investment Board meetings that are convened in accordance with the provisions of this Agreement or via written procedure as further set out in Appendix H (Investment Board Rules of Procedure), it being agreed, however, that if a decision with respect to a duly submitted formal proposal by EIF is not taken at the Investment Board meeting immediately following the due submission of a formal proposal or via written procedure due to interruption/termination of such written procedure, such decision shall be taken by written procedure instituted shortly thereafter in which case the termination/interruption mechanism set out in paragraph 14 of Appendix H (Investment Board Rules of Procedure) shall not apply.
- 6.12 For the avoidance of doubt, the Parties acknowledge and agree that EIF shall have the exclusive right to take any decisions necessary in order to implement the Agri Initiative and to make proposals to the Investment Board on the matters set out in this Agreement.
- 6.13 The EIF shall provide the secretariat of the Investment Board in accordance with this Agreement (the "**Secretariat**"). The tasks and functions of the Secretariat shall include the following:
- (a) organisation of Investment Board meetings, including drawing up and distribution of Investment Board documents, agenda and minutes;



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- (b) any other tasks as defined in this Funding Agreement or by the Investment Board; and
 - (c) communications related to the activities of the Investment Board shall be channelled through the Secretariat.
- 6.14 Any communications to and from the Investment Board shall be validly effected if addressed in writing in accordance with Clause 24 (Notices).

7. MANAGEMENT FEES

- 7.1 Each Region acknowledges that, in consideration for the operation of the respective Regional FoF, the management of the respective Region Contribution Committed and any other funds of the respective Regional FoF and the performance of the respective Regional FoF Activity by EIF, from the Effective Date (irrespective of whether the funds have actually already been disbursed on that date) until the earlier of (i) the termination of this Agreement with respect to that Region, and (ii) the Scheduled Termination Date, EIF shall be entitled to the respective Management Fees, which that Region hereby agrees to assume and pay to the EIF.
- 7.2 EIF shall be entitled to withdraw the respective Management Fees from the respective Regional FoF Account on a semi-annual basis. Each Region agrees that if the respective Management Fees due exceed the available balance of the respective Regional FoF Account (including for the purpose of such calculation, any respective Regional Proceeds of Operation credited thereto but excluding, amounts already committed by EIF towards one or more Financial Instrument(s)), such excess amount shall be invoiced by EIF to that Region, in form of a separate written request, and shall be payable within one hundred eighty (180) Business Days into the respective Regional FoF Account. Any such payment received by EIF during the Eligibility Period shall be deemed to be part of the respective Region Contribution Paid.
- 7.3 The Management Fees shall be payable by each Region (or debited from the respective Regional FoF Account) in arrears and shall consist of:
- (a) during the Eligibility Period, the sum of:
 - (i) in respect of the first year from the Effective Date, three per cent (3%) of the portion of the respective Region Contribution Paid (after deducting from the respective Region Contribution Paid any portion thereof which is committed to Financial Intermediaries by EIF, acting on a prudent basis, to create financial provisions/reserves against exposures to contingent liabilities under Financial Instruments, in the form of guarantee agreements entered into by EIF and which has not been returned to that Region in accordance with this Agreement, a deducted amount on which a Management Fee will be payable in accordance with Clause 7.3 (a) (iv)), which, for the purposes of this definition, shall be calculated pro tempore based on the number of calendar days during such period; and
 - (ii) in respect of the second year from the Effective Date, an one per cent (1%) of the portion of the respective Region Contribution Paid (after



deducting from the respective Region Contribution Paid any portion thereof which is committed to Financial Intermediaries by EIF, acting on a prudent basis, to create financial provisions/reserves against exposures to contingent liabilities under Financial Instruments in the form of guarantee agreements entered into by EIF and which has not been returned to that Region in accordance with this Agreement, a deducted amount on which a Management Fee will be payable in accordance with Clause 7.3 (a) (iv)), which, for the purposes of this definition, shall be calculated pro tempore based on the number of calendar days during such period; and

- (iii) thereafter and until the earliest of (i) the end of the Eligibility Period or (ii) the Scheduled Termination Date, half a per cent (0.5%) per annum of the portion of the respective Region Contribution Paid (after deducting from the respective Region Contribution Paid any portion thereof which is committed to Financial Intermediaries by EIF, acting on a prudent basis, to create financial provisions/reserves against exposures to contingent liabilities under Financial Instruments in the form of guarantee agreements entered into by EIF and which has not been returned to that Region in accordance with this Agreement, a deducted amount on which a Management Fee will be payable in accordance with Clause 7.3 (a) (iv)), which, for the purposes of this definition, shall be calculated pro tempore based on the number of calendar days during such period; and
- (iv) half a per cent (0.5%) per annum of the portion of the respective Region Contribution Paid which at any time is committed to Financial Intermediaries by EIF under Financial Instruments in the form of guarantee agreements entered into by EIF (which, for the purposes of this definition, shall be calculated pro tempore based on the number of calendar days during such period),

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a performance element equal to:

- (v) one and a half per cent (1.5%) per annum of the portion of the respective Region Contribution Committed effectively allocated by EIF (i.e. corresponding to amounts disbursed to Final Recipients by Financial Intermediaries), acting on a prudent basis, to create financial provisions/reserves against exposures to contingent liabilities under Financial Instruments (by reference to the disbursed amount to Final Recipients by Financial Intermediaries) in the form of guarantee agreements entered into by EIF.
- (b) **after the Eligibility Period**, one and a half per cent (1.5%) per annum of the portion of the respective Region Contribution Committed effectively allocated by EIF (i.e. corresponding to amounts disbursed to Final Recipients by Financial Intermediaries) under Operational Agreements as of the last day of the Eligibility Period.



7.4 Notwithstanding the other terms of this Clause 7 (Management Fees), the total amount of the Management Fees shall be subject to a cap during the Eligibility Period equal at any relevant time to the then applicable aggregate of:

- (a) seven per cent (7%) of the difference between (i) the Region Contribution Paid and (ii) the portion of the Region Contribution Paid which has been committed to Financial Intermediaries by EIF, to create financial provisions against exposures to contingent liabilities under Financial Instruments, in the form of guarantee agreements entered into by EIF, if any;

AND

- (b) ten per cent (10%) of the portion of the respective Region Contribution Paid which has been committed to Financial Intermediaries by EIF, to create financial provisions against exposures to contingent liabilities under Financial Instruments, in the form of guarantee agreements entered into by EIF, if any,

(the "Cap").

7.5 Each Region agrees that the Cap does not apply to respective Management Fees incurred after the Eligibility Period.

8. UNFORESEEN ADDITIONAL EXPENSES, NEGATIVE INTEREST AND TREASURY LOSSES

8.1 Unforeseen Additional Expenses

Each Region acknowledges and agrees that EIF may have to incur or suffer unforeseen additional costs, expenses and liabilities connected to litigation arising in connection with the respective Regional FoF and the respective Regional FoF Activity (such as litigation arising in relation to Financial Instruments entered into under signed Operational Agreements), including in particular those expenses which according to the applicable law, are not eligible expenditure for the purpose of Article 42 of the CPR and any related rules of that Region ("**Unforeseen Additional Expenses**"). Each Region agrees that any Unforeseen Additional Expenses shall be payable by that Region in accordance with Clause 8.2.

8.2 Each Region and EIF agree that, with respect to such Region:

8.2.1 during the Eligibility Period:

- (i) any Unforeseen Additional Expenses that do not exceed in aggregate the Unforeseen Additional Expenses Cap, shall be paid by that Region from that Region's resources (which are not subject to EU rules on ESIF funds) as a separate payment to EIF within one hundred eighty (180) Business Days following EIF's written request (it being understood that (i) no approval by the Region or the Investment Board shall be required in this case; (ii) EIF will notify the Investment Board about the nature of such Unforeseen Additional Expenses, the estimated amount to be incurred or already incurred and, if requested by such Region, provide any available documented evidence of any such costs and expenses);



(ii) any Unforeseen Additional Expenses in excess of the Unforeseen Additional Expenses Cap:

- a) in case such Unforeseen Additional Expenses are in relation to a Region only, they shall be approved by that Region (such approval not to be unreasonably withheld). It will be deemed that such approval is unreasonably withheld in the case that the pursuit of legal action is in the interest of the Regional FoF or the Regional Portfolio (as defined in Appendix G (Intercreditor Arrangements)) or is required in order to comply with obligations or requirements stemming from applicable law.

In the event that the Region approves such Unforeseen Additional Expenses, they shall be paid by that Region from that Region's resources (which are not subject to EU rules on ESIF funds) as a separate payment to EIF within one hundred eighty (180) Business Days from EIF's written request relating to the payment of such Unforeseen Additional Expenses.

In the event that the Region does not approve such Unforeseen Additional Expenses in accordance with the provisions set out in the respective Regional Specific Terms Agreement, EIF shall be fully released from its obligation to pursue further actions in connection with the relevant claims on behalf of the relevant Region and shall incur no liability for abstaining to pursue further action.

For the avoidance of doubt, in case such Unforeseen Additional Expenses are in relation to two or more Regions (but not to all of them), each relevant Region shall approve the costs in accordance with this Clause 8.2.1 (ii) a) and such expenses shall be shared by the relevant Regions, on a pro rata basis according to their respective Region Contribution Committed;

- b) in case such Unforeseen Additional Expenses are in relation to all Regions or the implementation of the Agri Initiative generally, they shall be approved by the Investment Board (such approval not to be unreasonably withheld). It will be deemed that such approval is unreasonably withheld in the case that the pursuit of action is in the interest of the Agri Initiative or is required in order to satisfy requirements or obligations stemming from applicable law.

In the event that the Investment Board approves such Unforeseen Additional Expenses, they shall be paid by the Regions as a separate payment from that Region's resources (which are not subject to EU rules on ESIF funds) to EIF within one hundred eighty (180) Business Days from EIF's written requests relating to the payment of such Unforeseen Additional Expenses. Such expenses should be shared by the Regions, on a



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pro rata basis according to their respective Region Contribution Committed.

In the event that the Investment Board does not approve promptly following proposal by EIF and in accordance with Clause 6 such Unforeseen Additional Expenses, EIF shall be fully released from its obligation to pursue further actions in connection with the relevant claims on behalf of the Regions and shall incur no liability for abstaining to pursue further action;

8.2.2 after the Eligibility Period:

- (i) any Unforeseen Additional Expenses shall be paid by the respective Proceeds Reserve Amount and the Regional Proceeds of Operations available in the respective Regional FoF Account, as further set out in Clause 4.2.2;
- (ii) if the Regional Proceeds of Operations under Clause 8.2.2(i) above are not sufficient to cover the relevant Unforeseen Additional Expenses and the Unforeseen Additional Expenses already incurred and paid by that Region are below the Unforeseen Additional Expenses Cap, the relevant Unforeseen Additional Expenses shall be paid up to the Unforeseen Additional Expenses Cap in accordance with Clause 8.2.1(i) above;
- (iii) if the Unforeseen Additional Expenses are in excess of the Unforeseen Additional Expenses Cap, the relevant Unforeseen Additional Expenses shall be approved and paid in accordance with Clause 8.2.1(ii) above.

8.3 Negative Interest and Treasury Losses

Each Region and EIF agree that any costs linked to the application of negative interest rates to the respective Regional FoF Account or any other bank accounts necessary for the implementation of the respective Regional FoF Activity, including as regards the Treasury Funds, as well as any treasury losses will be covered:

- 8.3.1 during the Eligibility Period by the Interest Generated in accordance with Clauses 4.3 and 4.6 above and, if such amounts are insufficient, by the Region as a separate payment from that Region's resources (which are not subject to EU rules on ESIF funds) to EIF sixty (60) Business Days from EIF's written request; and
- 8.3.2 following the Eligibility Period, first by the Interest Generated, then by the respective Regional Proceeds of Operations available in the respective Regional FoF Account in accordance with Clause 4.2.2 and in the event these amounts are insufficient, by the Region as a separate payment from that Region's resources (which are not subject to EU rules on ESIF funds) to EIF within sixty (60) Business Days from EIF's written request.



- 8.4 If the Region does not pay any amounts set out in this Clause 8 within the time period set out in Clauses 8.2 and 8.3, such amount shall accrue interest from the due date until the date of payment at a rate equal to EURIBOR plus one (1) per cent.

9. MATERIAL INTERESTS AND DISCLOSURES

Each Region acknowledges and agrees that:

- (a) EIF operates, or may operate, a number of mandates agreed, or to be agreed, between EIF and third parties. The investment policies of such mandates may entail the offering of financial instruments of a similar nature to the Financial Instruments in a number of jurisdictions, including Italy;
- (b) EIF may on its own account or on behalf of third parties invest in financial instruments of a similar nature to the Financial Instruments in a number of jurisdictions, including Italy;
- (c) EIF may (i) interact in other capacities (including as a lender, guarantor or investor) with the Financial Intermediaries as well as (ii) provide financing (including in the form of guarantees or equity) to the same final recipients/investments as the Financial Instruments contemplated herein, including in a manner where the Financial Instruments contemplated herein are subordinated to, or serve as a credit enhancement for, such EIF support;
- (d) In the context of the Agri Initiative, EIF will act as the agent of each Region separately;
- (e) In the context of the Agri Initiative, EIF will be participating in accordance with the provisions of Appendix G (Intercreditor Arrangements) as a senior risk taker in the implementation of the Financial Instrument(s) and, if applicable, acting on behalf of Third Party Investors.

Accordingly, EIF may without prior reference to the Investment Board or to any relevant Region, effect transactions in which EIF has, directly or indirectly, a material interest or a relationship of any description with another party, which involves or may involve a potential conflict with EIF's duty to that Region and its respective Regional FoF. EIF shall manage and where possible, address any such potential conflicts of interest, in accordance with the provisions set out in Appendix G (Intercreditor Arrangements), its internal rules and procedures, in good faith, taking into consideration the Investment Strategy and Business Plan.

10. OPERATIONAL AGREEMENTS

- 10.1 In accordance with Articles 6 and 7 of the Delegated Act, EIF shall ensure that the Operational Agreements include undertakings or representations from the Financial Intermediaries that:
- (a) with respect to the relevant Financial Instrument, they will act in accordance with all applicable laws and with a degree of professional care, efficiency, transparency and diligence expected from a professional body experienced in implementing financial instruments;



- (b) the Final Recipients benefiting from the support of the Financial Instruments are selected with due account of the nature of the Financial Instrument and their potential economic viability, or as relevant, the potential economic viability of the investment projects of the Final Recipients which are to be financed;
- (c) the selection of the Final Recipients is transparent and can be justified by the Financial Intermediaries on objective grounds and that such selection does not give rise to any conflict of interest;
- (d) the Financial Intermediaries inform the Final Recipients, in accordance with Article 13 (“Information and publicity”) and Annex III of Commission Implementing Regulation 808/2014 of 17 July 2014, that the funding is provided under co-financed programmes from EAFRD resources;
- (e) the Financial Intermediaries undertake to provide support to the Final Recipients in a manner which is proportionate and least distortive to competition;
- (f) the Operational Agreements reflect the provisions set out in Annex IV of the CPR;
- (g) the Financial Intermediaries agree that the Financial Instruments may be audited by or on behalf of the national and the relevant Regions’ audit authorities, the Commission and the European Court of Auditors;
- (h) the Financial Intermediaries will cooperate, and will contractually require that Final Recipients cooperate, in order to provide the information necessary to permit the evaluation of the RDP;
- (i) the Financial Intermediaries agree that they cannot make a claim for any amount beyond the amount committed to them under the Operational Agreement; and
- (j) the Financial Intermediaries and the Final Recipients must hold and maintain amounts received from the relevant Regional FoFs in a bank account with a credit institution situated within the territory of a Member State of the EU.

10.2 EIF shall ensure that the Operational Agreements reflect certain additional requirements, including inter alia:

- (a) requirements on the eligibility of the enterprises or activities to be financed (which reflect the relevant RDPs and terms agreed between EIF and the Investment Board in the CEOIs);
- (b) requirements on data protection and document retention by EIF, the Financial Intermediaries and/ or the Final Recipients; and
- (c) requirements as to the visibility of the involvement of the Financial Instrument.

Such requirements shall be agreed between the EIF and the Investment Board in respect of the CEOIs.



11. RESPONSIBILITIES OF THE PARTIES AND LIABILITY

- 11.1 EIF agrees, without prejudice to Clause 11.3 below, to act with the diligence of a professional manager and in good faith in implementing this Agreement.
- 11.2 Subject to Clause 11.3 below, EIF shall under no circumstances be held responsible or liable to any Region or any other person in connection with the financial performance of the respective Regional FoF, the financial results of any of the Operational Agreements or Financial Instruments, the investment of the respective Treasury Funds (including as a result of negative interest/charges), the failure by that Region, any Financial Intermediary or any Final Recipient benefitting from the Regional FoF financing to comply with any applicable laws or regulations.
- 11.3 EIF shall not be liable to any Region, or any other person, for any acts or omissions under or in connection with its appointment under this Agreement and its own performance of the respective Regional FoF Activity except to the extent of such costs, claims, damages, losses, liabilities or expenses of that Region which directly result from fraud, wilful misconduct or gross negligence of EIF in the performance of this Agreement. For the avoidance of doubt, EIF shall under no circumstances whatsoever be liable to that Region for consequential damages, loss of profit or exemplary or punitive damages.
- 11.4 Subject to Clause 11.3 above, any liability of EIF in connection with this Agreement shall be excluded to the extent any action by EIF is based on information obtained from any Region or a decision or approval from the Investment Board. EIF assumes no obligation to independently verify the accuracy, relevance or completeness of any such information received from any Region or to examine or challenge any decision or approval by the Investment Board.
- 11.5 Specifically as regards the treatment of Irregularities that have led to a financial correction being imposed:
- 11.5.1 EIF shall be liable in respect of Irregularities occurring at the level of each Regional FoF in accordance with this Agreement;
- 11.5.2 EIF shall not be liable in respect of Irregularities occurring at the level of Financial Intermediary (i) where it has included the requirements of Article 6(1) Delegated Act in the relevant Operational Agreement and (ii) where it has exercised due diligence in selecting the Financial Intermediary and in selecting and pursuing appropriate contractual and legal measures against the Financial Intermediary to recover the amounts affected by the Irregularity, it being understood that the decisions in relation to these contractual and legal measures are exercised at the sole discretion of EIF acting with due diligence. For the avoidance of doubt, no liability shall apply to EIF where these conditions are met; and
- 11.5.3 EIF shall not be liable in respect of Irregularities occurring at the level of Final Recipients where it has (i) included an obligation in the Operational Agreement on the Financial Intermediary to exercise due diligence in selecting and pursuing appropriate contractual and legal measures against the Final Recipients to recover the amounts affected by the Irregularity and, (ii) where



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the Financial Intermediary is in breach of the obligation described in 11.5.3 (i), EIF has itself exercised due diligence in selecting and pursuing appropriate contractual and legal measures against the Financial Intermediary within the framework of the Operational Agreement for the recovery of the affected amounts by the Irregularity, it being understood that the decisions in relation to these contractual and legal measures are exercised at the sole discretion of EIF, acting with due diligence. For the avoidance of doubt no liability shall apply to EIF where the Financial Intermediary has exercised due diligence in selecting and pursuing appropriate contractual and legal measures against the Final Recipient to recover the amounts affected by the Irregularity.

