

## Process and Rules for Recruitment of Accredited Funds

### § 1.List of abbreviations and definitions

1.1 Unless otherwise stated, capitalised terms used in this document have the following meanings:

- **Scientific Research** - means research within the meaning of the Act of 20 July 2018 – The Law on Higher Education and Science (Journal of Laws of 2020, item 85).
- **Investment Budget** - means the value of expenditures planned by NIF for investments in Portfolio Companies in 2020-2026.
- **Accredited Fund** – means an entity with which NIF signed a Cooperation Agreement.
- **Key Personnel** - means natural persons responsible for the implementation of the investment policy and management of the Accredited Fund's investment portfolio.
- **Recruitment** - means the process of recruitment and possible selection of Offers whose implementation is based on the Notice of Recruitment and on the basis of this document.
- **NIF** – means NCBR Investment Fund ASI S.A. with its headquarters in Warsaw, ul. [street] Nowogrodzka 47A, 00-695 Warsaw, entered into the register of entrepreneurs of the National Court Register kept by the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register under the National Court Register number [in Polish: KRS] 0000793596, which is an alternative investment fund (AFI) referred to in art. 8a of the Act of 27 May 2004 on investment funds and management of alternative investment funds (Journal of Laws of 2020, item 95).
- **Tenderer** – means the Potential Accredited Fund that submitted an Offer under the Recruitment on the basis of this document.
- **Offer** – means the offer submitted by the Tenderer in the Recruitment for proposals including the documents specified in § 7.4 and § 7.5 of this document.
- **Recruitment Notice** – means the announcement regarding the commencement of the Recruitment published on the Website.

- **Potential Accredited Fund** – a VC or PE fund or a medium or large enterprise within the meaning of Annex I to the Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain types of aid compatible with the internal market pursuant to Art. 107 and 108 of the Treaty, conducting investment activity on the venture capital market (regardless of the legal form in which it is conducted, with the exception of a civil partnership or sole proprietorship), established and operating in accordance with the law applicable to its seat, with the exception of entities within which the pari passu principle is not respected and state aid is granted.
- **Development Work** – means development work within the meaning of the Act of 20 July 2018 – The Law on Higher Education and Science (Journal of Laws of 2020, item 85).
- **Portfolio Company** – means a portfolio company specified in the Key Terms and Conditions of Cooperation, Recruitment and Selection of Accredited Funds - "Term sheet" in which NIF will invest together with the Accredited Fund in accordance with Appendix 3 "Process and Principles of Co-investment with the Accredited Fund".
- **Website** – means NIF's website ([www.nifasi.pl](http://www.nifasi.pl)).
- **Cooperation Agreement** – means an agreement concluded by the Accredited Fund and NIF specifying the rules of cooperation in co-investment activities in Portfolio Companies.

## § 2. Purpose of the Recruitment

- 2.1** The purpose of the Recruitment is to select the Accredited Funds that will contribute to the greatest extent to the achievement of the main goal of the NIF activity, which is the increase in the value of the NIF assets as a result of an increase in the value of investments, giving priority to the long-term financial stability of the NIF operation before maximizing profits. In order to achieve this goal, NIF will, in cooperation with Accredited Funds, purchase and acquire, on market conditions, shares and stocks in companies that are capital companies and that implement projects resulting from Scientific Research or Development Works.

## § 3. Investment budget

- 3.1** The value of expenditures on investments in Portfolio Companies planned by NIF in 2020-2026 (Investment Budget) is PLN 700 million (approximately PLN 100 million annually).
- 3.2** NIF reserves the right to change the amount allocated to investments under the Recruitment, referred to in § 3.1 above.

## § 4. Key terms of the Recruitment

- 4.1** The key terms of the Recruitment are set out in Appendix 2 to this document (Key Terms of Cooperation, Recruitment and Selection of Accredited Funds - "Term sheet").

## **§ 5. Legal basis for the Recruitment**

- 5.1** This Recruitment is carried out pursuant to the statute of NIF.

## **§ 6. General provisions concerning the Recruitment**

- 6.1** Recruitment will be conducted on a continuous basis. Possible completion and re-commencement of the Recruitment will be announced on the Website.
- 6.2** Offers are subject to a two-stage evaluation.
- 6.2.1** Stage one: within stage one, the Offers will be subject to formal and content-related evaluation, in accordance with the principles set out in § 8 of this document.
- 6.2.2** Stage two: offers qualified for stage two (meeting the requirements of § 6.2.1) will be subject to business and legal due diligence in accordance with the principles set out in § 9 of this document.
- 6.3** At each stage of the evaluation and analysis of the Offer, NIF may request from the Tenderer explanations regarding the content of the submitted Offer and to provide additional documents necessary for the proper analysis of the Offer.