No liability in respect of the circumstances described in Clauses 11.5.2 and 11.5.3 shall apply to EIF, where the Region fails to pay EIF for litigation costs incurred or to be incurred in accordance with Clause 8.2.

11.6 Each Region hereby agrees to indemnify and hold harmless EIF and each of its officers, directors, employees, agents, delegates and sub-delegates upon first written demand in respect of any cost, claim, damage, loss, liability, judgments, settlements or expenses (including legal fees and other costs incurred in investigating or defending any claim) incurred or suffered by EIF (the "**Indemnified Amounts**") in connection with:

- (a) the appointment of EIF under this Agreement or in connection with the Regional FoF Activity with its role as a manager of the Financial Instrument;
- (b) any information supplied by that Region or the Investment Board to EIF in relation to this Agreement and the respective Regional Specific Terms Agreement being false, misleading, inaccurate or incomplete;
- (c) any instruction made by or on behalf of that Region to EIF in relation to this Agreement or the respective Regional FoF Activity;
- (d) any breach (including, without limitation, failure to pay, the Region or the Investment Board (as applicable) having unreasonably withheld its approval of Unforeseen Additional Expenses under Clause 8.2.1 (ii) of this Agreement) or misrepresentation, whether arising directly or indirectly, by that Region or the Investment Board under this Agreement or the Regional Specific Terms Agreement; and/or
- (e) any claim by any person to be entitled to any assets which form part of the respective Regional FoF,

except in so far as such Indemnified Amounts directly result from the fraud, wilful misconduct or gross negligence of EIF in the performance of this Agreement.

For the avoidance of doubt, the obligation of each Region under this Clause 11.6 extends also to the obligation to hold the EIF harmless for any payments that EIF would have been obliged to make to Financial Intermediaries (including any penalties) under Operational Agreements, including where EIF has made such payment on the basis of resources other than respective Regional FoF resources.



- 11.7 Each Region hereby agrees that:
- (a) Any Indemnified Amount (together with any interest accrued thereon for late payment under Clause 11.7(b) due to EIF shall be paid by that Region to the EIF within one hundred eighty (180) Business Days of EIF's written request, as an additional amount payable by that Region in excess of the respective Region Contribution Committed and shall be paid from that Region's resources which are not subject to EU rules on ESIF funds.
 - (b) If that Region does not pay any Indemnified Amount within the delay set out in Clause 11.7(a), such amount shall accrue interest from the due date until the date of payment at a rate equal to EURIBOR plus one (1) per cent.
- 11.8 The obligations of each Region to indemnify the EIF under this Agreement are continuing and shall remain in full force and effect notwithstanding the occurrence of the Scheduled Termination Date or any termination of the other terms of this Agreement with respect to that Region.
- 11.9 To the extent that the amounts available in a Regional FoF are insufficient (including, but not limited to, cases where such shortfall is due to treasury losses or unavailability of funds deposited with the FoF Treasury Bank) to pay the respective Managements Fees due in accordance with this Funding Agreement, any other amounts due under this Agreement as well as amounts necessary to cover commitments under Operational Agreements in a manner consistent with the coverage of the relevant tranche by the Region Contribution, as further specified under Appendix G (Intercreditor Arrangements), the respective Region shall be liable to pay such amounts to the EIF. If the respective Region fails to pay the requested amount on the due date, interest shall accrue on the unpaid or overdue amount from the due date up to the date of actual payment at a rate equal to EURIBOR plus one (1) per cent. The obligations of respective Region to pay the amounts specified in this Clause 11.9 of this Agreement to the EIF are continuing and shall remain in full force and effect notwithstanding the occurrence of the Scheduled Termination Date or any termination of the other terms of this Agreement with respect to that Region.
12. **REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS BY EACH REGION**
- 12.1 Each Region hereby represents and warrants and in respect of the matters in Clause 12.1(d), (e), (f) and (h) (below), represents and warrants at all material times until the termination of this Agreement that:
- (a) it has full power and capacity (including with respect to its domestic laws and constitutional requirements) (x) to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of this Agreement and the relevant Regional Specific Terms Agreement (y) to appoint EIF on the terms of this Agreement and the relevant Regional Specific Terms Agreement and to enter into transactions within the scope of this Agreement and has obtained all necessary authorisations and approvals to permit EIF to do so on its behalf;



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- (b) the obligations expressed to be assumed by it in this Agreement are legal, valid, binding and enforceable obligations;
 - (c) neither its entry into or performance of this Agreement or the relevant Regional Specific Terms Agreement nor its entry into any such transaction will breach any law, rule or regulation applicable to it or any material contract to which it is a party;
 - (d) its respective Regional FoF is free from all liens, charges and encumbrances and the Region undertakes that no liens, charges or encumbrances over its respective Regional FoF will arise from the acts or omissions of the Region;
 - (e) any information or documentation provided by it to EIF (including any information as to the financial position of the Region itself or its respective Regional FoF) is true, complete, accurate and not misleading in any material respect;
 - (f) it will provide any further information properly required by EIF or any competent authority;
 - (g) it understands and acknowledges the risks entailed in the Financial Instruments in particular as set out in the Risk Policy; and
 - (h) it will cooperate with the other Regions and will act, at all the times, in good faith at the Platform level.
- 12.2 Each Region will notify EIF promptly if there is any material change to any of the information provided by it for the purposes of this Agreement or to its circumstances generally, and will provide such other relevant information as EIF may from time to time reasonably require. Each Region acknowledges that a failure to provide such information may adversely affect the ability of EIF to provide services under the Agreement and the quality of the services that EIF may provide.
- 12.3 Each Region undertakes not to deal, or dispose of any of the assets of its respective Regional FoF nor to authorise any person other than EIF to deal or dispose of any of them.
- 12.4 Each Region undertakes not to seek any changes to its respective RDP that might affect the Financial Instrument to be implemented in the context of the Agri Initiative without seeking the prior approval of EIF.
- 12.5 Each Region undertakes to take all necessary actions to engage its respective Paying Agency and to ensure that the Paying Agency will perform all required payments in accordance with the terms of this Agreement. Each Region and EIF agree that EIF will not commit under Operational Agreements any part of the Region Contribution Committed prior to receiving a written notice from the relevant Managing Authority that the relevant Paying Agency has accepted in writing to comply with the payment deadlines agreed under this Agreement and with the provisions set out in Appendix K (Payment Procedures).
- 12.6 Each Region represents and warrants that the Investment Strategy and Business Plan (i) fully and accurately incorporates all the conditions and requirements (including



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eligibility criteria) of its respective RDP that are applicable to the Financial Instrument implemented in the context of the Agri Initiative and (ii) complies with the policy objectives of its respective RDP.

- 12.7 Each Region further represents and warrants that there are no additional national or regional requirements that would apply to the Financial Instrument implemented in the context of the Agri Initiative. The Parties agree that if any such requirements come into force following the Effective Date, the Region shall notify the EIF as soon as possible and following such notification, EIF shall have the right, in its absolute discretion, either to apply such requirements to Operational Agreements to be subsequently entered into or to stop entering into new Operational Agreements.
- 12.8 Each Region represents and warrants that (i) the reference in its respective RDP to loans (“prestiti”) is intended to cover any loans or other risk-bearing instruments , and (ii) the reference in its respective RDP to small mid-caps is intended to have the meaning given to the term Small Mid-Cap in Clause 1.1 of this Agreement.

13. STATE AID

- 13.1 Each Region confirms that the section entitled “State aid implications” in Appendix B (Investment Strategy and Business Plan) complies with all applicable State Aid rules.
- 13.2 Each Region shall provide to EIF all information necessary to enable its respective Regional FoF, each Financial Instrument and each Operational Agreement to be compliant with rules on State Aid. EIF's responsibility with respect to State Aid shall be limited to requiring each Financial Intermediary to ensure compliance with State Aid requirements according to the provisions set out in this Agreement (including its Appendices)and insert the relevant clauses in each respective Operational Agreement.
- 13.3 Information referred to in Clause 13.2 above shall be communicated by EIF to the Financial Intermediaries which shall be contractually responsible for satisfying the applicable State Aid rules.
- 13.4 Each Operational Agreement shall include an undertaking by the Financial Intermediary to comply with the State Aid rules in accordance with Clause 13.3, including an obligation for the Financial Intermediaries to obtain an undertaking from the Final Recipients, to repay any support received which constitutes unlawful state aid.

14. MONITORING AND REPORTING

- 14.1 EIF shall monitor the implementation of the Financial Instruments and Operational Agreements in accordance with the criteria set out in Appendix E (Monitoring/Control of Financial Intermediaries). EIF will send to each Region a formal letter of notification on the investment targets achieved for the purpose of the “Subsequent Tranche” definition, within three (3) months from the end of the relevant reporting quarter. The template of this letter of notification will be submitted to the Investment Board prior to the signature of the first Operational Agreement.



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- 14.2 On the basis of data provided by the Financial Intermediaries, EIF shall prepare in English the following reports and statements:
- (a) a regional annual progress report (the "**Progress Report**"), submitted by EIF to each Region not later than four (4) months following the last day of the Reporting Period, which shall include a summary of the monitoring activities carried out, as set out in Appendix F (Progress Report) of this Agreement providing information on such Region; and
 - (b) annual audited financial statements which shall be prepared in accordance with EU generally accepted accounting principles, audited by an Audit Firm appointed by EIF, and submitted to each Region. Audited financial statements for the Regional FoF shall be submitted not later than five (5) months following the last day of the Reporting Period.
- 14.3 EIF agrees that any monitoring it conducts with respect to the Financial Instruments (including, where relevant, on a sample basis) will cover the following issues:
- (a) whether Financial Intermediaries operate procedures with the aim of complying with EU laws and rules and procedures and the Operational Agreement (the checks to be performed by EIF will be those set out in EIF's internal monitoring rules and procedures);
 - (b) whether the agreements by which financing is made available to Final Recipients contain provisions relating to audit requirements and audit trails in accordance with paragraph 1(e) of Annex IV to the CPR and include any agreed visibility requirements;
 - (c) whether an adequate audit trail is established for reporting and auditing purposes, in accordance with the relevant provisions of the CPR and applicable Delegated and Implementing Acts;
 - (d) whether the Financial Intermediaries retain any supporting documents which relate to the financing made available to Final Recipients for three (3) years from 31 December following the termination of the relevant Operational Agreement; and
 - (e) whether the Financial Intermediaries operate procedures with the aim of (i) keeping supporting documents available to allow the verification of the legality and regularity of expenditure by the Financial Intermediaries and (ii) ensuring that the Financial Intermediaries can produce evidence that the funds have been used for the intended purposes, that the Financial Intermediaries are complying with the applicable EU and national laws and are complying with the criteria and conditionality attached to the funding they receive.

15. AUDITING

- 15.1 EIF agrees to maintain an adequate audit trail in relation to each Regional FoF for reporting and auditing purposes and agrees to comply with the relevant requirements prescribed by the EU legislation, including the CPR, Delegated Act and Implementing Act, taking into account any amendment, extension, re-enactment or replacing



legislation. Should compliance with such requirements require EIF to issue a control report, audit report or other forms of reporting or communication to a Region, in light of that Region's participation in the Agri Initiative and the Platform with other Regions, the Region accepts that any such report or document produced by EIF will be submitted in the same format (and, where relevant, content) to all Regions.

- 15.2 Each Region agrees that prior to any verifications or audit tasks to be performed by its relevant bodies (including services acting as managing authorities and/or audit authorities) at the level of Financial Intermediaries or Final Recipients (including on-the-spot visits), a common approach and methodology will be agreed via the Investment Board (upon formal proposal by EIF), in compliance with the audit and verification requirements prescribed by the EU legislation taking into account any amendment, extension, re-enactment or replacing legislation.
- 15.3 The Operational Agreements shall provide that the Financial Intermediaries consent (a) to be audited by or on behalf of the Regions, the Commission, the European Court of Auditors and the competent Paying Agencies and (b) to provide all information necessary for the Regions, the EIF, the Regional FoFs and the Commission to comply with any applicable information or audit requirements of the relevant national and/or regional audit authorities and/or of the European Court of Auditors and/or the competent Paying Agencies.
- 15.4 The Regions shall satisfy their obligations to conduct audits and/or verifications (including on-the-spot) in accordance with the EU guidelines, rules or regulations relating to Financial Instruments, as applicable for ESIF resources, as updated from time to time and taking into account any amendment, extension, re-enactment or replacing legislation.
- 15.5 The Parties agree that the verifications and audits as per Clause 15.4 may take place during the entire duration of this Agreement. In case of verifications or audits as per Clauses 15.2 and 15.4, the Regions shall inform the EIF of such audit with at least six (6) weeks prior written notice and provide EIF with the scope of such audit.
- 15.6 The Regions agree that any verifications and/or audits performed at the level of Financial Intermediaries or Final Recipients may not in their scope and findings overlap with the competence for audits and verifications pursuant to Article 40 of the CPR which in the case of EIF is exclusively regulated by the relevant provisions of Article 40 of the CPR and of Article 9(3) of the Delegated Act in particular insofar as any relevant audits and verifications are to be performed by, or based on, information provided by external auditors.
16. **DOCUMENT RETENTION**
- 16.1 EIF shall retain all supporting documents for its actions pursuant to this Agreement for a three (3) year period from 31 December following the termination of the Legacy Period.



- 16.2 EIF agrees to make all supporting documents available as evidence in order to allow for its expenditure to be audited.
- 16.3 EIF shall ensure that the Operational Agreements contain undertakings similar to Clauses 16.1 and 16.2 above in order that the Financial Intermediaries comply with the requirements set out in Article 9.1(e) of the Delegated Act.

17. **OFFSHORE POLICY**

- 17.1 Pursuant to Article 38(4) of the CPR:
- (a) EIF agrees to not enter into Operational Agreements with Financial Intermediaries incorporated in a jurisdiction which, at the time of envisaged signature of the Operational Agreement, would be a Non-Compliant Jurisdiction; and
 - (b) EIF shall ensure that the Operational Agreements contain an undertaking similar to that contained in Clause 17.1(a) above, whereby the Financial Intermediaries agree for the purpose of the relevant Financial Instrument, not to enter into business relations with any entities incorporated in a Non-Compliant Jurisdiction.
- 17.2 The Parties hereby agree that a change in the status of a jurisdiction to a Non-Compliant Jurisdiction shall have no effect on Operational Agreements already entered into at the time of such change.

18. **AMENDMENTS**

- 18.1 Amendments to this Agreement shall be made, solely upon formal proposal (in writing) by EIF, by either (any such amendment method to be elected by EIF):
- 18.1.1. a validly taken decision of the Investment Board in accordance with the relevant provisions of this Agreement. Following such decision, this Agreement will be deemed to (i) be amended and/or restated in the form as approved by the Investment Board with effect as from the date of the decision of the Investment Board and (ii) be binding on all Parties with no need for a written instrument to be signed by all Parties (including for reasons of proof/evidence). For the avoidance of doubt, any Region that does not consent to such amendments will have the right to terminate this Agreement pursuant to Clauses 6.10 and 19.3; or
 - 18.1.2. an instrument in writing signed by a duly authorised representative of each of the Parties.
- 18.2 Each Region undertakes that at the level of the Platform and the Investment Board they shall negotiate in good faith any amendments to the terms of this Agreement, which may become necessary or desirable including, but not limited to, in case of an amendment to any laws, regulations or administrative acts of Italy, the Regions or the EU (including, where relevant, any compensation or adjustment to the remuneration of EIF as a result of any such amendments).



19. EFFECTIVE DATE AND TERMINATION

19.1 This Agreement shall become effective as of the Effective Date and shall, unless terminated earlier in accordance with this Clause, remain in force until the Scheduled Termination Date (provided that the indemnification obligations of the Regions under Clause 11 shall continue in full force and effect notwithstanding any termination of this Agreement). In respect of each Acceding Region this Agreement shall become effective as of the date of signature of the Accession Letter and its Annexes by that region.

19.2 EIF shall have the right to terminate this Agreement:

19.2.1 with respect to a Region if any of the following events occur:

- (i) such Region commits a material breach of its obligations under this Agreement or the relevant Regional Specific Terms Agreement;
- (ii) such Region fails to make payment of the First Tranche or any Subsequent Tranche within 30 Business Days from delivery by EIF of the relevant Written Request;
- (iii) there is any failure to pay by that Region of any other amount due and payable by that Region under this Agreement and such failure to pay is not remedied or cured in full within ten (10) Business Days of the date of the EIF giving that Region written notice to that effect;
- (iv) in the circumstance set forth in Appendix K (Payment Procedures).

EIF may by written notice to the respective Region terminate this Agreement if any event in Clause 19.2.1 occurs and such termination shall be immediately effective.

19.2.2 with respect to all Regions simultaneously

if EIF and the Investment Board do not agree on a revised Investment Strategy and Business Plan as described in Clause 4.5 prior to the commencement of the Legacy Period.

EIF may by written notice to each Region terminate this Agreement if the event set out in this Clause 19.2.2 occurs and such termination shall be immediately effective.

19.3 A Region shall have the right to terminate this Agreement with respect to that Region only:

- (i) if that Region expressly objects to a decision of the Investment Board subject to the conditions set out in Clause 6.10 of this Agreement;
- (ii) EIF commits a material breach of its obligations vis-à-vis that Region under this Agreement;



In each case mentioned in this Clause 19.3 (i) and (ii), the relevant Region shall by written notice to EIF (with a copy to the Investment Board) terminate this Agreement with respect to that Region and such termination shall be immediately effective. For the avoidance of doubt, following such termination, this Agreement will remain in full force with respect to all other Regions.