## **§ 7. Participation in the Recruitment and Offer**

- 7.1** As part of the Recruitment, the Offers submitted by Potential Accredited Funds are assessed.
- 7.2** The Offer should be prepared in accordance with the requirements set out in this document.
- 7.3** The Offer should be sent only in paper and electronic form as indicated in § 7.4 and § 7.5 below (i.e. pendrive) to the NIF address provided on the Website.
- 7.4** The Offer should be prepared in Polish or in English. Documents in English may be sent together with their translation into Polish. In case of discrepancies, the Polish language version is binding.
- 7.5** An electronic medium containing a copy of the Offer, i.e. a completed application for candidates for Partnership Funds, must be attached to the Offer, according to the template constituting Appendix 1 to this document (available on the Website).
- 7.6** NIF is entitled to request documents other than those listed above if necessary for the proper evaluation of the Offer.
- 7.7** NIF, at each stage of the Offer analysis, has the right to request the Tenderer to:
- 7.7.1** correct spelling and accounting errors contained in the Offer; or

- 7.7.2 change or supplement the deficiencies of the Offer (e.g. failure to attach or supplement the content of Appendix No. 1); or
- 7.7.3 explain the discrepancies and ambiguities in the Offer.
- 7.8 The Tenderer will be obliged to supplement the deficiencies within 7 (say: seven) working days from the date of NIF sending the request for supplementation (such request will be sent by e-mail to the e-mail address provided by the Tenderer in the Offer) by sending the Offer documents in accordance with the request.
- 7.9 Submitting an incomplete or non-compliant Offer with the requirements set out in § 7 of this document will exclude the Offer from the further qualification procedure, unless the Tenderer completes the deficiencies, corrects errors or explains discrepancies and ambiguities within the time limit referred to in § 7.8 above.
- 7.10 The Tenderer whose Offer has been rejected will be able to apply again for the status of the Accredited Fund after a 12-month grace period, counted from the date of the NIF's decision to reject the Offer.

## **§ 8. The first stage of the Offer evaluation**

### **8.1 Analysis of formal and substantive conditions**

- 8.1.1 NIF will perform a formal and substantive analysis of the Offer based on the catalogue of quality criteria specified in § 10 of this document, awarding points under each of the criteria and sub-criteria, based on the "Principles of Analysis and Selection of Candidates for Accredited Funds (Scoring)" – i.e. an internal NIF document not subject to disclosure to the Tenderer.
  - 8.1.2 As part of the substantive analysis of the Offers, NIF may invite the Tenderer to present its Offer.
  - 8.1.3 As part of the substantive analysis of the Offers, NIF is entitled to request the Tenderer to provide explanations regarding the content of the Offer submitted by him/her, if they prove necessary for the proper evaluation of the Offer.
  - 8.1.4 NIF will carry out an immediate substantive analysis of the Offer.
  - 8.1.5 NIF will admit the Tenderer to the second stage of the Recruitment if the Offer receives not less than: 50% of the total number of points and 50% of points for each quality criterion.
- 8.2 The Tenderers will be notified, to the e-mail address provided in the Offer, about the decision made by NIF concerning the fact whether their Offers have been qualified or not qualified for the second stage of the Offer evaluation, along with the number of points obtained.

## **§ 9. Stage two of the Offer evaluation**

### **9.1 Due diligence analysis**

**9.1.1** As part of the second stage of the evaluation, the Offers will be subject to due diligence analysis, which will be carried out immediately after the formal and content-related analysis is completed. The purpose of the analysis is to verify all information contained in the Offer that affects the Tenderer's assessment. For this purpose, NIF or advisers authorized by it may request additional documents, in addition to those submitted in the Offer, as well as information enabling the due diligence analysis.

**9.1.2** After the due diligence analysis is completed, the Tenderers will be notified by NIF, to the e-mail address provided in the Offer, about the invitation to negotiate the Cooperation Agreement or about the completion of the Recruitment procedure for them. In the absence of an invitation to negotiate a Cooperation Agreement, the Tenderers will receive a justification for the decision.

## **§ 10. Criteria for selecting Offers**

**10.1** As part of the formal and substantive analysis of the Offer, NIF will evaluate the following criteria:

### **10.1.1 Investment strategy - weight 20%**

Under this criterion, NIF will evaluate Offers according to the following sub-criteria:

- A.** An investment strategy that gives a chance of return as a result of an increase in the value of the investment;
- B.** Proven experience and industry knowledge in the area of R & D & I investments;
- C.** History of investments made.

### **10.1.2 Experience and competences in the investment process - weight 30%**

Under this criterion, NIF will evaluate Offers according to the following sub-criteria:

- A.** Ability to search for new investment opportunities;
- B.** Quality of the investment decision making process;
- C.** Investment experience of those making investment decisions;
- D.** Experience of the members of the investment team in investments on the Polish market;
- E.** Experience of the members of the investment team in investments on international markets (outside the country where the investor is registered, or in Poland if the investor is registered outside Poland);
- F.** Sufficient resources to successfully implement the investment decision-making process.