19.4 Following termination of this Agreement with respect to a Region (or all Regions, as applicable), each Region acknowledges and agrees that:

- (a) EIF will not transfer the balance of the respective Regional FoF Account (or any assets resulting from the Operational Agreements) to that Region; and
- (b) EIF will not assign, transfer or novate the then existing Operational Agreements and/or Financial Instruments to that Region, but will continue to manage the respective Regional FoF Account and the then existing Operational Agreements on the terms of this Agreement, including the right to be paid the respective Management Fees and Unforeseen Additional Expenses, to be reimbursed in respect of costs and expenses and to be indemnified under the terms of this Agreement provided that:
 - (i) it shall not enter any new Operational Agreements using the respective Region Contribution Committed; and
 - (ii) it shall not re-invest or re-use the respective Regional Proceeds of Operations in new Financial Operations save for such re-investment or re-use which is made by the relevant Financial Intermediary in accordance with the express terms of an existing Operational Agreement.

In such circumstances, this Agreement shall continue in full force effect until such time as the Scheduled Termination Date occurs in relation to such Operational Agreements that were in effect on the date on which this Agreement would otherwise have ended by reason of the termination.

19.5 Termination or expiration of this Agreement with respect to a Region (or all Regions) shall not affect EIF's and the relevant Region(s)' rights and obligations accrued or existing at the date of such termination or expiration, including, without limitation, EIF's and the relevant Region(s)' accrued rights and obligations related to payment obligations. Upon termination or expiration of this Agreement with respect to a Region (or all Regions) , this Agreement shall remain in force in respect of any actual or contingent liability (including, without limitation, any Unforeseen Additional Expenses) or exposure under any Operational Agreement attributable to the respective Region, until any such liability or exposure has been written off or determined to be unrecoverable and any applicable statute of limitation has expired and in particular, EIF shall be entitled to retain such amounts as may be required under this Agreement or any Operational Agreement for the payment of any amount owed thereto or the satisfaction of any accrued or contingent obligations under or in connection with outstanding Operations.



19.6 All expenses incurred by EIF in connection with such termination shall be borne by the relevant Region and shall be withheld from the available funds on the respective Regional FoF Account (unless such termination is attributable to EIF).

20. CONFIDENTIALITY AND DISCLOSURE

20.1 EIF is not obliged to disclose to any Region or to take into consideration information:

- (a) the disclosure of which by it to that Region would or might be a breach of duty or confidentiality to any other person; or
- (b) which comes to the notice of an employee, officer or agent of EIF but does not come to the actual notice of an EIF individual managing the respective Regional FoF or any Operational Agreements.

20.2 The Parties will at all times keep confidential all information of a confidential nature acquired in consequence of their involvement in the implementation of this Agreement, except that they may disclose such information in any of the following circumstances:

- (a) where the disclosure is made by EIF to the European Investment Bank or any of the Third Party Investors;
- (b) where they may be entitled or bound to disclose it by law or regulation or by their own policies on public access to information, or where requested by regulatory or fiscal authorities or any court of competent jurisdiction, including disclosing such information to the Commission, the European Anti-Fraud Office, and/ or the European Court of Auditors;
- (c) to their professional advisers where reasonably necessary for the performance of their professional services;
- (d) (in the case of EIF when disclosing information relating to a Region and/or its respective Regional FoF) to any of its delegates and other agents under this Agreement, to any market counterparty or any broker (in accordance with market practice) in relation to transactions undertaken for the respective Regional FoF, in all cases only to assist or enable the proper performance of its services under this Agreement, or any Operational Agreements; or
- (e) to counterparties where disclosure is reasonable for the purpose of effecting transactions in connection with this Agreement or of establishing a dealing relationship with a view to such transactions.

20.3 Each Region authorises EIF to supply to the respective Regional FoF's and EIF's auditors any information about the respective Regional FoF funds requested by them.

21. ASSIGNMENT

This Agreement is personal to each Region and may not be assigned by that Region or transferred by it (whether by assignment, novation or otherwise). Without prejudice to Clause 2.5, EIF may transfer or delegate all or any part of its functions, including all or any part of its rights and duties under this Agreement to an entity which it



reasonably considers can properly perform those functions, subject to obtaining the prior written consent of the Investment Board, which consent shall not be unreasonably withheld.

22. GOVERNING LAW AND DISPUTE RESOLUTION

22.1 This Agreement and any non-contractual obligations arising out of or in connection with it are governed by the laws of Luxembourg.

22.2 The respective Parties shall use their best endeavours to settle any dispute, claim or difference arising in connection with this Agreement in an amicable manner, by entering into negotiations. Such negotiations shall not exceed a period of two (2) months after the receipt by one Party of a notice from the respective other Party of the existence of such claim, dispute or difference. If the claim, dispute or difference is not resolved through amicable settlement within the period set out above, such claim, dispute or difference arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination or the consequences of its nullity, shall be finally and irrevocably settled by arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce ("**ICC Rules**") by three (3) arbitrators appointed in accordance with the ICC Rules. The language of the arbitration proceedings shall be English and the seat and place of arbitration shall be in Luxembourg.

23. WAIVER OF IMMUNITY

23.1 For the purposes of this Agreement, each Region waives for the benefit of EIF, all immunity, whether from suit, against execution of any judgment or otherwise, that it or its property may have in any jurisdiction. In particular, but without limitation, each Region:

- (a) submits to arbitration in accordance with Clause 22.2 above and to the supervisory jurisdiction of the Luxembourg court in respect of that arbitration;
- (b) consents to the giving of any relief by way of injunction or order for specific performance or for the recovery of land or other property; and
- (c) consents to the issue of any process against its property for the enforcement of a judgment or, in an action in rem, for the arrest, detention or sale of any of its property.

23.2 These waivers extend to all the property of that Region allocated to or comprising the respective Regional FoF, which that Region accepts and agrees, constitutes property.

24. NOTICES

24.1 Communications in writing and Addresses

Unless otherwise provided for in this Agreement, any notice or communication by one Party to any other Parties shall be made in writing and shall be delivered by registered mail or email, with transmission confirmation clearly stating in the subject "Agri Multi-Regional Guarantee Platform for Italy [Region] ",



If to the Investment Board:

Secretariat

European Investment Fund

Address: 37b, av. J. F. Kennedy, L-2968 Luxembourg

Email: Agri_Platform_Italy@eif.org

If to the Region:

to the addresses specified in Regional Specific Terms Agreement

If to the Paying Agency (for Written Requests):

to the addresses specified in Regional Specific Terms Agreement

If to EIF:

Regional Business Development

European Investment Fund

Address: 37b, av. J. F. Kennedy, L-2968 Luxembourg

Email: Agri_Platform_Italy@eif.org

Attention: Agri Multi-Regional Guarantee Platform for Italy [Name of Region]

A Party shall inform the respective other Parties in writing without undue delay of any change of the above address details. Until receipt of notification of such changes, each Party may validly serve notice to the last address duly notified to it.

24.2 Delivery

24.2.1 Any communication or document made or delivered by one person to another under or in connection with this Agreement will only be effective:

- (i) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post in a prepaid envelope addressed to it at that address; or
- (ii) if by way of email, when actually received (or made available) in readable form,



and, if a particular department or officer is specified as part of a Party's address details provided under Clause 24.1 (Communications in writing and Addresses) above, if addressed to that department or officer.

24.2.2 Any communication or document which becomes effective, in accordance with paragraphs (i) and (ii) in Clause 24.2.1.above, after 5:00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

25. MISCELLANEOUS

- 25.1 This Agreement, including its Appendices (as amended from time to time) constitutes the entire agreement of EIF and each Region with respect to the management of the respective Regional FoF and supersedes and extinguishes all prior understandings, arrangements, agreements, representations, proposals or communications between the respective Parties, whether written or oral.
- 25.2 EIF's authority under this Agreement is given by each Region. This Agreement remains binding on any legal successor of such Region.
- 25.3 EIF may, but shall not be obliged to set-off any amount owed to it by a Region against any amount payable by the EIF to that Region under this Agreement.
- 25.4 The illegality, invalidity or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of this Agreement nor the legality, validity or enforceability of any other provision.
- 25.5 This Agreement has been executed by way of exchange of [] original letters in each of the English and Italian languages. In case of any discrepancy between the English and Italian version, the English version shall prevail.
- 25.6 In case of discrepancies between this Agreement and Appendix G (Intercreditor Arrangements), Appendix G (Intercreditor Arrangements) shall prevail.



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APPENDIX A**REGIONAL SPECIFIC TERMS AGREEMENT**

This Regional Specific Terms Agreement (the “**Agreement**”) is entered into between:

(a) the Region of Veneto, as further specified in Schedule 1 of this Agreement (the “**Region**”);

and

(b) the **European Investment Fund**, whose registered office is at 37B Avenue J.F. Kennedy, L-2968 Luxembourg (the “**EIF**”).

The EIF and the Region are hereinafter collectively referred to as the “**Parties**” and each of them individually, a “**Party**”.

WHEREAS:

(A) In the context of the Agri Multi-Regional Guarantee Platform for the implementation of the Agri Initiative in Italy (the “**Platform**”) the Parties have entered into a Funding Agreement (the “**Funding Agreement**”), under which the Region has appointed the EIF as its agent to operate and manage amounts made available to it in the form of the relevant regional fund-of-funds (the “**Regional FoF**”) pursuant to Article 38(4)(b)(i) of the CPR, in its own name, but for and on behalf of, and at the risk of, the Region;

(B) The Parties now wish to enter into this Agreement for the purpose of setting out the details pertaining to the Region’s participation in the Platform and Funding Agreement and the terms applicable to EIF’s appointment as its agent, in accordance with Recitals (C), (D) and (I) of the Funding Agreement, as applicable.

IT IS HEREBY AGREED AS FOLLOWS:**1. DEFINITIONS AND INTERPRETATIONS**

1.1. Capitalised terms used in this Agreement (including, for the avoidance of doubt, Schedule 1) shall, unless otherwise defined herein, have the same meaning ascribed to them in the Funding Agreement.

1.2. In this Agreement:

“**Regional Specific Terms**” shall mean the terms included in Schedule 1 (Regional Specific Terms) of this Agreement.

2. REGIONAL SPECIFIC TERMS

The Parties hereby agree and acknowledge that the specific terms and provisions included in Schedule 1 (Regional Specific Terms) of this Agreement, supplement the provisions of



the Funding Agreement (including its Appendices) and any breach of the provisions of this Agreement shall be deemed to be a breach of the Funding Agreement and the relevant provisions of the Funding Agreement shall apply mutatis mutandis.

3. MISCELLANEOUS

- 3.1. The Region undertakes to sign this Agreement on the same date it signs the Funding Agreement and/or the Accession Letter, as the case may be.
- 3.2. This Agreement along with its Schedule 1 (which forms an integral part thereof) constitutes the entire agreement and understanding of the Parties with respect to the Regional Specific Terms.
- 3.3. This Agreement has been executed by way of exchange of [*] original letters in each of the English and Italian languages. In case of any discrepancy between the English and Italian version, the English version shall prevail.
- 3.4. No amendment, modification or waiver in respect of matters contemplated by this Agreement will be effective unless agreed in writing by the Parties.
- 3.5. The headings used in this Agreement are for convenience or reference only and are not to affect the construction or to be taken into consideration in interpreting this Agreement.

4. GOVERNING LAW AND JURISDICTION

The provisions of Clause 22 (Governing Law and Dispute Resolution) of the Funding Agreement shall apply mutatis mutandis to this Agreement.



Schedule 1

Regional Specific Terms

1. **Region**

1.1 Name of the Region

Regione del Veneto

1.2 represented by Direttore pro tempore della Direzione AdG FEASR, Parchi e Foreste - Regione del Veneto, in its capacity as managing authority.

Address and contact details for notices

Address: via Torino, 110. CAP 30172 Mestre VENEZIA

Email: AdgFearsParchiForeste@pec.regione.veneto.it

Contact person: Franco Contarin

1.3 Managing Authority of the Region for purposes of the Notices served pursuant to the Funding Agreement

Name: Direzione AdG FEASR, Parchi e Foreste - Regione del Veneto

Address: via Torino, 110. CAP 30172 Mestre VENEZIA

Email: AdgFearsParchiForeste@pec.regione.veneto.it

Contact person: Maria Berletti

2. **Paying Agency**

“**Paying Agency**” Agenzia Veneta per i Pagamenti in Agricoltura - AVEPA

Address for purposes of the Notices/Written requests served to the Paying Agency pursuant to the Funding Agreement

Via Niccolò Tommaseo, 67. CAP 35131 Padova

Email: protocollo@cert.avepa.it

3. **Rural Development Programme**

“**Rural Development Programme**” (RDP) means rural development programme of the Region Veneto (CCI: 2014IT06RDP014).

Measures supported through the Regional FoF: 4

Indicative allocation of the Regional Contribution to the different sub-measures:

Measure 4.1: EUR 2.000.000,00



Measure 4.2: EUR 13.000.000,00

As set out in the RDP, given the nature of the Financial Instrument to be deployed, the Region acknowledges that the allocation of the Region contribution to the different sub-measures is indicative in order to allow flexibility of the Financial Instrument and adjustment according to market demand.

4. **Region Contribution**

“**Region Contribution Committed**” means: EUR 15,000,000

5. **First Tranche**

“**First Tranche**” means: EUR 3,750,000

6. **Subsequent Tranche**

“**Subsequent Tranche**” means: (i) first Subsequent Tranche: EUR 3,750,000

(ii) second and third Subsequent Tranches, each:

EUR 3,750,000

7. **Platform**

For purposes of Clause 6.2 of the Funding Agreement:

Managing Without Voting Rights:

Mauro Trapani - Direttore pro tempore Area Sviluppo Economico – Regione del Veneto

Fondamenta S. Lucia, Cannaregio, 23. CAP 30121 VENEZIA

Email: area.sviluppoeconomico@pec.regione.veneto.it

Telefono: 0412795900 – Fax 0412795808

Managing Authority:

Franco Contarin – Direttore pro tempore Direzione AdG Feasr, Parchi e Foreste – Regione del Veneto

via Torino, 110. CAP 30172 Mestre VENEZIA

E mail: AdgFeasrParchiForeste@pec.regione.veneto.it

Telefono: 0412795432 – Fax 0412795492

8. **Unforeseen Additional Expenses**

With respect to Clauses 8.2.1 (ii) (a) and 8.2.2 (ii), the Region shall have ten (10) Business Days from receipt of a proposal by EIF with respect to Unforeseen Additional



Expenses to approve or reject such proposal. The approval of the Region shall be deemed to have been given to EIF if the Region does not object to such proposal within ten (10) Business Days from receipt of such proposal.

9. **Maximum Risk Cover Size**

- Maximum Risk Cover Size with respect to the Junior Risk Cover: the maximum amount of the Junior Risk Cover is EUR 13,500,000.
- Maximum Risk Cover Size with respect to the Senior Risk Cover: the initial maximum amount of the Senior Risk Cover is EUR 13,500,000. Following any adjustments in accordance with Article 8.3 of Appendix G (Intercreditor Arrangements) the maximum amount of the Senior Risk Cover may be up to EUR 32,820,000.

10. **Risk Cover Initial Percentage**

- Risk Cover Initial Percentage with respect to the Junior Risk Cover: 50%.
- Risk Cover Initial Percentage with respect to the Senior Risk Cover: 50%.

11. **Risk Cover Target Percentage**

- Risk Cover Target Percentage with respect to the Junior Risk Cover: 29.1%.
- Risk Cover Target Percentage with respect to the Senior Risk Cover: 70.9%.

12. **Other Provisions**

The Region represents and warrants that the requirements set out in its respective RDP pursuant to which the agricultural holding of the Final Recipient has to meet a minimum economic size requirement equal to EUR 12.000 of standard production in mountain area (produzione standard in zona montana) and a minimum equal to EUR 15.000 in other areas, do not apply to the Financial Instrument to be implemented in the context of the Agri Initiative.

The Region further represents that:

- in approving the present Funding Agreement, the Governing Body (Giunta Regionale) of Regione Veneto has accordingly amended the General Procedural Regulation for the Rural Development Programme 2014-2020 approved with DGR n. 1937 of 23/12/2015 (and subsequent modifications) in order to provide for the procedures for the demands of support and payments for the Financial Instruments to be implemented under the present Funding Agreement to be regulated by the provisions of the present Funding Agreement and in particular of its Appendix K;
- the application for support to be submitted by EIF according to Appendix K of the Funding Agreement will have to be submitted to the aforementioned Paying Agency in accordance with the provisions of such Appendix K; and



the applications for support and payment requests to be submitted by EIF according to Appendix K will have to be submitted to the aforementioned Paying Agency through the digital procedure that the Region – if needed – will modify or have modified in order to provide for the procedure set in Appendix K.



APPENDIX B INVESTMENT STRATEGY AND BUSINESS PLAN

Unless otherwise defined in this Appendix B, words and expressions defined in the main body of the Agreement shall have the same meaning when used in this Appendix B.

A. INVESTMENT STRATEGY

Introduction

Each Region participating in the AGRI Initiative intends to use its respective contribution to tackle part of the market gap identified in its respective Ex-ante Assessment.

As an instrument to address the above market failure evidenced in the respective Ex-ante Assessment, each Region entrusts EIF under this Agreement with the creation and management of its respective Regional FoF for the purpose of the implementation by EIF in the context of the Agri Initiative of a Financial Instrument in the form of an uncapped portfolio guarantee. More specifically, in the context of the Agri Initiative, EIF will provide to selected Financial Intermediaries an uncapped guarantee for portfolios of newly originated loans or other risk-bearing instruments if specifically provided for in the relevant RDP and as specified in the CEOI to eligible Final Recipients in the eligible agricultural and agro-industrial sectors.

As stipulated by Article 1 of Annex IV to the CPR, the Regional FoF Activity shall be governed by this Investment Strategy and Business Plan, which may be revised in accordance with the terms of this Agreement.

Ex-ante assessment

Each Region has performed its respective Ex-ante Assessment, within the meaning of Article 37.2 of the CPR. The results of the analysis in each Region highlight that:

- given the situation on the financial market with high liquidity, low interest rates and strong risk-aversion by the financial intermediaries, the market failure is optimally addressed by guarantee financial instruments to support the relevant measures of the respective RDP;
- the traditional strong difficulties with respect to access to finance for farmers, mainly linked to the high collateral requirements requested by financial intermediaries to entrepreneurs with simplified accounting, make the uncapped portfolio guarantee the appropriate financial instrument to be supported by the respective RDP, especially in an early and experimental stage;
- the goal of maximizing the financial leverage of the respective RDP resources, keeping at the same time as low as possible the risk to be taken by the financial intermediary on the supported operations, is optimally sought by finding other institutional investors (private or public operating under the market economy principle) that could contribute to the financial instrument.

To address the financing needs identified in the respective Ex-ante Assessment, each Region included among the priorities and focus areas that need to be supported through the aforementioned financial instrument:



- Priority 2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forest – Focus Area 2A Improving the economic performance of all farms and facilitating farm restructuring and modernization, notably with a view to increasing market participation and orientation as well as agricultural diversification.
- Priority 3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture – Focus Area 3A Improving competitiveness of primary producers by better integrating them into the agri-food chain.

Thus, the uncapped portfolio guarantee financial instrument intends to support sub-measures 4.1 Support for investments in agricultural holdings, and 4.2 Support for investments in processing/marketing and/or development of agricultural products (such sub-measures being further detailed for each Region in the Regional Specific Terms Agreement) and to contribute to the relevant focus areas.

The key goal of each Regional FoF shall be to fulfil the objective of increasing access to finance for farmers and rural enterprises by dedicating RDP funds to an uncapped portfolio guarantee financial instrument.

Each Region agrees that the contribution to the fulfilment of the aforementioned specific objective set out in its respective RDP should be measured through the allocation of the respective Region Contribution Committed from the respective Regional FoF to uncapped portfolio guarantees made available to the Financial Intermediaries (regardless of the specific split of such allocations between the different sub-measures and focus areas of the relevant RDP).

The Parties acknowledge that the uncapped portfolio guarantee financial instrument addresses a risk segment such that the level of repayment of invested resources back to the respective Regional FoF is not directly linked to the achievement of the desired policy objectives. The Parties, therefore, agree not to consider the criterion outlined in Article 12.1.b of the Delegated Act as relevant to the performance element of the Management Fees under this Agreement.

Implementation Arrangements

As an instrument to address the market failure evidenced in the Ex-ante Assessment, each Region entrusts EIF under this Agreement with the creation of the respective Regional FoF within the meaning of Article 2 (27) of the CPR with the objective of facilitating access to finance for Final Recipients in cooperation with selected Financial Intermediaries active in such Region's market.

Under the Agreement, each Region appoints EIF as its agent to manage the amounts made available under this Agreement in the form of a Regional FoF pursuant to Article 38(4)(b)(i) of the CPR. Subject to the outcome of the calls for expression of interest (“CEOI”) and relevant negotiations, EIF will select in accordance with its internal rules and procedures Financial Intermediaries for the purpose of entering into Operational Agreements with each selected Financial Intermediary in the context of the Agri Initiative. The appraisal and selection of Financial Intermediaries will be done by EIF under its CEOI process as set out in this Agreement.



Each Region will designate its representatives to the Investment Board with a view, inter alia, to monitoring and supervising the implementation of this Investment Strategy and Business Plan in accordance with the provisions of this Agreement.

Each Region confirms that the Investment Strategy and Business Plan herein, including, without limitation, the Eligibility and State Aid implications below, complies with the objectives of its respective RDP and that it is fully compliant with all the conditions and requirements of its respective RDP applicable to the Financial Instrument.

Rural Development Programme (RDP) Contribution to FI

Each Region Contribution Committed is detailed in the Regional Specific Terms Agreement, together with the indicative allocation of such contribution to each sub-measure and focus area.

Each Region acknowledges and agrees that the allocation of the respective Region Contribution Committed to the sub-measures set out in the Regional Specific Terms Agreement is merely of an indicative nature and that, EIF, in order to ensure flexibility of the Financial Instrument in light of market demand, shall be entitled to pool together and commit such resources to Financial Intermediaries who can use such resources for support to any sub-measure.

Financial Products/Instruments to be offered

Depending on the results of the CEOI process, Financial Intermediaries are expected to be selected. Financial Intermediaries shall be selected on the basis of EIF's policies, rules, procedures and statutes and in conformity with best practices with an open, transparent, proportionate, non-discriminatory and objective selection procedure, avoiding conflicts of interest, taking into account the criteria and principles underpinning the program and the experience and financial capacity of the applicants.

In the context of the Agri Initiative, EIF will provide to selected Financial Intermediaries an uncapped guarantee for portfolios of eligible financing transactions. As shall be further specified in the CEOI, such uncapped guarantee will cover defaults at a guarantee rate of 50% in respect of each eligible financing transaction included in the portfolio, thereby enabling the selected Financial Intermediaries to pass on their reduced risk costs directly to the Final Recipients. The selected Financial Intermediaries shall undertake to retain at all times a minimum 20% economic exposure on each guaranteed financing transaction in order to ensure the necessary alignment of interest.

The origination, due diligence, documentation and servicing of the eligible transactions shall be performed by the Financial Intermediary in accordance with its standard origination and servicing procedures. In this context, the Financial Intermediary shall have the sole direct client credit relationship with each Final Recipient.

The EIF shall charge to the Financial Intermediary a guarantee fee in relation to the risk protection provided under the Financial Instrument. EIF shall be entitled to debit such amounts to its own benefit. For the avoidance of doubt, the Region Contribution Committed will be provided free of charge.



Eligible transactions (according to pre-defined eligibility criteria on a loan by loan and portfolio level) as set out in the indicative terms table below will be automatically included in the portfolio, by way of submitting inclusion notices.

Indicative terms table:¹

1. Main features:

<p>Regional Maximum Target Volumes</p>	<p>Except for the First Tranche, the commitment by EIF to the Financial Intermediary of available maximum regional volumes will be made in successive tranches subject to satisfactory levels of disbursement of the previously committed portions. For this purpose and for purposes of paragraph 8.3 of Appendix G (Intercreditor Arrangements), the Operational Agreement will contain a series of specific regional target volumes with respect to each Region.</p> <p>The Financial Intermediary will have to demonstrate via a list to be provided to EIF on committed and disbursed underlying transactions, that it has committed and disbursed amounts for at least each target volume defined by EIF in the relevant Operational Agreement, in order to unlock the following “tranche” of maximum regional volumes, in accordance with a schedule that shall be set out in the Operational Agreement.</p> <p>Each increase of the regional target volumes up to the maximum regional volumes will be effective upon receipt by the Financial Intermediary of an extension notice by EIF.</p>
<p>Transfer of Benefit</p>	<p>In the Operational Agreement, the Financial Intermediary shall acknowledge that the guarantee is provided with the ultimate purpose to enhance access to finance for Final Recipients and shall provide eligible debt financing at better pricing and/or collateral requirements compared to a similar debt financing instruments not covered by the guarantee, and shall maintain records evidencing such difference. In no case shall the overall interest rate and/or collateral cover of an eligible transaction be higher than the overall interest rate and/or collateral cover of a similar transaction in the absence of the guarantee.</p>

¹ The terms described represent the general description of the product, are not meant to be exhaustive and remain subject to amendments. The Parties will detail the product features in the CEOI.



	<p>Specific proposals to achieve the transfer of benefit are to be made by the applicants as part of the expression of interest and may be negotiated by EIF in the interest of furthering the objectives of the Agri Initiative. The finally agreed specific mechanisms shall form part of the Operational Agreement (for example, a minimum % reduction in collateral requirements and/or interest rates to be applied to each eligible transaction).</p> <p>The following diagram presents an indicative scheme in order to illustrate the concept of “transfer of benefit” of the guarantee (the numbers below are mere examples and are not representative of what the actual figures will be) in the form of interest rate reduction and in the absence of any collateral requirements reduction. The loan-by-loan interest rate reduction will take into consideration the guarantee fee, the guarantee rate and the cost of risk and capital of each Final Recipient in the absence of the support of the guarantee. The Transfer of Benefit will thus be lower for low risk Final Recipients as against high risk ones.</p> <p>The diagram illustrates the components of the loan margin. On the left, 'Typical components of the loan margin' are shown as a stack of four boxes: Funding Cost = 0.50% (bottom, dark blue), Admin cost = 1.00% (light blue), Profit Margin = 1.00% (medium blue), and Credit Spread & Cost of Capital = 2.50% (top, light blue). Below this stack, it states 'Before the Guarantee Loan interest = 5.00%'. A dashed vertical line separates this from the right side. On the right, a similar stack of four boxes is shown, with the top box being 'Credit Spread & Cost of Capital = 1.50%' (light blue). Below this stack, it states 'After the Guarantee Loan interest = 4.00%'. A curved arrow points from the top of the left stack to the top of the right stack, labeled 'Credit spread reduction'. A downward arrow points from this label to the top box of the right stack.</p>
<p>Guarantee Termination Events</p>	<p>The Operational Agreement will set out standard events of default, including non-payment of amounts due under the Operational Agreement, material breach of obligation, unlawfulness and misrepresentation.²</p> <p>The occurrence of an event of default, if not remedied within the relevant grace period (if any) may result in</p>

² The provisions of the Operational Agreements, including termination events, will be tailored aiming at achieving compatibility, subject to the relevant regulator’s views, with regulatory capital relief in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No 648/2012.



	the termination of the Operational Agreement.
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2. Eligibility

Eligible forms of debt financing	Loans (or other risk-bearing instruments if specifically provided for in the relevant RDP and as specified in the CEOI) entered into with Final Recipients
Eligibility Criteria	<p>The transactions, the Final Recipients and the portfolio, as relevant, will have to comply with a set of Eligibility Criteria set out in this indicative table and to be supplemented or further specified in the CEOI.</p> <p>Additional criteria may be set by EIF on a case-by-case basis, such as thresholds concerning eligible rating classes, minimum levels of portfolio granularity, portfolio percentage limits on bullet or balloon features of the underlying transactions.</p> <p>A breach of any of the Eligibility Criteria shall result in an exclusion of the relevant transaction from the portfolio, save in limited circumstances in which the determination of whether such breach was within the control of the Financial Intermediary may result in continued guarantee cover.</p>
General Purpose of investment	<p>Depending on the nature of the borrower and the type of investment to be financed with the debt financing, the project will fall under one of the following sub-measures:</p> <p>4.1 Support for investments in agricultural holdings (4.1 Investimenti nelle aziende agricole),</p> <p>or</p> <p>4.2 Support for investments in processing, marketing and/or developing of agricultural products (4.2 Investimenti per la trasformazione e commercializzazione de prodotti agricoli).</p> <p>Debt financing provided in the context of sub-measure 4.1 shall support investments in agricultural production in order to improve the overall performance and sustainability, infrastructure related to the development, modernisation or adaptation of agriculture, access to farm land, consolidation and improvement, and saving of energy.</p>



	<p>Debt financing provided in the context of sub-measure 4.2 shall support investments concerning the processing, marketing and/or development of Agricultural Products where the output may be both an Agricultural Product or a product that is not an Agricultural Product.</p>
<p>Eligible Recipients</p> <p>Final</p>	<p>1. Nature of Final Recipient :</p> <p>a) With respect to sub-measure 4.1, the Final Recipient must be:</p> <p>(i) Professional farmers as defined in Italian legislation (i.e. imprenditori agricoli professionali). They may be natural or legal persons (persone fisiche o giuridiche) and may also be constituted in the form of legal groupings/joint ventures (e.g. in the form of cooperatives, including if larger than SME). In such case, the Financial Intermediary shall rely on the certification issued by the relevant regional authority attesting the eligibility of the applicant; or</p> <p>(ii) Any other natural or legal person identified and declared as eligible farmer under the RDP by a certification issued by the relevant Managing Authority. In such case no further Final Recipient eligibility check should be performed by the Financial Intermediary;</p> <p>b) With respect to sub-measure 4.2, the Final Recipient must be:</p> <p>(i) Professional farmers as defined in Italian legislation (i.e. imprenditori agricoli professionali). They may be natural or legal persons (persone fisiche o giuridiche) and may also be constituted in the form of legal groupings/joint ventures (e.g. in the form of cooperatives, including if larger than SME). In such case, the Financial Intermediary shall rely on the certification issued by the relevant regional authority attesting the eligibility of the applicant; or</p> <p>(ii) Any other natural or legal person identified and declared as eligible farmer under the RDP by a certification issued by the relevant Managing Authority. In such case no further Final Recipient eligibility check should be performed by the Financial Intermediary;</p> <p>(in each case 1b)(i) and (ii) above only to the extent the Agricultural Products to be processed, marketed and/or developed , in relation to the project to be financed with debt financing in the context of the Agri Initiative, are</p>



	<p>externally sourced and not produced by the Final Recipient (for the avoidance of doubt, projects aiming to process, market and/or develop Agricultural Products produced by the Final Recipient are eligible under sub-measure 4.1)); or</p> <p>(iii) Any other SME or Small Mid-Cap, active in the processing, marketing and/or development of Agricultural Products (the output of the production process may be a non-Agricultural Product)</p> <p>2. The Final Recipient shall (i) have a registered place of business in a member state of the European Union and (ii) the economic activity (including, without limitation, operative unit or productive branch) for the benefit of which the relevant debt financing is used in the Region to which that debt financing is attributed.</p> <p>3. The Final Recipient shall be potentially economically viable (as assessed by the Financial Intermediary in accordance with its internal procedures).</p> <p>4. The Final Recipient shall not be "in difficulty" (within the meaning of 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) (as assessed by the Financial Intermediary in accordance with its internal procedures).</p> <p>5. The Final Recipient is not subject to collective insolvency proceedings nor fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors. In case of large undertakings, the Final Recipient shall be in a situation comparable to a credit rating of at least B-.</p> <p>6. The Final Recipient shall not have a substantial focus on one or more Restricted Sectors listed below (which determination shall be made by the Intermediary in its discretion based, without limitation, on the proportionate importance of such sector on</p>
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	<p>revenues, turnover or client base of the relevant Final Recipient).</p> <p>7. The Final Recipient shall not be an enterprise that has benefitted of state aid which has been declared illegal or noncompliant by the European Commission and has not yet returned or deposited in a blocked bank account the relevant amount, pursuant to Decree of President of Council of Ministers issued on 23 May 2007, as amended from time to time.</p>
<p>Eligible Costs</p>	<p>Eligible Costs are with reference to Eligible Investments, costs eligible according to article 45 of EAFRD Regulation. For the avoidance of doubt, in line with preamble (37) and Article 37(11) of the CPR, the debt financing provided to the Final Recipient in the context of the Agri Initiative should be able to cover the entirety of the investments made by Final Recipients without distinction of VAT related costs, and the relevant RDPs shall be interpreted accordingly.</p> <p>The expenditure to be supported by the debt financing transaction shall be incurred after the date of application by the Final Recipient for such debt financing transaction.</p>
<p>Ineligible Expenditure</p>	<p>Expenses incurred with respect to the following are not in any case eligible:</p> <ul style="list-style-type: none"> • Used machinery and equipment • Investments aimed at complying with EU regulation • Investments for the mere substitution of machinery and equipment already owned by the agricultural holding • Used property that in the previous 10 years has already benefited of public funding • Land purchase • Substitution investments • The purchase of agricultural production rights • Livestock or annual crops purchase or planting • Purchase of machinery and equipment for production and marketing of products imitating or



	<p>substituting milk or dairy products</p> <ul style="list-style-type: none"> • Photovoltaic plants located on the farm land • Investments in irrigation as defined under article 46 of EAFRD Regulation • Investments for production of energy, including the production of energy for own use by the agricultural holding
<p>Eligible Investments</p>	<p>a) With respect to sub-measure 4.1, the typologies of Eligible Investments are:</p> <ul style="list-style-type: none"> • Purchase of new machinery and/or equipment • Construction, purchase, restructuring, or improvement of any property used to process, transform, stock and market the agricultural products and livestock of the agricultural holding • Improvements to the property used to process, transform, stock or market the agricultural products and livestock of the agricultural holding using materials that would improve the energy efficiency • Land improvement (e.g. land and/or hydraulic/agricultural accommodations; planting of orchards) • Construction and/or renovation of facilities to stock and/or treat the wastewater of the agricultural holding, including facilities built using technologies aimed at reducing CO2 and other greenhouse gasses • Equipment to treat the wastewater of the agricultural holding • Purchase of hardware and software aimed at the adoption of ICT • Machinery and equipment aimed at reducing the environmental impact of farming through land preservation (conservative and precision farming) • Adoption of active defence systems to preserve crops from the effects of extreme weather events and from damages caused by wild animals and predators. <p>b) With respect to sub-measure 4.2, the typologies of Eligible Investments are:</p> <ul style="list-style-type: none"> • Purchase of new machinery and/or equipment • Construction, purchase, restructuring, improvement of any property used to process,



	<p>transform, stock and market the agricultural products</p> <ul style="list-style-type: none"> • Purchase of hardware and software aimed at the adoption of ICT. <p>With respect to both cases a) and b) above, the investments to be supported by the debt financing transaction shall not be physically completed or fully implemented on the approval date of the documents evidencing such debt financing transaction</p>
<p>Restricted Sectors</p>	<p>1. Illegal Economic Activities</p> <p>Any production, trade or other activity, which is illegal under the laws or regulations of the home jurisdiction for such production, trade or activity (“Illegal Economic Activity”).</p> <p>Human cloning for reproduction purposes is considered an Illegal Economic Activity.</p> <p>2. Tobacco</p> <p>The production of and trade in tobacco and related products, except in cases where the financing made available under the Final Recipient transaction is aimed at the diversification of such Final Recipient’s business from such activities (i.e., the production of and trade in tobacco and related products) to other activities that do not fall within the Restricted Sectors, as further specified in the CEOI.</p> <p>3. Distilled Alcoholic Beverages</p> <p>The production of and trade in distilled alcoholic beverages and related products.</p> <p>4. Production of and Trade in Weapons and Ammunition</p> <p>The financing of the production of and trade in weapons and ammunition of any kind. This restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies.</p> <p>5. Casinos</p> <p>Casinos and equivalent enterprises.</p> <p>6. IT Sector Restrictions</p>



	<p>Research, development or technical applications relating to electronic data programs or solutions, which:</p> <ul style="list-style-type: none"> (i) aim specifically at: <ul style="list-style-type: none"> (a) supporting any activity included in the EIF Restricted Sectors referred to under 1. to 4. (inclusive) above; (b) internet gambling and online casinos; or (c) pornography, <p>or which:</p> <ul style="list-style-type: none"> (ii) are intended to enable to illegally: <ul style="list-style-type: none"> (a) enter into electronic data networks; or (b) download electronic data. <p>7. Life Science Sector Restrictions</p> <p>When providing support to the financing of the research, development or technical applications relating to</p> <ul style="list-style-type: none"> (i) human cloning for research or therapeutic purposes; and (ii) Genetically Modified Organisms (“GMOs”), <p>EIF will require from the Financial Intermediary appropriate specific assurance on the control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.</p>
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State aid implications

In case of agricultural activities supported by EAFRD, state aid rules do not apply to the Regional contribution or to additional funding from the regional and/or national budget. Support to Final Recipients under the Financial Instrument (i.e. uncapped guarantee) is exempt from EC notification under the art. 108 (3) of the Treaty, and has to be compliant with the provisions of the EAFRD regulations when provided to investments for the production of Agricultural Products and the transformation of Agricultural Products resulting in Agricultural Products. When the support is provided for investments for the transformation of Agricultural Products resulting in non-Agricultural Products, the financial instrument is designed subject to the state aid component under de minimis rules set out in the De Minimis Regulation 1407/2013 (hereinafter, the “de minimis regulation”).