### **10.1.3 Experience and competences in supervising and managing a portfolio of companies - weight 20%**

Under this criterion, NIF will evaluate Offers according to the following sub-criteria:

- A. Quality of investment portfolio management and supervision processes of portfolio companies;
- B. A coherent and transparent corporate governance policy in portfolio companies;
- C. Resources needed to effectively perform the processes of investment portfolio management and supervision of portfolio companies;
- D. Experience in the scope of supervision of portfolio companies, including those operating on the international market;
- E. Experience in supervision of companies conducting or commercializing R & D & I works;
- F. Experience in supporting the expansion of portfolio companies onto international markets;
- G. The competences that the Tenderer may provide to portfolio companies that will support the increase in value of these portfolio companies;
- H. Ability to manage difficult situations (conflicts, underperformance, etc.) in portfolio companies.

**10.1.4 Experience and competences in the field of further financing and exiting from investments - weight 10%**

Under this criterion, NIF will evaluate Offers according to the following sub-criteria:

- A. Experience in closing investments (exits);
- B. The ability to provide financing by carrying out further rounds of financing for portfolio companies without closing the investment.

**10.1.5 Financial stability and quality – weight 10%**

Under this criterion, NIF will evaluate Offers according to the following sub-criteria:

- A. Financial stability enabling investment activities;
- B. Quality of financing sources / an investor base;
- C. Transparency regarding relationships with related entities.

**10.1.6 References – weight 10%**

Under this criterion, NIF will evaluate the Offers according to the following sub-criteria:

- A. Good reputation in the VC / CVC market by providing written references.

**§ 11. Cooperation Agreement**

**11.1** After conducting the due diligence analysis, in the event of obtaining a positive recommendation in accordance with internal procedures, NIF will provide the Tenderer, to the e-mail address provided in the Offer, with information about the selection of his/her Offer, a draft of the Cooperation Agreement and an invitation for the Tenderer to negotiate the Cooperation Agreement.

**11.2** NIF negotiates the content of the Cooperation Agreement with the exception of the provisions resulting from applicable law.

**11.3** Each Cooperation Agreement concluded between NIF and the Accredited Fund will contain provisions concerning in particular:

**11.3.1** the rules of cooperation between NIF and the Accredited Fund,

**11.3.2** rules for selecting a Portfolio Company,

**11.3.3** the most important guidelines regarding the investment agreement concerning the Portfolio Company,

**11.3.4** mutual obligations of the Accredited Fund and NIF,

**11.3.5** financial conditions of the cooperation of NIF with the Accredited Fund,

**11.3.6** information obligations of the Accredited Fund towards NIF,

**11.3.7** standard representations and warranties of NIF and the Accredited Fund,

**11.3.8** rules for managing a conflict of interest,

**11.3.9** the term of the Cooperation Agreement and the terms and conditions of termination of the Cooperation Agreement,

**11.3.10** provisions regarding the right to announce the results of the Recruitment.

## **§ 12. Final provisions**

**12.1** The Recruitment Rules set out in this document shall enter into force on the date of posting the Accredited Notice on the Website.

**12.2** Neither NIF nor the Tenderers may, without the consent of the other party, disclose any information related to the contents of the Offers and the course of the Recruitment, including NIF and the Tenderer being obliged to maintain confidentiality regarding any information obtained during the negotiations of the Cooperation Agreement. The information indicated above will be treated as a trade secret. The above does not prejudice the right of NIF to use, in the course of the Recruitment, including the examination and evaluation of Offers, the assistance of external experts, auditors and advisers, and does not apply to information that has been made public or known to NIF from other sources. The obligation of confidentiality does not violate the obligation of the NIF and the Tenderer to provide information to authorized bodies (internal, external ones) or to disclose information to the public, to the extent required by law.

**12.3** The Key Personnel will consent to the acquisition by NIF and authorized legal advisers of NIF carrying out due diligence, for the purpose of formal and substantive analysis of the Offer and due diligence referred to in § 8 and § 9 above, information on the previous investment and

entrepreneurial activities and reputation on the market, and such a consent will meet the conditions for consent concerning the processing of personal data within the meaning of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC ("GDPR"), and it will constitute the consent of the entity to whom the confidential information relates to the disclosure of information covered by the confidentiality order, if any contractual or unilateral obligation results in the prohibition of disclosing information about the Key Personnel. The Key Personnel will also consent to further processing by NIF of the information obtained only for the purpose of verifying the experience and reputation on the market indicated in the Offer.

- 12.4** The Tenderer acknowledges that due to the Tenderer providing the personal data contained in the Offer, NIF becomes the administrator of the aforementioned personal data within the meaning of the GDPR. Processing the aforementioned personal data results from the legitimate interests pursued by NIF, including the necessity to process personal data in connection with the implementation of the Cooperation Agreement. The Tenderer is obliged to provide the persons whose personal data have been indicated in the Offer with the information clause constituting the fulfillment of NIF's information obligation indicated in Art. 13 and 14 of the GDPR.

**Appendices:**

**Appendix No. 1:** Application Form for Candidates for Accredited Funds,

**Appendix No. 2:** Key Terms and Conditions of Cooperation, Recruitment and Selection of Accredited Funds - "Term sheet",

**Appendix No. 3:** Process and Principles of Co-investment with the Accredited Fund