In respect of the eligible transactions, the Financial Intermediaries shall ensure compliance with the aforementioned applicable state aid and aid intensity rules, in accordance with the following table and the operating modalities for the GGE calculation to be approved by the Investment Board upon formal proposal by the EIF.

Objective of the debt financing	Nature of the Final Recipient transaction	
	When the Final Recipient has declared that no other form of support is or will be granted or requested.	When the Final Recipient has declared that other forms of support have been granted/requested, specifying the GGE linked to the additional support and the maximum aid intensity provided for in the Relevant RDP.
Farming (production of agricultural products) and Transformation and marketing of agricultural products (where the output of the transformation are Agricultural Products)	<p>GGE \leq 20% of the Total eligible costs of the investment to be financed with the Final Recipient transaction.</p> <p>The parties acknowledge that in some Regions the Maximum Aid Intensity set in the respective RDP is higher than 20%. Nonetheless, given the nature of the Agri Initiative and the need for the eligibility criteria to be the same across all Regions, the Parties agree to set at 20% the maximum allowed GGE in cases where the Final Recipient has declared that no other form of support is or will be granted or requested.</p>	GGE of the loan + GGE of other forms of support \leq Maximum Aid Intensity set in the relevant measure of the respective RDP
Transformation of agricultural products (where the output is not an Agricultural Product)	GGE of the loan + GGE linked to other de minimis support received over the relevant timeframe set out in the de minimis regulation, as declared by the Final Recipient, must not	GGE of the loan + GGE linked to other de minimis support received over the relevant timeframe set out in the de minimis regulation, as declared by the Final Recipient, must not exceed EUR 200,000



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	<p>exceed EUR 200,000</p> <p>AND</p> <p>GGE of the loan + GGE of other forms of support \leq Maximum Aid Intensity set in the relevant measure of the respective RDP as declared by the Final Recipient</p>	<p>AND</p> <p>GGE of the loan + GGE of other forms of support \leq Maximum Aid Intensity set in the relevant measure of the respective RDP as declared by the Final Recipient</p>
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Combination of the financial instrument with other forms of support by the RDP

The parties acknowledge that the same Final Recipient and the same operations may receive support under the guarantee combined with other forms of support (including other support under the same RDP). It will be the responsibility of the Final Recipient to communicate to the Financial Intermediaries (with a declaration as set out in item (ix) of article 9.1.(e) of the Delegated Act) – when applying for debt financing in the context of the Agri Initiative – if the operation benefits or could benefit from other forms of support, specifying the GGE linked to such additional support and the maximum aid intensity for the operation if the de minimis regulation does not apply. If the de minimis regulation applies, then the limits provided under the de minimis regulation shall apply. It will be the responsibility of the Financial Intermediaries to verify that the combined GGE of the different forms of support complies with the cumulation rules that will be reflected in the terms and condition of the guarantee. The eligible expenditure financed by the eligible debt financing in the context of Agri Initiative shall be distinct from the expenditure financed by other forms of support or if the support from the other sources of assistance cover the same eligible expenditure, the sum of all sources of support combined shall not exceed the total amount of the expenditure item concerned.

For the avoidance of doubt, the debt financing granted in the context of Agri Initiative shall not be used to pre-finance grants and for this purpose the Financial Intermediary will rely on a representation provided by the Final Recipient in the underlying transaction documentation.

Exit Strategy

The exit policy for the Guarantees deployed in the context of the Agri Initiative is set out in Clause 4 of the Agreement and paragraph 8 of Appendix G (Intercreditor Arrangements).

The Operational Agreements will set a deadline for the guarantee to be called by the Financial Intermediaries. The parties acknowledge that this deadline is linked to the nature of the instrument and that it will be after the closure of the programming period on 31 December 2023.

As further outlined in Appendix C (Risk Policy), the Parties acknowledge, that it is not certain that the Region Contribution Committed used for the implementation of the Financial Instrument will be returned to the Region. In worst case scenarios, in particular due to



adverse economic conditions, poor performance of Financial Intermediaries or the Final Recipients or default of the same, no money invested/committed in the Financial Instrument will be returned to the Region.

B. BUSINESS PLAN

General

The Investment Strategy outlined above will be implemented with the support of EIF. EIF will manage and operate each Regional FoF in the context of the Agri Initiative and will carry out the functions and duties in relation to each Regional FoF set out in this Agreement.

As set out in this Agreement, EIF will identify, evaluate and select appropriate Financial Intermediaries by issuing and publishing a CEOI. The CEOI will specify relevant criteria for selection of the Financial Intermediaries in accordance with this Agreement, and subject to the requirements of CPR and the Delegated Act. Each expression of interest submitted by an applicant shall include a business plan or equivalent documents, in accordance with the requirements of CPR. This business plan is hence to be supplemented through the results of the CEOI process.

Leverage effect

As set out in Clause 5.10 of this Agreement, with respect to each Region, the Region Minimum Leverage Effect shall be achieved at the end of the period during which financing to Final Recipients covered by Operational Agreements may be disbursed.



APPENDIX C

RISK POLICY

Risk Factors and Framework for Debt Instruments

1. Introduction

The Risk Policy is an outline of the principal risk parameters and risk control mechanisms for uncapped Guarantee transactions with Financial Intermediaries in the context of the Agri Initiative. It is intended to provide the framework for managing each Regional FoF from a risk perspective, in light of the Agreement and the Investment Strategy.

Before deciding to enter into the Funding Agreement, the Region should carefully consider all of the information available to it, including the information set out in this Appendix.

The risk factors set out herein are not exhaustive. There may be other risks that each Region should consider that are relevant to its own particular circumstances or generally.

The success of each Regional FoF may be affected by general economic and market conditions, changes in laws and national and international political circumstances.

EIF will publish CEOs for the evaluation and selection of suitable Financial Intermediaries (counterparties) according to its internal rules and procedures and within the risk framework stated in Section 2 below.

The underlying transactions will be implemented by EIF applying its own professional judgement and due care. The implementation of transactions will take into consideration a number of relevant factors, including, inter alia, the overall economic and market conditions and any specific focus that certain transactions may have.

It has to be highlighted that this appendix covers the Risk Policy of each Regional FoF (including the risk related to treasury operations (e.g. counterparty risk), risk of negative interest (in treasury activity and in Regional FoF Account). This Risk Policy does not cover the risk of senior risk takers.

1) Risk of the financial viability of financial instruments and risk related to potential defaults of the underlying transactions

It is expected that each Regional FoF will be taking a significant level of risk. The financial instruments may support additional risk taking by commercial operators or include a subsidy element (i.e. a reduced or no interest rate and/or reduced collateral requirements). As a consequence, each Regional FoF will incur a certain level of losses and hence not achieve full financial sustainability.

The actual losses and their volatility incurred by the underlying transactions will depend on many variables, including (but not limited to) each Regional FoF's objectives, the macroeconomic environment, the product parameters, portfolio diversification, and the financial intermediaries selected for the implementation, particularly their risk appetite and data provision.

Finally, due to the leverage nature of the position, there is still a worst case scenario for which each Regional FoF, notably in case of poor performance of the covered portfolios and/or default, insolvency or fraud of any agent, bank (including FoF Treasury Bank, any bank holding Regional FoF Account) or other third party, where there might be no funds to



be returned to one or more Regional FoFs. It has to be highlighted that there will not be any mutualisation or cross collateralisation between the various Regional Portfolios.

2) Non-absorption risk

The below risk factors are related to the risk that the underlying portfolio is not built-up (in full or in part) in any Region.

Notwithstanding all reasonable efforts to promote the instrument at regional level, the Financial Intermediary(ies) might not be able, due to market reasons, conditions (i.e. demonstrated substantial decrease of the requests for eligible transactions in the relevant Region), a deterioration in their financial position, or a non-compliance of part or total underlying portfolio already built-up with eligibility criteria, to complete the building-up of the portfolio of eligible underlying transactions in that Region.

(1) A delay or failure in provision of successive tranches of financing by a Region, (2) any loss (including negative interest) incurred by any Regional FoF arising from the default, insolvency or fraud of any agent, bank (including FoF Treasury Bank, any bank holding Regional FoF Account) or other third party can cause a knock-on effect in the signature or extension of agreements with Financial Intermediaries.

It has to be noted that as set out in Appendix G (Intercreditor Arrangements) EIF will determine, assign and/or maintain the target rating on the Senior Risk Cover using its internal rating methodology and according to its internal rules and procedures. EIF, in order to determine, assign and/or maintain the target rating on the Senior Risk Cover, (i) may include in Operational Agreements portfolio limits (e.g. maximum obligor exposures or diversification limits) and (ii) might not be able to extend or accept transactions or might need to reduce transaction sizes due to higher risk taking by Financial Intermediaries compared to initial expectations, poor performance of the portfolio or inadequate data provision by Financial Intermediaries.

3) Counterparty risk

In general, each Regional FoF aims to support the development of financial instruments exposed to the risk of the market and subject to extensive regulatory requirements. This, inter alia, means that implementation of the relevant Regional FoF Activity implies high risks with regard to its objective of financing Final Recipients through Financial Instruments. Notably, such high risks result from counterparty risk of each Financial Intermediary via which Financial Instruments are implemented, i.e.:

- the risk of a Financial Intermediary becoming insolvent, and therefore not being able to channel the returns to the relevant Regional FoF (in case the insolvency occurs after the investment/financial transfer from the relevant Regional FoF to Financial Intermediaries and after the investment/financial transfer of the Financial Intermediary in SMEs)

It is understood that the use of the Financial Instrument, implies an acceptance of the counterparty risk inherent in the instruments as each Regional FoF would be subject to the consequences of any default of a Financial Intermediary contracted under the instruments.

Counterparty risk in case of a guarantee instrument is associated mainly with risk related to relevant recoveries from losses on the underlying transactions.



4) Eligibility risk

Underlying transactions entered into by the Financial Intermediary(ies) with Final Recipients shall meet a number of eligibility criteria in order to be included in the portfolio and be covered by the Financial Instrument. Some of these eligibility criteria are determined on the basis of commercial considerations whilst others are fixed on the basis of relevant legislative and regulatory requirements set out, inter alia, in the applicable ESIF Regulations and relevant regional legislative framework. Non-compliance with such eligibility criteria has different consequences depending on the circumstances.

In particular, where an underlying transaction already included in the portfolio (i) ceases to meet the contractually agreed eligibility criteria or (ii) is affected by irregularity, which in both cases was outside of the control of the Financial Intermediary, then the underlying transaction will not automatically be excluded from the portfolio and the losses suffered by the Financial Intermediary in this context may remain covered by the Financial Instrument under certain conditions, in which case the ineligibility risk will be borne by the relevant Region.

The Region acknowledges and agrees that any loss incurred by a Regional FoF arising from (1) the default, insolvency or fraud of any agent, bank (including FoF Treasury Bank, any bank holding Regional FoF Account) or other third party, (2) application of negative interests on Regional FoF assets, shall be borne entirely by the Region and that the EIF shall not be responsible in any way whatsoever for any consequence of any expense being considered ineligible (under applicable ESIF / EAFRD regulations) in such circumstances.

5) Underlying debt financing maturity risk

Limitation of the amortisation or maturity of debt financing usually aims at controlling the average time of amortization of the underlying portfolio - controlling exposure to credit risk - and also aims at returning funds to the relevant Regional FoF within a target timeframe. EIF understands that each Region does not want to limit the portfolio in this respect with the intention to maximise the benefits for the Final Recipients (i.e. to increase the maturity of the underlying Transactions). Each Region acknowledges that the maturity of the underlying transactions has an impact on the risk profile of its respective Regional FoF and on the leverage that can be achieved.

6) Conflict of Interest

In the context of the Agri Initiative each Regional FoF will be the junior risk taker as further set out in the Appendix G (Intercreditor Arrangements) with respect to losses arising from underlying loans (attributed to that respective Region) covered by the guarantee instrument and EIF will be the senior risk taker as further set out in the Appendix G (Intercreditor Arrangements). In light of this, the implementation and management of the guarantee instrument may inherently give rise to conflicts between the positions of the risk takers which shall be mitigated, inter alia, by the terms of this Agreement and, in particular the provisions set out in Appendix G (Intercreditor Arrangements), by defining the roles, rights and level of seniority of the risk takers.

2. Selection of Financial Intermediaries for Uncapped Guarantees

Each Region hereby acknowledges and agrees that EIF may directly enter into and/or revise transactions with Financial Intermediaries under uncapped guarantees. The Financial



Intermediaries with whom EIF purports to enter into Operational Agreements shall be selected on the basis of EIF's policies and procedures with open, transparent, proportionate and non-discriminatory and objective selection procedures, avoiding conflicts of interests, with due account of the nature of the Dedicated Window and the experience and financial capacity of the Financial Intermediary. The selection of such Financial Intermediaries shall be made on a continuous basis and shall be based on a scoring system to prioritise Financial Intermediaries according to specific criteria.



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**APPENDIX D
TREASURY GUIDELINES**

1. Each Region and EIF acknowledge that in performing the respective Regional FoF Activity under the Funding Agreement, EIF has the right to manage the funds paid from time to time into the respective Regional FoF Account, in accordance with EIF's internal rules and procedures. The term "Treasury Funds" shall mean all the funds from time to time deposited into the respective Regional FoF Account less (i) any amounts that have been disbursed for the purpose of any Financial Instrument or for any other purpose in accordance with this Agreement, and (ii) any amounts which should be maintained in the respective Regional FoF Account for liquidity purposes, in each case as estimated by EIF.
2. EIF shall, as soon as reasonably feasible, take the necessary actions to enable the Treasury Funds to be managed through the FoF Treasury Bank.
3. For this purpose, and in accordance with its internal rules and procedures, EIF will use one or multiple FoF Treasury Banks duly authorised to operate within the European Union, having at least the Treasury Required Rating.
4. For the avoidance of doubt, Treasury Funds may be only invested in term and call deposits in line with the EIF internal rules and procedures and sound financial management.
5. The FoF Treasury Bank must have one minimum required rating (the "Treasury Required Rating") for long term/short term rating of Baa2/P-2 by Moody's (or any equivalent rating released by Standard & Poor's and/or Fitch Ratings).



APPENDIX E
MONITORING/ CONTROL OF FINANCIAL INTERMEDIARIES

1. GENERAL

- 1.1 Monitoring checks shall be performed in line with EIF rules and procedures.
- 1.2 One monitoring visit or one desk review at EIF's headquarter per Operational Agreement shall be undertaken throughout the term of each Operational Agreement.
- 1.3 In the context of the point 11 of the Progress Report (Appendix F), EIF will provide information on:
- (a) the date of monitoring activities performed;
 - (b) the types of findings identified; and
 - (c) the status of the findings identified.

The form of such information will be included in the Progress Report template (Appendix F).

2. MONITORING OF FINAL RECIPIENTS

- 2.1 Financial Intermediaries may, in line with their internal rules and procedures and particularly in the cases where fraudulent behavior is suspected, be required to perform monitoring checks at the level of the Final Recipients.
- 2.2 Monitoring by EIF of Financial Intermediaries shall address the following:
- (a) both during the appraisal, selection and implementation of financial instrument, monitor compliance of Financial Intermediaries with applicable EU law and the relevant Operational Agreement;
 - (b) funding agreements contain provisions concerning audit requirements and audit trail in accordance with point 1(e) of Annex IV to the CPR;
 - (c) an adequate audit trail is established for reporting and audit purposes in accordance with the relevant provisions of the CPR and applicable Delegated and Implementing Acts;
 - (d) supporting documents:
 - (i) are retained by Financial Intermediaries with respect to financing made available to Final Recipients in order to provide evidence on the use of the funds for the purposes intended, including the eligibility of expenditure in accordance with applicable EU and national law;
 - (ii) are kept for the duration of three (3) years from 31 December following termination of the relevant Operational Agreement;



- (iii) are available to allow verification of the legality and regularity of the expenditure.



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**APPENDIX F
PROGRESS REPORT**

The Annual Progress Report shall contain for each Regional FoF:

1. a description of each Financial Instrument and an overview of the arrangements for implementing such Financial Instrument;
2. the identity of the Financial Intermediaries;
3. the total amount paid to the FoF and the total amount transferred from each Regional FoF to the Financial Intermediaries and EIF (including, where relevant, amounts allocated for potential payments under the guarantees);
4. the total amount of support paid to the Final Recipients, paid for the benefit of the Final Recipients or committed to guarantees for financing made to Final Recipients, in addition to the Management Fees incurred or Management Fees paid, by programme and priority or measure for each Regional FoF;
5. a summary of the performance of the Financial Instrument, including the progress of its set-up and selection of the Financial Intermediaries;
6. the total amount of interest and any other financial gains generated through the support from the ESIF funds to each Regional FoF and details of the programme resources paid back to the Financial Instruments from investments made;
7. a report on the progress of each Regional FoF in reaching the expected leverage effect of investments made by the Financial Instruments and the value of the investments and participations;
8. a report on the contribution of the Financial Instruments in achieving the output indicators of the priority or measure concerned;
9. a financial report containing a balance sheet and profit and loss statement for each Regional FoF;
10. a summary of the monitoring activities carried out; and
11. a treasury report in respect of the Treasury Funds for each Regional FoF.

EIF will provide the information listed in Annex 1 to Appendix F to each Region to issue their correspondent Annual Implementation Report to the EC in line with regulation 821/2014.



Annex 1: Progress Report

This Annex covers the Progress Report obligations applicable to the EIF, including for data relating to Financial Intermediaries and to Final Recipients in relation to Progress Report mentioned in Appendix F of this Agreement.

1.1 Progress Report requirements for each Regional FoF

The EIF shall submit to the Region within four (4) months after the end of each calendar year comprehensive Progress Reports which shall, where applicable, include graphical representations to highlight the results achieved. Values reported will reflect the implementation during the previous year and the cumulative implementation since start. All information on volumes is to be reported in Euro, whereby the standard EIF conversion methodology will be applied for non-Euro Operations/transactions.

The reports shall be based on data available from the internal control systems of the EIF and on reporting received from the Financial Intermediaries. All reports shall start with the following information fields:

- Name of the Financial Instrument
- Reporting date
- Reporting currency

1.2 Summary Progress Report requirements for each Regional FoF

The annual Progress Reports to be submitted shall contain detailed information for all Operational Agreement signed in according with the requirements described in sections 1.2.1 and 1.2.2 below.

It is understood that each Region will receive the data mentioned in 1.2.1 and 1.2.2 for financial information related to each Region.

In addition, to the information of 1.2.1 and 1.2.2, a narrative section will be prepared for the Platform. The narrative information at the level of the Platform will include the following information:

1. Progress on implementation of the Platform
 - a. Other key information related to the Platform, Investment Board and other meetings
 - b. Audits and irregularities
 - c. Publicity
 - d. Litigation
2. Financial Instruments
 - a. Recent Operational Agreements completed
 - b. Monitoring activities
 - c. Deal flow (pipeline) overview



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1.2.1 Summary section of the annual report

The information will be provided on an accumulated basis and/or for the last reporting quarter so as to allow the MS to adequately respond to EC regulatory provisions on reporting.

Reporting frequency	Numbering	Type of information to be reported
A	1.	Name of the Regional Fund-of-Funds
A	2.	Name of the Entrusted Entities
A	3.	MS Contribution
A	4.	Funding Agreement Signature Date
A	5.	Currency
A	6.	Commitment Period (if applicable)
A	7.	Termination Date
A	8.	Type of Financial Instrument
A	9.	Full name of the Operational Programme
A	10	Thematic Objective (focus area)
A	11.	Measure supported by the Financial Instrument
A	12.	MS Committed Contribution
A	12.1	Out of which, EAFRD
A	12.2	Out of which, national co-financing
A	14.	MS Paid Contribution
A	14.1	Out of which, EAFRD
A	14.2	Out of which, national co-financing
A	15.	FoF Management Fees
A	15.1	Out of which, base remuneration
A	15.2	Out of which, performance base remuneration
A	16	Number of Final Recipients
A	16.1	Out of which, individuals
A	16.2	Out of which, microenterprises
A	16.3	Out of which, other Final Recipients
A	16.3	Out of which, SMEs
A	17.	Proceeds of Operations
A	18.	Disbursements to Financial Intermediaries
A	19.	Disbursements to Final Recipients
A	20.	Expected leverage of FoF
A	21.	Achieved leverage of FoF at year end ³
A	22.	Total number of signed Operational Agreements
A	23.	Total number of Final Recipients having received financing during the whole programme period (accumulated)
A	24.	Total number of employees (at the time of the investment or at the inclusion date)

³ The Actual leverage of Operations signed is computed as follows: Total Amount Committed by FoF and other investors to Financial Intermediaries/Total Amount Committed by FoF to Financial Intermediaries



A	25.	Total Amount Committed by FoF to Financial Intermediaries
A	26.	Total Amount Committed by FoF and other investors to Financial Intermediaries

1.2.2 Section covering individual Guarantee Operations in the Progress Report

The information required in this section shall be provided per individual Operational Agreement signed. In case the EIF has signed several Financial Instruments with the same Financial Intermediary the respective Financial Instruments shall be grouped (but not aggregated) in the Progress Report.

Reporting frequency	Numbering	Type of information to be reported
		Information on Financial Intermediary
A	1.	Full name of the Operational Programme
A	2.	Official address / place of business of the intermediary, country, city
A	3.	Financial Intermediary Portfolio name
A	4.	Signature Date
A	5.	Guarantee Rate
A	6.	Agreed Portfolio Volume
A	6.1	Out of which, EAFRD
A	6.2	Out of which, national co-financing
A	7.	Actual Portfolio Volume
A	8.	Actual Outstanding Amount
A	9.	Utilisation of Agreed Portfolio Volume
A	10.	Disbursement to Final Recipient
A	11.	Disbursement ratio
A	12.	Signed Commitment
A	13.	FoF Drawn Amount
A	14.	FoF Undrawn amount
A	15.	Maximum Cap Amount
A	16.	Guarantee fee calls
A	17.	Guarantee fee paid
A	18.	Utilisation of signed commitment %
A	19.	Release of signed commitment
		Guarantee Operations – Final Recipient portfolio analysis
A	20.	Portfolio Name
A	21.	Number of Final Recipients
A	21.1	Out of which, individuals
A	21.2	Out of which, microenterprises
A	21.3	Out of which, SMEs
A	21.4	Out of which, other Final Recipients



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A	22.	Number of Loans
A	23.	Number of employees as at time of inclusion
A	24.	Average Loan Maturity in months
A	25.	Actual Portfolio Volume
A	26.	Investment Amount
		Guarantee Operations – Guarantee Calls/ Recoveries
A	34.	Portfolio Name
A	35.	Recipient Name
A	36.	Amount Paid
A	37.	Amount recovered
A	38.	Net Amount Paid
A	39.	Graphical presentation of Final Recipient by size (in terms of turnover)
A	40.	Graphical presentation of Final Recipient by size (in terms of number of employees)
A	41.	Graphical presentation of Final Recipient by sector (NACE level 4)
		List of final recipients
A	42.	Portfolio Name
A	443	Final Recipient name
A	44.	Fiscal Number
A	45.	Signature date
A	46.	Region
A	47.	Sector (NACE level 4)
A	48.	Contract currency
A	49	Loan Amount Committed
A	50.	Maturity (months)
A	51.	GGE Amount
A	52.	Investment Amount
A	53	Loan Purpose



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APPENDIX G

INTERCREDITOR ARRANGEMENTS

1. DEFINITIONS AND INTERPRETATION

1.1 Terms defined in the Preamble and Clause 1 of this Agreement shall, unless otherwise defined, have the same meaning in this Appendix.

1.2 In this Appendix, the following terms shall be defined as follows:

"Aggregate AGRI Operation Origination Amount" means the aggregate of all AGRI Operation Origination Amounts with respect to one specific Region.

"Aggregate Portfolio Disbursement Amount" means, at a given time, in relation to a Regional Portfolio, the aggregate principal disbursed amount of all Eligible AGRI Loans attributed to that Regional Portfolio under all Operational Agreements.

"Aggregate Portfolio Gross Disbursement Amount" means, at a given time, in relation to a Regional Portfolio, the aggregate principal disbursed amount of all Eligible Agri Loans attributed to that Regional Portfolio under all Operational Agreements, including financing agreements which were initially Eligible Agri Loans but have been subsequently excluded from the Regional Portfolio and have given rise to Claw-back Amounts.

"AGRI Guarantee Term Sheet" means the term sheet that will be issued as part of the CEOI.

"AGRI Operation" means a guarantee entered into between EIF and a Financial Intermediary pursuant to the terms of the relevant Operational Agreements and covering one or several Regional Portfolios.

"AGRI Operations General Account" means the bank account opened by EIF for the purpose of receiving certain amounts and making certain payments in relation to AGRI Operations as further described in this Agreement.

"AGRI Operation Origination Amounts" means, in relation to one specific AGRI Operation, on the date it was entered into, the maximum possible aggregate principal amount of the Eligible AGRI Loans that can be issued under such AGRI Operation with respect to one specific Region.

"AGRI Operation Region Minimum Leverage Effect" means, with respect to a Region and a Financial Intermediary, the ratio between (x) new debt financing to Final Recipients disbursed by that Financial Intermediary pursuant to the terms and conditions of the Operational Agreement and attributed to that Region and (y) the respective Net Region Contribution allocated to such Financial Intermediary under the relevant AGRI Operation, which shall be equal to 4;

"Allocable Claw-back Amount" means, in respect of a Regional Portfolio and on each Quarterly Calculation Date, an amount equal to the difference, if positive, of (i) the Claw-back Amount collected by EIF during the immediately preceding calendar quarter and (ii) the Unspent Claw-back Amount.



"Allocation Principles" means:

- (i) in the case of payments made following a Payment Demand in respect of Defaulted Amounts experienced in relation to a Regional Portfolio from the date of this Agreement, that the amount of such payments is applied to reduce the Outstanding Risk Cover Size of each Risk Cover of such Regional Portfolio in accordance with the Reverse Order of Priority;
- (ii) in the case of Principal Receipts in respect of a Regional Portfolio from the date of this Agreement, that such amounts are applied in accordance with the Principal Priority of Payments;
- (iii) in the case of Amortisation Amounts in respect of a Regional Portfolio, that such amounts are applied to reduce the Outstanding Risk Cover Size of each Risk Cover of such Regional Portfolio in accordance with the Order of Priority until the Outstanding Risk Cover Size of each such Risk Cover applicable to the relevant Regional Portfolio is reduced to zero; and
- (iv) in the case of Allocable Claw-back Amounts in respect of a Regional Portfolio, that such amounts are applied in accordance with the Principal Priority of Payments.

"Amortisation Amounts" means, in relation to a Regional Portfolio, the aggregate reduction of the principal amount outstanding under such Regional Portfolio following principal repayments under the Eligible AGRI Loans attributed to such Regional Portfolio.

"Claw-back Amounts" means any amount clawed-back from a Financial Intermediary or returned by a Financial Intermediary to EIF under an Operational Agreement in relation to a Regional Portfolio, including any amount repaid in respect of (i) an amount paid by EIF in excess of the relevant Defaulted Eligible AGRI Loans attributed to that Regional Portfolio or (ii) an excess amount paid by EIF as a result of an exclusion of a financing agreement attributed to that Regional Portfolio from that Regional Portfolio, as further specified in the relevant Operational Agreement.

"Defaulted Amounts" means (i) any principal and/or interest amounts (excluding late payment or default interest, capitalised interest, fees and any other costs and expenses and excluding any interest amounts which accrued after a period of 90 days) due, payable and outstanding in respect of a Defaulted Eligible AGRI Loans included in a Regional Portfolio following the occurrence of a default or an acceleration of a Eligible AGRI Loans and (ii) any reduction in principal and/or interest amounts (excluding late payment, default interest, capitalised interest, fees and other costs and expenses), payable in respect of a Defaulted Eligible AGRI Loan included in a Regional Portfolio as a result of a restructuring, as applicable.

"Defaulted Eligible AGRI Loans" means any Eligible AGRI Loans in respect of which a Payment Demand has been made.

"Eligible AGRI Loans" means the financing agreements which satisfy the eligibility criteria and other conditions set out in the Operational Agreements and are covered by an Operational Agreement.



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"**Guarantee Fee**" has the meaning given to such term in paragraph 4.1.

"**Guarantee Rate**" means 50%.

"**Junior Risk Cover**" means in respect of a Regional Portfolio, the respective Net Region Contribution that is available to cover Defaulted Amounts in relation to such Regional Portfolio.

"**Junior Risk Cover Reinstatement Amount**" means, in relation to each Regional Portfolio, and for each Junior Risk Cover and at each relevant moment, an amount equal to the difference (if it is a positive amount) between: (i) the aggregate of all Defaulted Amounts (including Defaulted Amounts associated with Claw-back Amounts) which have been allocated to such Risk Cover; and (ii) the aggregate of (x) all Principal Receipts applied to reinstate the Outstanding Risk Cover Size of such Junior Risk Cover, (y) all Allocable Claw-back Amounts applied to reinstate the Outstanding Risk Cover Size of such Junior Risk Cover, and (z) all Unspent Claw-back Amounts, in each case since the date of this Agreement and in accordance with the Allocation Principles.

"**Maximum Risk Cover Size**" means, in relation to each Regional Portfolio, the maximum amount of each Risk Cover as initially set out in the relevant Regional Specific Terms Agreement and adjusted from time to time in accordance with the terms of this Appendix.

"**Order of Priorities**" means, first the Senior Risk Cover and second the Junior Risk Cover.

"**Outstanding Risk Cover Size**" means, in relation to a Risk Cover, the amount determined from time to time in accordance with paragraph 3.2.

"**Payment Demand**" means a demand for payment under an Operational Agreement in relation to Defaulted Amounts.

"**Principal Priority of Payments**" has the meaning given to such term in paragraph 5.2(b).

"**Principal Receipts**" means in relation to a Regional Portfolio all Recoveries received by EIF in relation to Operational Agreements.

"**Quarterly Calculation Date**" means the last day of each calendar quarter.

"**Recoveries**" means in relation to a Regional Portfolio amounts net of recovery and foreclosure costs (if any), recovered in relation to Defaulted Amounts and paid to EIF either by the Financial Intermediary under the relevant Operational Agreement or received by EIF by virtue of subrogation.

"**Regional Portfolio**" means, in relation to a Region, the portfolio of Eligible AGRI Loans originated directly or indirectly by one or more Financial Intermediaries and attributed to that Region on the basis of reports received by EIF from the respective Financial Intermediaries.



"Reverse Order of Priority" means first the Junior Risk Cover and second the Senior Risk Cover.

"Risk Cover" means, in relation to each Regional Portfolio, each of the Senior Risk Cover and the Junior Risk Cover (and together, the **"Risk Covers"**).

"Risk Cover Adjusted Percentage" has the meaning given to such term in paragraph 8.3.

"Risk Cover Initial Percentage" means, in relation to the Risk Covers applicable to a Regional Portfolio and prior to any adjustment made under this Agreement, the percentages set out in the relevant Regional Specific Terms Agreement.

"Risk Cover Percentage" means in relation to each Risk Cover applicable to a Regional Portfolio:

- (i) before any adjustment of the Risk Covers pursuant to paragraph 8 of this Appendix, the relevant Risk Cover Initial Percentage; and
- (ii) after any adjustment of the Risk Covers pursuant to paragraph 8 of this Appendix, the relevant Risk Cover Adjusted Percentage.

"Risk Cover Target Percentage" means, in relation to the Risk Covers applicable to a Regional Portfolio, the percentages set out in the relevant Regional Specific Terms Agreement.

"Risk Takers" means:

- (i) EIF, in respect of the Senior Risk Cover; and
- (ii) the relevant Region, in respect of the Junior Risk Cover.

"Security Interest" means any type of security and transfer by way of security and any other arrangement with similar economic effect.

"Senior Risk Cover" means, in respect of a Regional Portfolio, the aggregate amount of financial resources committed by EIF (including any financial resources provided to EIF by third party investors) in relation to such Regional Portfolio that is available to cover Defaulted Amounts after the relevant Junior Risk Cover has been used up entirely, as further specified in this Agreement.

"Senior Risk Cover Reinstatement Amount" means, in relation to each Regional Portfolio, and for each Senior Risk Cover and at each relevant moment, an amount equal to the difference (if it is a positive amount) between: (i) the aggregate of all Defaulted Amounts (including Defaulted Amounts associated with Claw-back Amounts) which have been allocated to such Risk Cover; and (ii) the aggregate of (x) all Principal Receipts applied to reinstate the Outstanding Risk Cover Size of such Senior Risk Cover, and (y) all Allocable Claw-back Amounts applied to reinstate the Outstanding Risk Cover Size of such Senior Risk Cover, in each case since the date of this Agreement and in accordance with the Allocation Principles.



"**Target Rating**" means iA2 using EIF internal rating methodology in respect of the Senior Risk Cover.

"**Unspent Claw-back Amount**" means, in respect of a Regional Portfolio and on each Quarterly Calculation Date, an amount equal to the lower of (A) the difference (if positive) between: (i) the Net Region Contribution and (ii) the ratio of (x) Aggregate Portfolio Disbursement Amount and (y) 4 and (B) the Claw-back Amounts collected by EIF during the immediately preceding calendar quarter, which constitutes an amount that does not correspond to any eligible expenditure within the meaning of Article 42 of the CPR.

2. **ACKNOWLEDGEMENT OF APPOINTMENTS OF EIF**

2.1 The Parties acknowledge that, in connection with the AGRI Initiative pursuant to this Agreement and the Regional Specific Terms Agreements, EIF has been appointed to manage the Regional FoF of each Region in relation to the Junior Risk Cover. With respect to the Financial Instrument deployed in the context of the Agri Initiative, each Region acknowledges and agrees that the subordination element embedded in the Junior Risk Cover pursuant to which Defaulted Amounts are covered using the Reverse Order of Priority as further set out in this Appendix G and Principal Receipts are applied in accordance with Principal Priority of Payments as further set out in this Appendix G, is the basis on which the uncapped guarantee instrument will be deployed and is necessary, in particular for the creation of additional investments (within the meaning of article 44 of CPR) under the Financial Instruments which contribute to targeting the leverage volumes set out in the Funding Agreement and in the Regional Specific Terms Agreements, in accordance with the specific objectives set out under the RDP.

2.2 EIF acknowledges and has accepted such appointments.

3. **STRUCTURE OF AGRI OPERATIONS RELATING TO A REGION**

3.1 In relation to a Regional Portfolio, the size of the Risk Cover shall not exceed the Maximum Risk Cover Size for such Risk Cover.

3.2 In relation to a Regional Portfolio, the Outstanding Risk Cover Size of each Risk Cover on each Quarterly Calculation Date shall be equal to the amount derived from the formula:

$$(A \times B \times E) - C + D + F$$

where:

A is the Aggregate Portfolio Gross Disbursement Amount;

B is the relevant Risk Cover Percentage of the relevant Risk Cover;

C is the aggregate amount of any Amortisation Amounts and Defaulted Amounts allocated to the relevant Risk Cover since the date of this Agreement in accordance with the Allocation Principles;



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D is the amount of any Principal Receipts allocated to the relevant Risk Cover since the date of this Agreement, in accordance with item (ii) of the Allocation Principles (for the avoidance of doubt, for the purpose of calculating this amount, (x) the amounts being used to reinstate the relevant Outstanding Risk Cover Size pursuant to paragraph 5.2(b) shall be added and (y) the amounts being used to write down the relevant Risk Cover pursuant to paragraph 5.2(b) shall be deducted);

E is the Guarantee Rate; and

F is the amount of any Allocable Claw-back Amounts allocated to the relevant Risk Cover since the date of this Agreement in accordance with item (iv) of the Allocation Principles (for the avoidance of doubt, for the purpose of calculating this amount, (x) the amounts being used to reinstate the relevant Outstanding Risk Cover Size pursuant to paragraph 5.2(b) shall be added and (y) the amounts being used to write down the relevant Risk Cover pursuant to paragraph 5.2(b) shall be deducted).

4. **FEES, COSTS AND EXPENSES IN RELATION TO OPERATIONAL AGREEMENTS**

- 4.1 The EIF shall include in each Operational Agreement an obligation for the relevant Financial Intermediary to pay guarantee fees in favour of EIF as determined by EIF and calculated on the average aggregate outstanding principal of the entire guaranteed portion of all non-defaulted Eligible AGRI Loans under such Operational Agreement, as further specified in the AGRI Guarantee Term Sheet (the "**Guarantee Fees**").
- 4.2 Such Guarantee Fees shall be payable by the relevant Financial Intermediary either directly to EIF (to such account indicated by EIF) or to the AGRI Operations General Account, in which case EIF shall be entitled to debit such amounts to its own benefit on each payment date. For the avoidance of doubt, the Regions will not be remunerated for the provision of the Junior Risk Cover.

5. **OPENING AND OPERATION OF BANK ACCOUNTS**

- 5.1 For the purpose of the AGRI Initiative the following bank accounts shall be opened (if applicable) and maintained:
- (a) the AGRI Operations General Account; and
 - (b) in relation to each Regional Portfolio, a Regional FoF Account.
- 5.2 The AGRI Operations General Account shall be operated as follows in relation to each Regional Portfolio:
- (a) it shall be credited with all Principal Receipts and Claw-back Amounts received by EIF in relation to the relevant Regional Portfolio;
 - (b) on each Quarterly Calculation Date, any Principal Receipts received by the EIF in relation to a Regional Portfolio shall be applied in accordance with the following priority of payments (the "**Principal Priority of Payments**"):



- first: to (i) reinstate the Outstanding Risk Cover Size of the Senior Risk Cover of the relevant Regional Portfolio by an amount not exceeding the relevant Senior Risk Cover Reinstatement Amount, which amount shall be paid to EIF, and (ii) to write down by the same amount the Outstanding Risk Cover Size of the Senior Risk Cover in accordance with the Order of Priority until it is reduced to zero;
- second: (once the Outstanding Risk Cover Size of the Senior Risk Cover of the relevant Regional Portfolio has been reinstated in full in accordance with item "first" above), to (i) reinstate the Outstanding Risk Cover Size of the Junior Risk Cover of the relevant Regional Portfolio by an amount not exceeding the relevant Junior Risk Cover Reinstatement Amount, and to (ii) write down by the same amount the Outstanding Risk Cover Size of the most senior Risk Cover in accordance with the Order of Priority, in each case until the relevant Risk Cover is reduced to zero.
- (c) on each applicable Quarterly Calculation Date, any Claw-back Amounts received by the EIF in relation to a Regional Portfolio shall be applied as follows:
- (i) in respect of any Claw-back Amounts received prior to the end of the period during which Eligible AGRI Loans covered by AGRI Operations may be disbursed:
- (A) in respect of Unspent Claw-back Amounts, to make available the relevant amounts for the origination of additional Eligible AGRI Loans ; and
- (B) in respect of any Allocable Claw-back Amounts, in accordance with item (iv) of the Allocation Principles;
- (ii) in respect of any Claw-back Amounts received after the end of the period during which Eligible AGRI Loans covered by AGRI Operations may be disbursed and in any case no later than 31 December 2023:
- (A) in respect of Unspent Claw-back Amounts, to be released to the relevant Region as part of the application of the mechanism set out in paragraph 8.2; and
- (B) in respect of Allocable Claw-back Amounts, in accordance with item (iv) of the Allocation Principles.

5.3

- (a) On each date on which EIF is required to make payment in respect of a Payment Demand made under an Operational Agreement it shall be entitled to debit the relevant Regional FoF Account with an amount equal to the portion of the relevant Payment Demand which is allocated to the Junior Risk Cover



in respect of such Regional Portfolio in accordance with the Allocation Principles and paragraph 7.2.

- (b) In the event that all or part of any Principal Receipts in relation to the relevant Regional Portfolio are allocated to the Junior Risk Cover in accordance with the Principal Priority of Payment, EIF shall pay the relevant portion of such Principal Receipts to the relevant Regional FoF Account.
- (c) In the event that all or part of any Claw-back Amounts in relation to the relevant Regional Portfolio are allocated to the Junior Risk Cover in accordance with paragraph 5.2(c), EIF shall pay the relevant portion of such Claw-back Amounts to the relevant Regional FoF Account. For the avoidance of doubt, any Unspent Claw-back Amounts applied in accordance with paragraph 5.2 (c) (ii) (A) shall be released from the relevant Regional FoF Account.
- (d) EIF shall be entitled to debit to its own benefit any Principal Receipts or Claw-back Amounts in relation to the relevant Regional Portfolio allocated to the Senior Risk Cover in accordance with the provisions of this Appendix G.

6. PAYMENT DEMANDS

- 6.1 The Parties acknowledge and agree that EIF, acting in accordance with its internal rules, policies and procedures applicable to its own guarantee activities, as amended, modified or supplemented from time to time, shall be entitled to make payments in respect of a Payment Demand made in respect of an Operational Agreement if such Payment Demand appears to be valid on its face and in accordance with the terms of the relevant Operational Agreement without any prior reference by EIF to any other Parties or any other investigation, demand or consent. The Parties hereby irrevocably authorise EIF to comply with and to pay under any Payment Demand which is made on or prior to the earlier of (i) the expiry date of the relevant Operational Agreement issued under an AGRI Operation and (ii) the Scheduled Termination Date.
- 6.2 The Parties acknowledge and agree that:
 - (a) EIF, while acting in accordance with its internal rules, policies and procedures applicable to its own guarantee activities, as amended, modified or supplemented from time to time, is not obliged to carry out any investigation or seek any confirmation prior to paying a Payment Demand;
 - (b) EIF may make payment in respect of a Payment Demand in accordance with the terms of the relevant Operational Agreement and, for the purpose of making such payment debit the relevant Regional FoF Account or pay out of its resources (including any sums received by EIF from third parties in respect of the Senior Risk Cover), all as set out in this Agreement and EIF shall not be concerned with:
 - (i) the legality of a claim, provided that it appears to be valid on its face, or any underlying transaction or any defence, set-off or counterclaim which may be available to EIF or any other person;



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- (ii) any amendment or waiver granted by any person in relation to any underlying document; and
- (iii) any unenforceability, illegality or invalidity of any document or security.

6.3 The Parties (other than EIF) acknowledge and agree that they shall not be entitled to and shall waive any right to subrogation, indemnity or reimbursement (whether arising by statute, contract, the general law or otherwise) which they might otherwise have in respect of any amounts which they are debited or which they pay to EIF in respect of Operational Agreements and the sole rights of such Parties in respect of recoveries are allocations of Principal Receipts in respect of their relevant Risk Cover in accordance with the Principal Priority of Payments and the other terms and conditions set out in this Agreement.

6.4 The obligation of the relevant Parties (other than EIF) to make payments to EIF or their authorisation of EIF to debit the relevant bank accounts in relation to Payment Demands as set out in this Agreement are not dependent upon the payment to or receipt by them of any other amounts due to them under this Agreement.

7. **COVERAGE OF PAYMENT DEMANDS AND ALLOCATION OF DEFAULTED AMOUNTS TO RISK COVERS**

7.1 Payment Demands in relation to a Regional Portfolio shall be allocated to the Risk Covers of such Regional Portfolio in accordance with the Allocation Principles in accordance with the Reverse Order of Priority provided that no payment will be allocated to the Senior Risk Cover and paid by EIF unless and until the Outstanding Risk Cover Size of the Junior Risk Cover in relation to such Regional Portfolio has been reduced to and remains at zero.

7.2 In accordance with the Allocation Principles, EIF shall finance the making of payments in respect of Payment Demands in relation to a Regional Portfolio in the following manner in accordance with the Reverse Order of Priority:

- first: by debiting the relevant Regional FoF Account until the Outstanding Risk Cover Size of the relevant Junior Risk Cover is reduced to zero; and
- second: by EIF using its own resources or amounts received from third parties in relation to the Senior Risk Cover.

8. **ADJUSTMENTS TO RISK COVERS**

8.1 After the end of the Commitment Period, EIF shall not later than 31 March of the relevant calendar year in respect of each Regional Portfolio (i) proportionally reduce the Maximum Risk Cover Size of the Junior Risk Cover by an amount necessary to achieve a minimum leverage effect equal to 4 calculated as the ratio between (x) the Aggregate AGRI Operation Origination Amount at such time and (y) the relevant Net Region Contribution, and (ii) release, if applicable, corresponding amounts from the relevant Regional FoF Account to the relevant Region in accordance with the provisions of this Agreement (or, with respect to amounts of the relevant Region Contribution Committed which have not been requested to be paid into the Regional



FoF Account shall be cancelled and shall reduce the Region Contribution Committed accordingly).

- 8.2 After the end of the period during which Eligible AGRI Loans covered by AGRI Operations may be disbursed, EIF shall in respect of each Regional Portfolio, if the Region Minimum Leverage Effect has not been achieved (i) proportionally reduce the Maximum Risk Cover Size of the Junior Risk Cover by an amount necessary to achieve the Region Minimum Leverage Effect and (ii) release, if applicable, in each case corresponding amounts from the relevant Regional FoF Account.
- 8.3 In respect of each Regional Portfolio, if one or more Financial Intermediaries have achieved the respective AGRI Operation Region Minimum Leverage Effect, EIF may (to the extent consistent with the guarantee fee charged to the Financial Intermediary and the remuneration paid to EIF and any Third Party Investor):
- (i) increase the Risk Cover Percentage up to the Risk Cover Target Percentage for the Senior Risk Cover and decrease the Risk Cover Percentage for the Junior Risk Cover accordingly (the "**Risk Cover Adjusted Percentages**"); and
 - (ii) adjust the Risk Covers accordingly;
- provided that:
- (i) in accordance with EIF's internal credit rating methodology, the Target Rating of the Senior Risk Cover is complied with; and
 - (ii) the Maximum Risk Cover Size with respect to the Senior Risk Cover is not exceeded.
- 8.4 Upon any adjustment and/or release carried out in accordance with this paragraph 8, EIF shall inform the relevant Parties thereof.
- 8.5 The Parties acknowledge that as a result of any adjustments and/or releases carried out in accordance with this paragraph 8,
- (i) EIF may recalculate the Outstanding Risk Cover Size of each Risk Cover on the basis of the respective Risk Cover Adjusted Percentages and adjust the allocations made in accordance with the Principal Priority of Payments and may proceed to corresponding debits or credits, as necessary, on the bank accounts mentioned in paragraph 5.1 of this Appendix; and
 - (ii) the risk profile of respective Risk Cover could be affected.
- 8.6 Each Region acknowledges and agrees that, due to the nature of the Financial Instrument to be deployed in the context of the Agri Initiative and due to the structure of the AGRI Initiative as a mechanism of pooling resources from risk takers with different levels of seniority as further set out in this Appendix, the Region may incur shortfalls with respect to the Claw-back Amounts to be allocated to the Junior Risk Cover if the following circumstances arise: (i) Principal Receipts with respect to a Defaulted Eligible Agri Loan have been allocated to the Senior Risk Cover in accordance with the provisions of this Appendix G, (ii) following such allocation, Claw-back Amounts resulting from such debt financing being excluded from the



Regional Portfolio have occurred and (iii) following such exclusion, the Minimum Leverage Effect is no longer achieved. With an aim to minimising such shortfalls, EIF will, at the end of the period during which Eligible AGRI Loans may be disbursed and in any case no later than 31 December 2023, endeavour to reconcile, to the extent possible, the relevant Principal Receipts with the relevant Claw-back Amounts (with a view to achieving a situation for the Junior Risk Cover and the Senior Risk Cover as if such Principal Receipts with respect to such Defaulted Eligible Agri Loans subsequently excluded from the relevant Regional Portfolio had initially been applied as Claw-back Amounts in accordance with the provisions of this Appendix G) and rectify any shortfalls, where relevant, by making payments to the Region FoF Account.

- 8.7 Following the termination of this Agreement and after all AGRI Operations have been terminated and settled any remaining balance on the AGRI Operations General Account shall be used to reimburse any amounts paid by the Risk Takers in accordance with the Principal Priority of Payments provided that all amounts due to EIF under this Agreement have first been discharged in full. In respect of each Regional Portfolio, any residual amounts after all allocations to be done in accordance with the provisions of this Agreement shall be paid to the relevant Region.

9. ACKNOWLEDGEMENTS AND UNDERTAKINGS BETWEEN THE PARTIES

9.1 Each of the Regions acknowledges and agrees that:

- (a) it will not take, retain, receive or recover from any Financial Intermediary, any Final Recipient or any other person any amounts in respect of Operational Agreements and/or Eligible AGRI Loans whether by making demand, taking legal proceedings, any enforcement action set-off, any right of combination of accounts or by any other means whatsoever other than receiving and retaining amounts paid to such Region by EIF or allocated to the relevant Risk Cover by EIF in accordance with the terms of this Agreement;
- (b) it will not receive the benefit of any indemnity, guarantee, insurance, credit derivative or other credit protection arrangement in relation to Operational Agreements and/or Eligible AGRI Loans or its exposures to such operations other than the arrangements set out in this Agreement except if it has informed the other Parties thereof;
- (c) it shall not seek or receive the benefit of any Security Interest or other agreement or arrangement with similar economic effect in relation to Operational Agreements and/or Eligible AGRI Loans other than in the case of EIF, any security granted to EIF to secure amounts due to it from Financial Intermediaries in relation to Operational Agreements and/or Eligible AGRI Loans ;
- (d) if any of the Parties (other than EIF) receives or recovers any amounts in relation to Operational Agreements and/or Eligible AGRI Loans other than amounts received from EIF under the terms of this Agreement then:



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- (i) within five (5) Business Days of receipt or recovery of any such amount such Party shall notify EIF giving details of the nature and the amount of that receipt or recovery; and
 - (ii) within ten (10) Business Days of receipt or recovery of such amount the relevant Party shall transfer such amount to EIF to be applied in accordance with the terms of this Agreement and, pending such transfer, such party shall hold such amount as agent for EIF and the other Parties; provided that such agency is not intended to and shall not constitute the grant of a pledge or other form of Security Interest;
- (e) it shall not take any legal proceedings or take any other actions or steps which could challenge or impair the application of amounts in accordance with the express terms of this Agreement; and
- (f) the Parties (other than EIF) shall not be entitled to and shall not assert or make any claim to be subrogated to rights against or to be reimbursed by Financial Intermediaries, or Final Recipients in respect of any Payment Demand made under an Operational Agreement or any payment made in respect thereof by or on behalf of EIF.

10. MISCELLANEOUS

- 10.1 The EIF shall perform its duties and obligations (i) in accordance with the terms of this Agreement, (ii) with a professional degree of care and diligence, and (iii) in accordance with EIF's own internal rules, policies and procedures as amended, modified or supplemented from time to time. Provided the EIF has done so, it shall not incur liability to the other Parties for any acts or omissions made in relation to this Agreement and/or Operational Agreements.
- 10.2 EIF shall be entitled to rely on reports received by it from Financial Intermediaries for the purposes of any calculation or allocation of any operations, guarantees or amounts under this Agreement (in particular in relation to the identification of amounts to be allocated to each Regional Portfolio). If any mistakes or incorrect determinations (including as a result of inaccurate information provided by the Financial Intermediary) have been made by EIF in relation to the calculation or allocation of any operations, guarantees or amounts under this Agreement, including, but not limited to, the application of the Principal Priority of Payments, the Parties agree that EIF shall, as soon as it becomes aware of such mistakes or incorrect determinations, to rerun any such calculations or allocations in order to correct such mistakes or errors and clawback any amounts unduly paid or distributed to any Region for re-distribution in accordance with the terms of this Agreement.
- 10.3 The Parties also agree that the EIF shall be entitled to delegate any or all calculations and determinations of amounts under this Agreement to a third party, while maintaining the full liability vis-à-vis the other Parties for the tasks carried out by that third party and any costs relating to such delegation shall be borne by EIF.



APPENDIX H**INVESTMENT BOARD RULES OF PROCEDURE**

1. This document sets out the Rules of Procedure for the functioning of the Investment Board pursuant to Clause 6 of this Funding Agreement. Any term used in capitalised letter in this Appendix H shall have the same meaning attributed to it under the Funding Agreement.
2. The Investment Board shall consist of two (2) members per each Region: (i) the respective Managing Authority as a member with voting rights, and (ii) a second member without voting rights after consultation with EIF. The Investment Board, at its first meeting, shall appoint its Chairperson among the voting members nominated by the Regions. Such appointment shall be valid for six months (or at least an Investment Board meeting) and should rotate among the Regions (with the rotation mechanism to be agreed at the first Investment Board meeting). Should the Chairperson not be able to attend a meeting, s/he shall indicate who, of the other voting members nominated by the Regions (including the alternates) shall be the Chairperson in respect of such meeting, or the voting members attending shall designate an ad hoc Chairperson for such meeting. In the event of disagreement between the voting members, the Secretariat shall at its discretion appoint an ad hoc Chairperson for such meeting.
3. The EIF shall be entitled to designate up to two (2) of its officials or representatives to participate in the sessions of the Investment Board as observers. Each participating Region may also designate one (1) official from the Region to participate in meetings of the Investment Board as observers.
4. The term of office of each duly empowered member of the Investment Board shall be of four years, and re-appointment for additional terms shall be permitted. Within thirty (30) calendar days ahead of the expiry of a term of office, each Party shall communicate to the other Parties the new appointed member (and his/her contact details) or the reappointment of the existing member for an additional term.
5. The Regions shall be able, at any time, to remove the member(s) nominated by it, whether voting and/or alternates. Any such removal shall become effective only upon appointment of a replacement member and effective communication, in writing, to the EIF of the name(s) and contact details of the substituting member.
6. Each Party shall be able, but shall not be obliged to, nominate also an alternate in respect of each of the, respectively, members or observers nominated by it.
7. If the position of a member (whether voting and/or alternate) vacates for any reason whatsoever (e.g. resignation, removal, death, etc.), the Party which appointed such member shall (but shall not be obliged to in respect of alternates), without unreasonable delay, appoint a new member for the remainder of the term of office of the substituted member, by communicating the name(s) and contact details of the substituting member to the other Party. The Investment Board shall continue to function and be able to carry out its tasks even in the absence of such substitution (in which case, for the avoidance of doubt, the Investment Board may operate with a reduced number of voting members subject to the quorum requirements).



8. In case the Chairperson position vacates, the Investment Board, at its immediately following meeting, shall appoint a new Chairperson among the voting members nominated by the Regions, for the remainder of the term of office of the substituted Chairperson.
9. The observers will not have any voting rights. However, subject to the terms further set out in these Rules of Procedure, they shall receive the same written information on matters discussed and/or decided upon by the Investment Board, as well as minutes of each meeting, as the voting members and their alternates.
10. The Investment Board shall convene at the request of EIF or any of its voting members. The Investment Board shall meet at least once a year during the Commitment Period.
11. The Secretariat shall convene each meeting by sending a written notice to all members (including the alternates) and observers by e-mail, at the address specified in the notice of appointment of each member. Such notice of call, together with the relevant agenda, shall be sent at least ten (10) Business Days before the scheduled date of the meeting. Meetings can be held on shorter notice if all voting members and the observer(s) appointed by EIF so agree in writing. Any relevant documentation shall be sent to the members (voting and alternates) and observers five (5) Business Days ahead of the relevant meeting. However, if the meeting is held on a notice shorter than ten (10) Business Days, any documentation shall be sent/delivered, at the latest, at the beginning of the meeting. Agenda points can be added directly at the meeting if all voting members and the observer(s) appointed by EIF so agree. The provisions of Clause 24 (Notices) of the Funding Agreement shall apply mutatis mutandis to the communication and delivery of written notices by the Secretariat.
12. Meetings shall be held in any city of the Regions or anywhere else agreed by the Chairperson with the EIF, at the address, date and time indicated from time to time by the Chairperson. Members and observers shall be entitled to attend via conference or video call, and they shall be considered to be present as long as the Chairperson is satisfied with the identity of the relevant person.
13. The Investment Board shall be entitled to take decisions by written procedure. The text of the relevant resolution shall be proposed by the EIF. The Chairperson will distribute the proposed resolution and any relevant materials to the members and observers of the Investment Board and the deadline for voting on any such proposed resolution shall be of ten (10) Business Days as of the date of dispatch. A resolution shall be deemed as positively voted if, at the expiry of the above mentioned ten (10) Business Days, a majority of voting members have either voted in favour or not cast a vote (i.e. silence will be deemed as a positive vote). The Chairperson will then confirm, in writing, any relevant decision to all members and observers. A written procedure process can be terminated if so requested by any of the voting members, or if any voting member has provided comments such that the resolution would be substantially different or, in any case, at the discretion of the Secretariat. In such a case, the Chairperson may organise a physical Investment Board meeting, in which case the notice of call and the relevant documentation shall be sent within five (5) Business Days from the date of interruption of the written procedure.
14. The Investment Board's discussions shall be kept confidential.



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15. It is acknowledged that the delegation given to the Investment Board under the Funding Agreement shall in no way limit the powers and responsibilities attributed to each Region, as managing authority, under the relevant EU Regulations.
16. All decisions and relevant discussions of the Investment Board shall be recorded in minutes, to be drafted by the Secretariat, in accordance with Clause 6.13 of the Funding Agreement. Within ten (10) Business Days from the date of the relevant meeting the Secretariat will circulate the draft minutes to all members of the Investment Board for comments. Following receipt members shall have ten (10) Business Days to provide comments, after the lapse of which the minutes shall be final upon their approval by way of signature of the Secretariat.
17. Members of the Investment Board shall respect defined standards of integrity and shall abstain from action that could induce a conflict of interest in the discharge of their duties. In particular, members of the Investment Board shall be obliged to notify the Chairperson and the Secretariat promptly upon becoming aware of circumstances that constitute a conflict of interest or potential conflict of interest.
18. Representatives of the EIF other than the observers to the Investment Board, and of other parties (e.g. Financial Intermediaries) may be invited to meetings of the Investment Board, if so deemed appropriate by the Chairperson. They shall not be entitled to any voting right, remuneration or reimbursement, nor to receive accompanying materials and minutes of the meeting.
19. With respect to amendments to this Funding Agreement to be made in accordance with Clauses 6.7(d) and 18.1.1 of this Funding Agreement, EIF may require the voting members of the Investment Board to provide proof of authority in a form satisfactory to EIF.



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APPENDIX I
ACCESSION LETTER

Luxembourg, [Day] [Month] [Year]

From:

[First name] [Last name]
[Title]
European Investment Fund
37B Avenue John F. Kennedy
L-2968 Luxembourg
Luxembourg

To:

[First name] [Last name]
[Name of the Region]
[Street]
[Post Code]
Italy

Subject: Accession Letter to the Agri Multi-Regional Guarantee Platform for Italy

Dear Sir, Madam,

We hereby acknowledge the request of the Region of [name] (the “**Acceding Region**”) to accede to the Agri Multi-Regional Guarantee Platform for Italy (the “**Platform**”) and to the corresponding Funding Agreement (the “**Funding Agreement**”) entered into on [day/month/year] between the European Investment Fund (the “**EIF**”) and the Regions of [Region 1], [Region 2], [Region 3], [Region 4] (the “**Original Regions**”).

The Acceding Region thereafter agrees and acknowledges the following:

1. The Acceding Region shall countersign this letter (the “**Accession Letter**”) and the documents attached hereto under Annex A (Funding Agreement) and Annex B (Regional Specific Terms Agreement) respectively, and return the counter-signed Accession Letter together with the Annexes to the EIF (to the addressed specified above). The Acceding Region undertakes to countersign both the Funding Agreement and Regional Specific Terms Agreement simultaneously with this Accession Letter as a prerequisite to accession.
2. By counter-signing Annex A (Funding Agreement) the Acceding Region acknowledges and agrees to the terms and provisions of the Funding Agreement as in force at such date of counter-signature and as amended from time to time pursuant to a decision of the Platform’s management board (the “**Investment Board**”) under Clauses 6.7(d) and 18 of the Funding Agreement. For the avoidance of doubt, representations, warranties and undertakings under Clause 12 of the Funding



Agreement shall be given by the Acceding Region as of the date of signature of this Accession Letter together with its Annexes.

3. Following accession the Acceding Region shall be considered a full member to the Platform and an equal party to the Funding Agreement along with the Original Regions and shall have two (2) members in the Investment Board, appointed in accordance with Clause 6.2 of the Funding Agreement. By counter-signing this Accession Letter and its Annexes the Acceding Region acknowledges and agrees to all decisions taken by the Investment Board pursuant to Clause 6.7 of the Funding Agreement prior to its accession, and unconditionally and unreservedly waives any right to object to or challenge any such decision for any reason whatsoever.
4. Any reference to “Effective Date” in the Funding Agreement shall be construed to mean “the date of signature of the Accession Letter and its Annexes by the Acceding Region” with respect to the Acceding Region.
5. This Accession Letter shall be governed by the governing law and jurisdiction provisions (Clause 22) of the Funding Agreement.

Yours sincerely,

For the EIF:

[First name] [Last name]

[Title]

[Signature]

For the Acceding Region:

We acknowledge and agree to the above:

[First name] [Last name]

[Title]

[Signature]

Annex A – Funding Agreement

Annex B – Regional Specific Terms Agreement



APPENDIX J

FORM OF WRITTEN REQUEST

TO [The COMPETENT PAYING AGENCY
- to the address set out in section 2
of Schedule 1 to Appendix A (Regional Specific Terms Agreement)]

Copy to

Managing Authority of the RDP of Region [name
- to the address set out in section 1
of Schedule 1 to Appendix A (Regional Specific Terms Agreement)]

Luxembourg, [day/month/year]

RE: Agri Initiative – Regional FoF of Region [name] – Written Request for the [First Tranche / Subsequent Tranche n. [[1 / 2 / 3] (state 1 or 2 or 3 as the case may be)]]

The European Investment Fund (“EIF”), corporate dossier (fascicolo aziendale) n. [*] and approval of the application for support n. [*] issued by the Managing Authority of the RDP of [indicate] on [*], in accordance with Clause 3 (Funding of the Regional FoF) of the funding agreement signed between EIF and Region [indicate] on [*] (the “**Funding Agreement**”), request the payment of the [First Tranche / Subsequent Tranche n. [[1 / 2 / 3]]].

Text for the payment of the First Tranche

The total amount of the First Tranche is EUR [*] (*) [numbers and letters], of which,

- (i) EUR *[numbers and letters] to cover commitments pursuant to operational agreements to be entered into by EIF with the financial intermediaries which will be selected in accordance with the Call for Expression of Interest to be published by EIF; and
- (ii) EUR (*) *[numbers and letters] to cover Management Fees.

Pursuant to the terms of Appendix K (Payment Procedure) of the Funding Agreement, please find enclosed the following supporting information and



documents.

[documents/information listed in paragraph 4 of Appendix K (Payment Procedure) of the Funding Agreement]

Text for the payment of the Subsequent Tranches

The total amount of the Subsequent Tranche n. [[1 / 2 / 3]] is EUR [*] (*) [numbers and letters], of which,

- (i) EUR *[numbers and letters] to cover commitments pursuant to operational agreements entered into by EIF with the financial intermediaries listed below; and
- (ii) EUR (*) *[numbers and letters] to cover Management Fees.

Pursuant to the terms of Appendix K (Payment Procedure) of the Funding Agreement, please find enclosed the following supporting information and documents.

[documents/information listed in paragraph 5 of Appendix K (Payment Procedure) of the Funding Agreement]

Please process the payment to the bank account n. [IBAN, BIC, Bank] within the deadlines set out in the Funding Agreement.

Best regards

European Investment Fund



APPENDIX K**PAYMENT PROCEDURES****1. General terms**

Each Region and EIF agree that the payment to EIF of the First Tranche and of each of the Subsequent Tranche shall be made with the modalities, the procedures and the controls provided for in Clause 3 (Funding of the Regional FoF) of the Funding Agreement and in this Appendix.

Each Managing Authority undertakes to notify the payment deadlines agreed under the Funding Agreement and the terms of this Appendix to the competent Paying Agency which, pursuant to the Funding Agreement, is authorised to pay the requested amounts to EIF in accordance with the terms of this Appendix.

The Parties agree that the Operational Agreements will provide that the Financial Intermediaries will start originating the AGRI Loans in a Region subject to the prior written confirmation from the relevant Managing Authority of the acceptance by the competent Paying Agency of the payment deadlines agreed under the Funding Agreement and of the provisions of this Appendix.

In accordance with the RDP of the Regions and the Funding Agreement, the Parties acknowledge that the utilisation of the guarantee financial instrument (and the relevant payment of the Regional Contribution Committed) deployed under the Platform is driven by the market demand, without any binding allocation to a specific sub-measure or focus area of the RDP. The Parties therefore agree that all the applications for support and the payment requests will be made under measure 4 of the relevant RDP and, if required, according to the indicative allocation set forth in section 3 of Appendix A (Regional Specific Terms Agreement) of the Funding Agreement.

For the avoidance of doubt the actual allocation to sub-measure 4.1 and 4.2 (and focus area) will be possible upon final expenditure certification, based on the actual disbursements to Final Recipients..

2. Corporate dossier (Fascicolo Aziendale)

For the correct management of the payment procedure, within 10 (ten) days from the notification by the first Region of the relevant regional resolution (or any equivalent administrative act) pursuant to which the signature of the Funding Agreement is approved and authorised, EIF shall start the procedure to open its corporate dossier (fascicolo aziendale) with AGEA by sending the following information and documents:

- a. EIF statutes;
- b. Data of EIF legal representative and any delegated person: Copy of the passport or other equivalent document of EIF legal representative (or any delegated person) and a copy of the list of authorized signatories (in case of delegated persons, the relevant power of attorney);



- c. Bank account details (IBAN, BIC, Bank);
- d. Total amount of the support requested (i.e. Regional Contribution Committed).

The corporate dossier (fascicolo aziendale) will be automatically shared with the competent Paying Agencies of the other Regions (or Adhering Regions) in the form of coordination dossier (fascicolo di coordinamento).

The EIF undertakes to send via email to the Paying Agencies of the other Regions (or Adhering Regions) the information provided to AGEA pursuant to the above.

3. Application for support

Immediately after the creation of the corporate dossier (fascicolo aziendale) and within ten(10) days from the notification by each Managing Authority of the relevant regional resolution (or any equivalent administrative act) pursuant to which the signature of the Funding Agreement is approved and authorised, the EIF shall submit an application for support to the relevant Managing Authority in relation to the overall contribution of such Region in accordance with section 4 of Appendix A (Regional Specific Terms Agreement) of the Funding Agreement.

The supporting information and documents that EIF shall provide in order for each Managing Authority to handle the procedure and process the application for support are:

- a. Copy of the draft Funding Agreement (or copy of the Accession Letter) annexed to the relevant regional resolution (or any equivalent administrative act) pursuant to which the signature of the Funding Agreement with EIF is approved and authorised; and
- b. Overall amount of the Regional Contribution Committed in accordance with the Funding Agreement as set out in the Funding Agreement.

The controls to be performed by each Managing Authority shall consist in checking the correctness of the amount of the Regional Contribution Committed set out in the relevant application for support.

Each Managing Authority shall notify to EIF the relevant approval of the application for support within ten (10) Business Days from the submission of the application of support by EIF and inform in writing the competent Paying Agency.

4. Payment request for the First Tranche

In relation to each Region, the payment of the First Tranche can be requested by EIF to the competent Paying Agency after the signature of the Funding Agreement with such Region, subject to the fulfilment of the procedure set out in paragraphs 2 (Corporate dossier) and 3 (Application for support) of this Appendix, and through the submission of a Written Request for the First Tranche to be sent by EIF to the competent Paying Agency, for the amount set out in section 5 of Schedule 1 to Appendix A (Regional Specific Terms Agreement) of the Funding Agreement.



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The supporting information and documents that EIF shall provide in order for each Paying Agency to process the payment demand of the First Tranche are:

- a. A payment request, using the format set out in Appendix J (Written Request) of the Funding Agreement;
- b. Copy of the approval of the application for support by the relevant Managing Authority;
- c. Copy of the Funding Agreement (or copy of the Accession Letter) (including the relevant annexes) signed by such Region and EIF.

The administrative controls that each Paying Agency shall perform consist in the documentary check of whether the documents listed under a. to c. above have been provided and of the correspondence of the amount requested in the Written request with the amount set out in section 5 of Schedule 1 to Appendix A (Regional Specific Terms Agreement) of the Funding Agreement.

Such controls will be performed by the Paying Agency not later than ten (10) Business Days from the submission of the Written Request by EIF.

5. Payment demand for the Subsequent Tranches

In relation to each Region, the payment of each of the Subsequent Tranches can be requested by EIF to the competent Paying Agency upon the satisfaction of the thresholds set out in Clause 3 (Funding of the Regional FoF) of the Funding Agreement, and through the submission of a Written Request to be sent by EIF to the competent Paying Agency, for the amount set out in section 6 of Appendix A (Regional Specific Terms Agreement) of the Funding Agreement.

The supporting information and documents that EIF shall provide in order for each Paying Agency to process the payment demand of each of the Subsequent Tranches are:

- a. A payment request for the amount set out in section 6 of Schedule 1 to Appendix A (Regional Specific Terms Agreement) of the Funding Agreement, using the format set out in Appendix J (Written Request) of the Funding Agreement;
- b. Information on the CEOI publication date and copy of the CEOI documents;
- c. Information on the Financial Intermediaries selected and the date of signature of the Operational Agreements covering such Region;
- d. A declaration on the satisfaction of the conditions for the payment request in order to satisfy the thresholds set out in Clause 3 (Funding of the Regional FoF) of the Funding Agreement and the definition of "Subsequent Tranche" set out Clause 1.1 of the Funding Agreement, including an indication of the total amount disbursed to Final Recipient in the relevant Region.

The administrative controls that each Paying Agency shall perform consist in the documentary check of whether the documents listed under a. to d. above have been provided and of the correspondence of the amount requested with the amount set out



in section 6 of Schedule 1 to Appendix A (Regional Specific Terms Agreement) of the Funding Agreement.

Such controls will be performed by the Paying Agency not later than ten (10) Business Days from the submission of the Written Request by EIF.

6. Provisions regarding controls

- (i) Given the nature of the Agri Initiative and the Financial Instrument deployed thereunder, in line with Commission Implementing Regulation (EU) 2017/1242, the Parties acknowledge that the Paying Agency will not perform visits which are preliminary or anyhow connected with the supporting information and documents provided by EIF in the context of the above paragraphs.
- (ii) Subject to item (i) of this paragraph 6, the Paying Agency may perform on-the-spot checks at the level of the Financial Intermediaries selected by EIF if the operation is selected in accordance with article 50 of Reg. 809/2014 as amended and supplemented from time to time. In this case the Region (or the competent Paying Agency) shall promptly notify EIF within ten(10) Business Days before the date of the on-the-spot control.
- (iii) In the circumstances described in item (ii) above, the on-the-spot checks will be performed at the premises of the Financial Intermediaries selected by EIF and will be carried out through the documentary verification of the documentation available to the Financial Intermediaries in relation to a sample of contractual documentation related to the AGRI Loans disbursed, based on the checklists and timetable approved by the Investment Board (upon formal proposal of the EIF) and that the Regions shall notify to the Paying Agencies in order to ensure a uniform implementation.
- (iv) It is understood that if a Paying Agency performs administrative visits or on-the-spot checks of the Financial Intermediaries with modalities that have not been approved by the Investment Board as per (iii) above, EIF will have the right to terminate the Funding Agreement in accordance with Clause 19.2.1.
- (v) Subject to the above, the Parties acknowledge that no on-the-spot checks will be performed by the Paying Agency or the Regions at the level of the final recipients of the AGRI Loans, except where problems are detected in the management systems of the fund manager by analogy with article 40(3) of CPR.

7. Other provisions

The Parties agree that if – upon (or after) the submission of the application of support or any payment request set out in the preceding paragraphs – the IT system used by each of the Region or Paying Agency does not allow the correct filing of such applications or requests, the same applications or requests will be processed through paper submission, and each Region shall ensure that they will be handled by the



Paying Agency in accordance with the terms of this Appendix, in particular with particular reference to the controls and the relevant timing.



SIGNATURES

REGION 1 REPRESENTED BY

EUROPEAN INVESTMENT FUND

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By:
Title:
Date:

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By:
Title:
Date:

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By:
Title:
Date:

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By:
Title:
Date:

REGION 2 REPRESENTED BY

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By:
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REGION 3 REPRESENTED BY

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By:
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Date:

REGION 4 REPRESENTED BY

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By:
Title:
Date:

