



## POR FESR 2014-2020

### FARE Venture

Financial Instruments Section for risk capital of FARE Lazio Fund of Funds

#### **Axis III – Competitiveness**

**Action 3.6.4** – “Contribution to development of risk capital funds market for start-ups in the pre-seed, seed, and early stage phases”, and

**Action 3.5.1** – “Interventions to support the creation of new businesses both via direct incentives, and by the provision of services, and by means of micro-finance interventions [...]”

#### **Axis I – Research and innovation**

**Action 1.4.1** – “Support for the creation and consolidation of innovative start-ups which intensively apply knowledge, and for spin-off research initiatives in areas in line with the Strategies for intelligent specialization [also via the promotion of pre-seed and seed phases, and via venture capital instruments]”

## PUBLIC CALL FOR BIDS

to award, after prior competitive assessment, three professional appointments to carry out the function of components of the Investment Committee of the Financial Instruments Section for risk capital (“FARE Venture”) of the FARE Lazio Fund of Funds

### Preamble

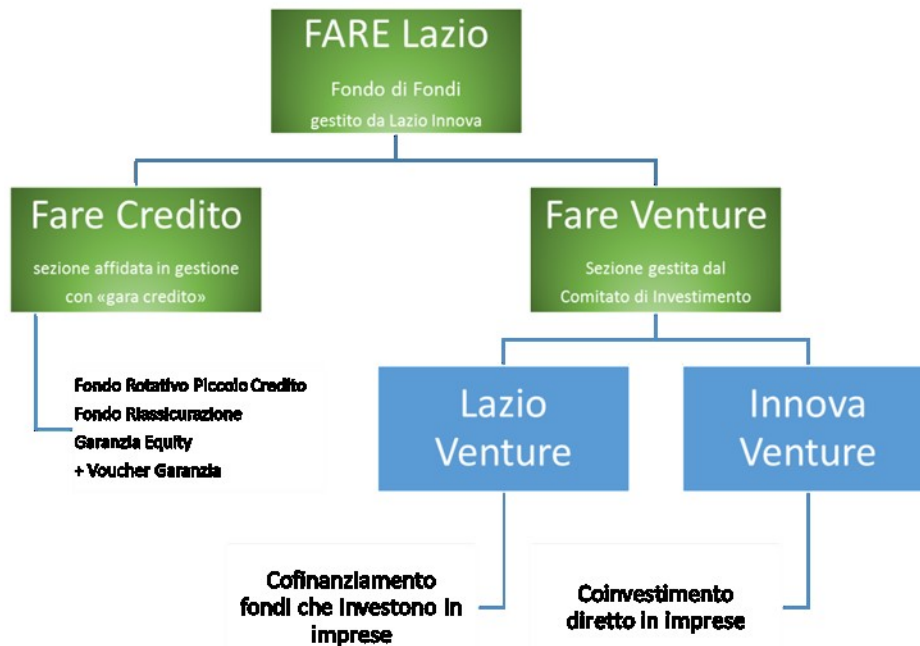
1. Lazio Region's POR FESR 2014-2020 (hereinafter “POR”) makes provision for setting up one or more Financial Instruments (under arts. 37 ff. of the “CPR”), dedicated to promoting the innovation of the entrepreneurial fabric of Lazio, by giving incentives for “the private sector to provide financing for businesses” in the form of risk capital.
2. This public intervention must be in keeping with the relevant regulations on state aid, and in particular with the provisions of Section I, and the provisions of art. 21 (Aid for risk financing) and art. 24 (Aid for exploration costs) of Reg. (UE) 651/2014 (Regolamento Generale di Esenzione, hereinafter “RGE”).
3. Lazio Innova S.p.A. (hereinafter “Lazio Innova”), an *in-house providing* company operated by Lazio Region, has been identified as the body which will operate the “Shares Fund for the Repositioning of the Economy of Lazio” Fund of Funds (hereinafter “FARE Lazio”), on the basis of a specific Financing Accord<sup>2</sup>, (hereinafter “AdF FARE Lazio”).
4. Lazio Region has approved a specific “ex-ante assessment” dedicated to Financial Instruments<sup>3</sup> aimed at giving incentives to the private sector to provide financing for businesses in the form of risk capital (hereinafter “VEXA CR”), published on the website [www.lazioeuropa.it](http://www.lazioeuropa.it).

1 EU Reg. 1303/2013, the so-called *Common Provision Regulation* regarding Investment Funds and European Structural Funds (“Fondi SIE”) for the 2014-2020 planning period.

2 The model of this Accord (in the process of being reissued) was approved with [Regional Determination](#) G07602 for 5/7/2016 and contains the information requested by Attachment IV of CPR.

3 Drawn up in compliance with the provisions of art. 37, paragraph 2 of CPR and the provisions of AdF FARE Lazio.

5. VEXA CR envisages the establishment, in the context of the FARE Lazio Fund of Funds, of a Financial Instruments Section for risk capital (hereinafter “**FARE Venture**”), initially endowed with a POR contribution<sup>4</sup> for a total sum of Euro **60 million** which, also in view of the goals and results which are achieved, **may be increased up to the sum of Euro 80 million**. Other public resources also contribute to the total endowed funds (“*overbooking*”), in particular some of the resources deriving from interest, and from the returns on the “financial engineering” interventions carried out in the context of the POR 2007-2013 which, under the terms of Regional Determination G3768 dated 24.03.2017, will be channelled into the FARE Lazio Fund of Funds, currently amounting to Euro 11.5 million, and set to increase. Nevertheless, it is estimated that the financial resources to be invested will not be in excess of Euro 100 million in total.
6. For the administration of FARE Venture, AdF FARE Lazio shows, among other things, the provisions necessary to ensure that the activity (i) abides by norms relating to the POR<sup>5</sup>, to State aid, to public tenders and other relevant norms, including legislation applying to the prevention of money-laundering, the fight against terrorism, and combating fiscal fraud, (ii) allows any conflicts of interest to be managed, and (iii) is as efficient and effective as possible in pursuing the goals and results anticipated by the POR, as outlined in more detail in VEXA CR.
7. The diagram below represents in graphic form the FARE Lazio Fund of Funds with its various parts:



8. Specifically, FARE Venture intervenes in two ways:

- a) by subscribing to quotas or other participatory instruments of investment vehicles defined as financial instruments under the TUF (or European equivalent) which, associating the quotas of the necessary private capital under the terms of art. 21 of the RGE, invest in Admissible Businesses (**interventions in the form of Cofinancing – hereinafter “LAZIO Venture”**). Under the terms of § 5, art. 38 of the CPR, the selection of the vehicles must take place “by means of procedures which are open, transparent, proportional, and non- discriminatory, such as to prevent conflicts of interest”. Attachment I summarizes the essential elements of the call to submit investment opportunities in

<sup>4</sup> The interventions will be aimed especially at achieving the goals and results anticipated by Actions 3.6.4 and 3.5.1 (part) of Axis III and by Action 1.4.1 (part) of Axis I of the POR [http://lazioeuropa.it/files/150306/svi\\_co\\_porfesr\\_2014\\_20\\_12\\_02\\_2015.pdf](http://lazioeuropa.it/files/150306/svi_co_porfesr_2014_20_12_02_2015.pdf).

<sup>5</sup> Arts. 37-46 of the CPR and related [Regolamenti delegati ed attuativi](#) including chiefly arts. 4-14 of [Reg. delegato \(UE\) 480/2014](#).

supervised vehicles<sup>6</sup>, which it is anticipated will be published no later than 31 July 2017. **The quotas subscribed to by LAZIO Venture in the investment vehicles must be minority quotas.** Should the investment be carried out in a so-called “parallel fund”, this minority must be verified by also considering the main fund. **Initially, 36 million Euros is reserved for interventions in the form of Cofinancing;**

- b) by investing directly in Admissible Businesses by means of a Financial Instrument operated by Lazio Innova which intervenes only together with private-sector co-investors (**interventions in the form of Co-Investment – hereinafter “INNOVA Venture”**). Attachment 2 summarizes the the essential elements of the invitation to present investment opportunities in businesses, which it is anticipated will be published no later than the end of the first quarter of 2018. INNOVA Venture's interventions are intended for Admissible Businesses in which the cofinanced vehicles do not have an interest: There is explicit provision for the right of “*first refusal*’ on the part of the cofinanced vehicles. **Initially around 20 million Euros is reserved for interventions in the form of Co-Investment** (equivalent to 24 million Euros after deducting INNOVA Venture's operational commissions) .
9. The public investment in Admissible Businesses (equity or quasi-equity) must be accompanied, at the level of the joint-finance vehicle or at the individual business level, in line with the detailed terms shown in Attachments 1 and 2, by a private-sector investment on such a scale that the public quota is not greater than the percentages set out under European regulations<sup>7</sup>.
10. Notwithstanding the further details set out in Attachments 1 and 2, **Admissible Businesses** (hereinafter “Admissible Businesses”) are regarded as being start-ups and SMEs, not listed at the time of investment, which are operative (or which intend to become operational) in Lazio, namely which conduct, or intend to conduct, most of their activity in Lazio, the majority of whose (new) employees are employed at local operational units in Lazio, and which do not operate in non-admissible sectors under the terms of relevant norms, or in sectors held to be “non-ethical” or excluded from intervention by INNOVA Venture.
11. **FARE Lazio, LAZIO Venture and INNOVA Venture do not have legal personality.** Lazio Innova, as the body which operates the FARE Lazio Fund of Funds and the INNOVA Venture Financial Instrument, **will possess all legal relations** relating to these funds, which, however, not constituting assets belonging to Lazio Innova, and having separate accounting system, do not have asset-related, economic and financial effects on the accounts of Lazio Innova, which remains unaffected as regards the economic, asset-related and financial affairs involving FARE Lazio and INNOVA Venture. Accordingly, Lazio Innova, in the event of co-financing interventions, will subscribe to the quotas or other participatory instruments issued by the financial instruments under the terms of the TUF (or equivalent European regulations) on behalf of, and in the interests of, the FARE Lazio Fund of Funds, and, in the case of co-

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6 Art. 17, para 1, letter e) of D.Lgs. 50/2016 (Public Contracts Code) excludes these operations in the context of its application and the general principles regarding public contracts exclude the possibility that evidently public procedures must be carried out by the contracting parties (such as the Investment Committee), in turn selected with an evidently public procedures.

7 The ratio between public resources and private resources is established, in abidance by art. 21 of the RGE, in relation to the characteristics illustrated hereinafter (art. 21 of the RGE, paras 5 and 10): a. businesses which have not yet made their first commercial sale (70% maximum public quota, despite the fact that the RGE allows a larger quota); b.

businesses which have operated in any market for less than 7 years since the first commercial sale (60% maximum public quota);

c. businesses which have operated in any market for more than 7 years since the first commercial sale (40% maximum public quota), with the following riders:

- (i) businesses which require, on the basis of a company plan drawn up to launch a new product or entry in a new geographical market, an overall investment (public and private) greater than 50% of the average annual turnover in the last five years, and
- (ii) only in the case of follow-on investments, businesses which have operated in any market also for more than 7 years since their first commercial sale, on condition that these further investments were envisaged in the initial business plan, and that the target business has not become a large business as a result of a new enterprise attached to it.

investment interventions, will subscribe to the investment instruments in the Admissible Businesses on behalf of, and in the interests of, the INNOVA Venture Financial Instrument.

12. In order to be fully in line with European regulations<sup>8</sup> and in abidance with the terms of the AdF FARE Lazio, for the implementation of the whole FARE Venture section, Lazio Innova must hand the task of taking the relevant decisions, in particular those regarding investments and divestments, to a collegiate organ (hereinafter the “**Investment Committee**”), **composed of three experienced and independent members** chosen “by means of an open, transparent, proportional and non-discriminatory procedure, designed to prevent conflicts of interest”.
13. The *Governance* Committee, which oversees implementation of the entire FARE Lazio Fund of Funds, has authorized Lazio Innova to commence the selection procedure for the awarding of three professional posts to carry out the function of members of the FARE Venture Investment Committee throughout the **duration of LAZIO Venture and INNOVA Venture, which can be estimated as being no less than 12 years (with an *investment period* up until 2023)**.
14. The object of this Call for Bids is the selection of the Investment Committee of FARE Venture.
15. In order to ensure the maximum cohesion of its members, and full operational status of the Investment Committee right from the time it is appointed, **only candidacies presented collegially by the three candidates (“Team”)** will be accepted, moreover giving emphasis, in their assessment, to the previous experience of the whole Team, as well as to the experience of the individual candidate.
16. It is advisable that the candidates should have a clear conception of their tasks and powers, so that the best candidacies are encouraged; to this end, there follows here below a summary of the **main guidelines** which the Investment Committee undertakes to follow, in carrying out its work:
  - a. The Investment Committee has the aim of **maximizing returns on the investments** made by FARE Venture (both in the form of co-financing/LAZIO Venture and in the form of co-investment/INNOVA Venture).
  - b. At the same time, the Investment Committee has the aim of **investing all FARE Venture's resources**, with the necessary involvement of private-sector capital, in the shortest possible space of time, and with the aim of achieving spending objectives up until 2023. Certifiable spending objectives, under European regulations, refer to resources actually issued to Admissible Businesses, as well as to commissions and running costs, within specific ceilings.
  - c. In particular, **with reference to LAZIO Venture, an initial important deadline is 31 December 2017 for the signing of the co-financing accords**, since meeting this deadline allows the activation of procedures which facilitate the achieving of certifiable spending objectives under European regulations (the possibility of using an “*escrow account*”).
  - d. In consideration of the fact that it is a question of spending goals which VEXA CR itself, in view of Lazio's historical figures, calls “ambitious and achievable solely by means of an intelligent use of incentives which only public intervention can activate”, there is provision for the **possibility of**

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8 Art. 21, para 13, letter a) of the RGE envisages that a measure for risk financing “is implemented via one or more financial intermediaries” and, at subsequent letter b), that these must be “selected via an open, transparent and non-discriminatory competition”. The consolidated EU principle of the market investor, the current [Orientamenti sugli aiuti di Stato destinati a promuovere gli investimenti per il finanziamento al rischio](#) and the [previous ones](#), the references in art. 38, para 5, of the CPR to [Reg. \(UE\) 966/2012](#) (arts. 140 and 58) and, lastly, the indications contained in chapter 2.2 of the Communication [COM\(2015\) 361 del 22.7.2015](#) indicate that to meet this condition the administration of the measures for risk financing must guarantee observance of the best standards of professionalism required on the market for such operations and, above all, the “inclination towards profit” and the “commercial administration” by the management of the financial instrument. In particular, in the course of the notification on [State aid N. 722/2009](#) – Regime of aid on behalf of risk capital (Risk Capital Fund POR I.3 Lazio), the view was taken that the “inclination towards profit” and the “commercial administration” of a management placed in the hands of an *in-house provider* was abided by, on condition that important decisions, in particular those relating to investments and divestments, were made by a collective body composed of experienced and independent members, selected via a competitive procedure, and remunerated also on the basis of the Fund's financial results. Subsequently, the Competition Directorate General of the European Commission expressly took the view that this procedure was compatible with the new norms under art. 21 of the RGE.

recognizing an asymmetrical division of the profits among the entities which contribute private-sector resources<sup>9</sup>.

- e. At the time when the investments are selected – in the two forms of co-financing and co-investment – **the Investment Committee will negotiate, on a case-by-case basis, the minimum preferential remuneration to be paid to the other investors in the cofinanced vehicles, and to the co-investors. Specifically:**
- i. **LAZIO Venture:** the Investment Committee will negotiate, on a case-by-case basis, in consideration of the credibility of the Team and of its investment strategy in Lazio, the asymmetrical division of profits which will go to the other investors in the cofinanced vehicles<sup>10</sup>, in a manner and to a degree which will be determined after the special public selection of the vehicles to be cofinanced, and on the basis of the requests put forward by the same; in view of the fact that, at the phase of advance market analysis, in the light of the goals connected to implementation of the measure and the associated restrictions, **the need was identified for a preferential division of the profits at least up to the first 5% of the investment, in determining the system of remuneration of the Investment Committee a mechanism was introduced designed to sterilize its impact on the remuneration of the Committee itself.**
- ii. **INNOVA Venture:** the Investment Committee will negotiate, on a case-by-case basis, the asymmetrical division of the profits to the co-investors, in the manner and to the degree which will be determined on the basis of the requests put forward by the same, in the context of compiling investment opportunities.
- f. Also in order to achieve the spending goals, in the investment decisions of LAZIO Venture (co-financing), the Investment Committee shall give preference to those vehicles which envisage activity plans and investment policies which make credible the investment objectives in the Admissible Businesses, in consideration of the *pipeline* of potential investments, of the permanent presence in the geographical region (operational base/*senior member* of the *Team*), and of the presence or creation, in the same area, of initiatives for generating investment opportunities (acceleration programmes, or similar). To this end, **the Investment Committee shall be required to express its opinion, stating the grounds, on the advisability of bestowing upon the cofinanced vehicles the non-repayable contributions for exploration costs under the terms of art. 24 of the RGE, which may be requested by the vehicles on the basis of a specific programme.**
- g. Furthermore, with reference to the operational aspects of INNOVA Venture, the Investment Committee shall give preference to investments which encourage growth in employment in Lazio.
- h. Given the European nature of FARE Venture's financial resources, in drawing up its overall strategy of *asset allocation*, and in implementing this, the Investment Committee will have to ensure, with the technical support of Lazio Innova, abidance by the terms and conditions of Attachments 1 and 2 and in the Invitations for the selection of the cofinanced vehicles and businesses.
- i. With particular reference to LAZIO Venture, **the Investment Committee's strategy of *asset allocation*** shall give equal consideration to, on the one hand, meeting the investment objectives in the cofinanced vehicles and the associated forms of implementation and, on the other hand, abidance by full compatibility of the set of co-financing proposals which it is decided to accept, as and when, with the restrictions deriving from the nature of the European resources which are

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9 Art. 21, para 13, letter b) of the RGE envisages that the selection of the “financial intermediaries, the investors or fund managers... be aimed at establishing adequate mechanisms for sharing the risks and benefits, which, for investments other than guarantees, privilege the asymmetrical sharing out of the profits compared to protection from risks”. Art. 37, par 2, letter c) of the del RG SIE envisages that preferential remuneration and the relative level, “designed to attract complementary resources from private investors” must take place “via a competitive or adequately independent assessment procedure”.

10 Or on behalf of the Main Fund where the “parallel fund” solution is adopted.

used.

- j. With reference to this last aspect, in the context of the operational aspects of LAZIO Venture, the Investment Committee may benefit from financial resources, to a degree equal to at least 30% of the resources of LAZIO Venture, which are free from “European restrictions” on spending, but not on their destination (“*overbooking*”).
  - k. In general, **the Investment Committee**, with the technical and legal support of Lazio Innova, in making decisions on investment, management, and divestment, **shall ensure that all the obligations entered into by Lazio Innova** (which possesses juridical relations relating to investments) **is consistent and compatible with regulations regarding the use of European and regional resources designed for such measures.**
  - l. Lazio Innova does not ask to appoint its own representatives to the company bodies of the businesses which it has a direct or indirect stake in, or on the management bodies of vehicles jointly financed by LAZIO Venture; equally, the members of the Investment Committee cannot take on these posts in the businesses and in the vehicles. By contrast, Lazio Innova can take part in any supervision and guidance bodies which may be provided for in the vehicles jointly financed by LAZIO Venture, and may request that the Team identifies one of its members to represent it.
17. In accordance with European regulations, **the Investment Committee operates in line with the principle of “commercial management”, in total autonomy:** to this end, the procedure for selecting the three members, and the manner in which they are appointed, and remunerated, guarantee the principle of the “profit motive”.
18. With specific reference to the remuneration of the Investment Committee, there is provision for recognition of a *financial performance fee* and, to adapt the further objectives of public interest, of an *impact performance fee*.
19. The system of incentives is therefore structured in such a way that the *impact performance fee* takes into full consideration the meeting of spending objectives, and the further objectives of public interest connected to the development of jobs and businesses in Lazio, and in such a way that the *financial performance fee* acts as an incentive for the Investment Committee to adopt decisions geared towards profit, albeit in line with the public purposes of the intervention; to this end, there shall be a **maximum ceiling on the total remuneration payable to the members of the Investment Committee** (“Cap”).
20. In view of the fact that – as highlighted in the VEXA CR – an insufficient level of investments is also a function of the degree of resilience of the business models of the Admissible Businesses, and that a concise index that is easy to acquire, designed to define those businesses which are most resilient, is the incremental cost of personnel<sup>11</sup>, it was thought advisable that the system of incentives, and in particular the *impact performance fee*, should also make provision for a component based on the personnel costs of the businesses which are directly involved in the INNOVA Venture investment.

On the basis of the above preamble,

LAZIO INNOVA  
HEREBY GIVES NOTICE

that it will proceed, by means of the present competitively-based public selection, to **bestow a professional**

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<sup>11</sup> Businesses with *business models* which anticipate high personnel costs present, other factors being equal, more rigid fixed cost structures (often associated with greater material investments) which mean that it is more difficult financially, and slower, to achieve *break-even point* and an increase in the share value of the business and, in general, present on average a yield/risk profile that is less attractive for the complementary resources of the private investors. For that matter, the personnel commitment, all the more so if well-qualified and therefore expensive, and the associated local roots ensured by the material investments, which are more likely in that event, make businesses more resilient and of greater public interest.

**appointment on a group (Team) of three persons** to act as members of the Investment Committee of FARE Venture in the capacity of independent experts, in accordance with the following documents, which are to be regarded as an integral part of the present Call:

1. Essential elements of the invitation to present opportunities for investment in supervised vehicles (LAZIO Venture), attachment 1;
2. Essential elements of the invitation to present opportunities for investment in businesses (INNOVA Venture), attachment 2;
3. Essential elements of the Regulations of the Investment Committee, attachment 3
4. VEXA CR, which may be consulted at the website [www.lazioeuropa.it](http://www.lazioeuropa.it) at the page: [http://lazioeuropa.it/files/170502/dd\\_g05276\\_21\\_04\\_2017.pdf](http://lazioeuropa.it/files/170502/dd_g05276_21_04_2017.pdf)

**In submitting their candidacies, the individual members of the candidate Teams accept, should the Team which they belong to arrive in second place in the selection process, the role of substitute, therefore undertaking, throughout the duration of LAZIO Venture and INNOVA Venture, to take on the role of member of the Investment Committee of FARE Venture, in the event that one of the members in office should no longer be eligible, or is revoked, or resigns.**

## **1. Commissioning body**

Lazio Innova S.p.A.

## **2. Description of duties**

Carrying out, as a Team, in line with the terms outlined in the preamble, the function of Investment Committee of the Financial Instruments Section for risk capital (“FARE Venture”) of the FARE Lazio Fund of Funds, as provided for by AdF Venture.

The Investment Committee shall operate so as to achieve the objectives and results referred to in the preamble, and envisaged by the POR, as stated in more detail in the VEXA CR.

With the technical and legal support of Lazio Innova, in making its decisions on investment, management, and divestment, the Investment Committee shall ensure that all the obligations entered into by Lazio Innova (which possesses juridical relations relating to investments) are consistent and compatible with regulations covering the use of European and regional resources intended for these measures.

In general, the Investment Committee shall act in accordance with the guidelines and for the pursuance of the strategic objectives as set out at point 16 of the Preamble.

Without prejudice to the greater detail envisaged by the AdF Venture, the Investment Committee will make efforts to achieve the **spending objectives by 31 December 2023** with reference to the initial POR endowed funds of FARE Venture, equal to 60 million, and, if necessary, the incremental endowed funds, up to a maximum of 80 million, with the aim of giving incentives to the private sector to provide financing for SMEs in Lazio, in the form of risk capital.

It is understood that, for the purposes of spending objectives, **allowable spending shall be defined as per art. 42 of the CPR**, which, as well as the sums paid out for equity and quasi-equity investments in Admissible Businesses, directly (INNOVA Venture) or via cofinanced vehicles (LAZIO Venture), also includes the sums paid as commissions within the limits allowed under art. 13 of (EU) Reg. 480/2014, and any sums set aside within the terms and limits envisaged by § 2<sup>12</sup> and by § 3<sup>13</sup> of art. 42 of the CPR (“*escrow account*”).

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12 Administration commissions to be paid in the 6 years after 2023, for a maximum limit of 1.5% per year of the amount pertaining to FARE Lazio invested in the businesses (§ 3 of art. 14 of Reg. 480/2014).

13 Sums set aside for further investments (*follow-on*) in the years after 2023, for a maximum limit of 20% of the amount pertaining to FARE Lazio invested in the businesses up until 2023, but on condition that (i) this invested amount is at least 55% of the amount subscribed to by FARE Lazio, and (ii) the financing contract was signed before 31/12/2017.

In the context of its mandate, the Investment Committee, makes investment decisions in two ways:

- a. by subscribing to quotas in investment vehicles defined as financial instruments as per the TUF which, by associating the quotas of necessary private-sector capital as per art. 21 of the RGE, go on to invest in Admissible Businesses (**interventions in the form of Co-Financing – “LAZIO Venture”**). Initially, 36 million Euros is reserved for interventions in the form of Co-Financing;
- b. by directly investing and divesting in the Admissible Businesses, by means of a direct-management Financial Instrument which only intervenes together with private-sector co-investors (**interventions in the form of Co-Investment – “INNOVA Venture”**). Initially, around 20 million Euros (equal to 24 million Euros after deduction of operating costs) is reserved for interventions in the form of Co-Investment.

In making investment decisions, **the Investment Committee establishes, on a case-by-case basis, the minimum preferential remuneration payable** to the entities which contribute private-sector resources, an amount which it believes to be necessary to ensure that the spending objectives and results are achieved.

In particular

- i. **LAZIO Venture:** the Investment Committee will negotiate on a case-by-case basis, in consideration of the credibility of the Team and of its investment strategy in Lazio, the asymmetrical division of profits in favour of the other investors in the cofinanced vehicles<sup>14</sup>, in a manner, and to a degree, which shall be determined at the end of a special public selection of the vehicles to be jointly financed, and on the basis of the requests put forward by the latter; in view of the fact that, at the stage of advance market analysis, in the light of the objectives connected to implementing the measure and its related restrictions, **the need was identified for a preferential division of profits, at least up to the first 5% of the investment, in determining the system for remunerating the Investment Committee a mechanism was introduced designed to sterilize its impact on remuneration of the Committee itself.**
- ii. **INNOVA Venture:** the Investment Committee will negotiate, on a case-by-case basis, the asymmetrical division of profits in favour of the co-investors, in the manner and to an extent which shall be determined in the context of the collection of expressions of interest on the part of the co-investors themselves, on the basis of the requests put forward by the same.

The Investment Committee shall, furthermore, express its opinion, stating the grounds, as regards the advisability of bestowing on the cofinanced vehicles the non-repayable contributions over the exploration costs as per art. 24 of the RGE, which may be requested by the vehicles on the basis of a specific programme. These contributions can be granted for an amount corresponding to 50% of the costs relating to the search for investment opportunities relating, for example, to *scouting*, acceleration and similar, for a maximum limit of 5% of the investment by LAZIO Venture in the specific joint-finance vehicle. These contributions, where they are paid, are calculated as being in addition to the endowed funds of FARE Lazio, and are not relevant for the purposes of the remuneration of the Investment Committee.

Without prejudice to the further details envisaged by the AdF Venture, **the Investment Committee shall have full autonomy in decisions on investment and divestment, and in all the other significant decisions to be made during the management period.**

In order to ensure that the Investment Committee acts in line with the principle of being “geared for profit”, and in accordance with a “commercial management”<sup>15</sup>, a large part of the remuneration expected by its members (*financial performance fee*) will be a function of the improved financial results achieved compared with a pre-determined financial objective called the “Yield Threshold”, or “RS” (“Rendimento Soglia”).

In view of the fact that the objectives of FARE Venture are ambitious, and only achievable by means of the use of incentives (asymmetrical division of profits) which public intervention can pay out, in abundance by norms on State aid, reducing the yields of FARE Venture, **it is decided to set the “Yield Threshold” to zero (“RS” = zero); after exceeding this, the Committee is entitled to the *financial performance fee*, excepting if**

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<sup>14</sup> Or on behalf of the Main Fund where the “parallel fund” solution is adopted.

<sup>15</sup> Paras 13 and 14 of art. 21 of the RGE.



and unless the Team, at the candidacy stage, sets a different Yield Threshold level.

Indeed, in submitting its candidacy, the candidate Team must produce a memorandum (“Memorandum”) containing the investment objectives and result objectives in terms of the timeframe and expected yield: in particular, in its Memorandum, the Team will highlight the Yield Threshold (RS) benchmark for determining the *financial performance fee*, in line with the formula indicated in the following paragraph 3, stating the grounds for this indication, also in the event that it confirms an RS equal to zero.

Furthermore, the Memorandum may set out:

- an analysis of the potential investment opportunities, in relation to the business and scientific vocations present in the area;
- the elements which characterize the investment strategy: the type of funds, the kinds of investment (*seed/startup/expansion*), the investment phases (*round seed/A/B*), and the sectors which could prove to be most appropriate as regards the regional context;
- one or more proposals for criteria and procedures for determining possible further preferential remuneration payable to the cofinanced vehicles, and for the preferential remuneration payable to co-investors.

### 3. Remuneration for the post

The fee for the position is established to a small extent on a fixed basis, and, to a dominant extent, on a variable basis in the form of a *performance fee*, subdivided into an *impact performance fee* and a *financial performance fee*, connected respectively to the results in terms of direct and indirect impact on the area of Lazio Region, and to the financial results.

In all, the remuneration shall not exceed the sum of 400,000.00 Euros per member (“cap”). However, should the financial results of FARE Venture ( $P_{FV}/Inv\ Tot$ ) prove to be greater than 35%, the cap will be 600,000.00 Euros per member.

The fixed amount for the Investment Committee is established as being:

1. 20,000.00 Euros per year per member – as well as obligatory costs by law (VAT and social security payments) – during the *investment period* (2017-2023), except for 2017, when this amount will be 10,000.00 Euros per member;
2. 500.00 Euros per session per member – as well as obligatory costs by law (VAT and social security payments) – during the *divestment period* (2024-2028), with a maximum ceiling set at 3,000.00 Euros per year, in total, per member.

Furthermore, each member of the Committee will receive **reimbursement for any expenses**, if, and only if, the Committee member is domiciled in a municipality other than Rome. Expenses refunds must be adequately documented and limited to expenses for transportation (Economy Class plane travel, or 1st class train tickets, and taxis) and, if necessary, for meals (with an upper limit of 40.00 Euros/day per member) and lodging (for an upper limit of 150.00 Euros/night per member), in the latter instance subject to prior written authorization from Lazio Innova.

The variable amount (*performance fee*) of the remuneration of the Investment Committee is determined as follows:

- A. *impact performance fee*, to be calculated on meeting the investment objectives of FARE Venture in the cofinanced Vehicles and in the Admissible Businesses, and result objectives in terms of jobs:
  1. investment objectives of LAZIO Venture in cofinanced Vehicles (once the Financing Accords have been entered into):
    - i. 35,000.00 Euros per member – as well as obligatory costs by law (VAT and social security payments) – a one-off payment on meeting, by 31.12.2017, the objective of investing 100% of LAZIO Venture's initial endowed funds (36 million Euros) in cofinanced Vehicles; *or*
    - ii. 20,000.00 Euros per member – as well as obligatory costs by law (VAT and social security payments) - a one-off payment on meeting, by 31.12.2017, the objective of investing 80% of LAZIO Venture's initial endowed funds (36 million Euros) in cofinanced Vehicles; *or*

- iii. 10,000.00 Euros per member - as well as obligatory costs by law (VAT and social security payments) - a one-off payment on meeting, by 31.12.2017, the objective of investing 60% of LAZIO Venture's initial endowed funds (36 million Euros) in cofinanced Vehicles;

to which is added, in the cases of ii) and iii), a further one-off variable payment of 5,000.00 Euros per member on meeting, by 30.06.2018, the objective of investing 100% of LAZIO Venture's initial endowed funds (36 million Euros) in cofinanced Vehicles.

- 2. INNOVA Venture's objectives for investment in Admissible Businesses (once the investments have been issued):

- i. 40,000.00 Euros per member - as well as obligatory costs by law (VAT and social security payments) - a one-off payment on meeting, by 31.12.2022, the objective of investing 100% of INNOVA Venture's endowed funds (initially amounting to 20 million Euros) in Admissible Businesses; *or*
- ii. 20,000.00 Euros per member - as well as obligatory costs by law (VAT and social security payments) - a one-off payment on meeting, by 31.12.2022, the objective of investing 90% of INNOVA Venture's endowed funds (initially amounting to 20 million Euros) in Admissible Businesses; *or*
- iii. 10,000.00 Euros per member - as well as obligatory costs by law (VAT and social security payments) - a one-off payment on meeting, by 31.12.2022, the objective of investing 80% of INNOVA Venture's endowed funds (initially amounting to 20 million Euros) in Admissible Businesses;

to which is added, in the cases of ii) and iii), a further one-off variable payment of 5,000.00 Euros per member on meeting, by 31.10.2023, the objective of investing 100% of INNOVA Venture fund's endowment (initially amounting to 20 million Euros) in Admissible Businesses.

- 3. objectives of LAZIO Venture's investment in Admissible Businesses (once the investments have been issued):

- i. 24,000.00 Euros per member - as well as obligatory costs by law (VAT and social security payments) - a one-off payment on meeting, by 31.10.2023, the objective of investing in Admissible Businesses 70% of the amount subscribed to by LAZIO Venture in the cofinanced vehicles; *or*
- ii. 12,000.00 Euros per member - as well as obligatory costs by law (VAT and social security payments) - a one-off payment on meeting, by 31.10.2023, the objective of investing in Admissible Businesses 55% of the amount subscribed to by LAZIO Venture in the cofinanced vehicles.

- 4. employment objectives (new jobs) of INNOVA Venture, in terms of the impact of the incremental personnel costs of the Businesses invested in on the value of the capital invested by INNOVA Venture:

- i. 12,000.00 Euros per member - as well as obligatory costs by law (VAT and social security payments) - a one-off payment on meeting the level of 20% of impact of incremental personnel costs on the capital invested in the Admissible Businesses, calculated on the accounting figures on 31.12.2023 and with reference to the investments in the portfolio on 31.12.2023.

- B. **financial performance fee, a one-off payment after the final closure of FARE Venture** - as well as obligatory costs by law (VAT and social security payments) – **to be calculated, for each individual member**, on the basis of the total profits of LAZIO Venture and of INNOVA Venture, in accordance with the following formula:

$$\text{if } \frac{P_{FV}}{TotInv} > RSfpf = [(P_{FV} + RAbase) \times (1,5 + 10\%RS)]$$

$$\text{if } \frac{P_{FV}}{\text{TotInv}} \leq RS \text{fpf} = \text{zero}$$

Where:

- **P<sub>FV</sub> (Profits of FARE Venture)** is the total amount of profits of FARE Venture (INNOVA Venture and LAZIO Venture) expressed as the difference between FARE Venture's liquidation value (namely the final total amount at the closure of FARE Venture) and the Total of Investments (Tot Inv);
- **Tot Inv (Total of Investments)** is the total amount invested by FARE Venture, being equal to the sum of the amount LAZIO Venture has subscribed to in the cofinanced vehicles, and the amount issued to the Admissible Businesses by INNOVA Venture.
  - **RS (Yield Threshold)** is the total yield level of FARE Venture, expressed in percentage terms, beyond which the Investment Committee is entitled to receive payment of the *financial performance fee*. This level shall be determined on the basis of selection, on the basis of proposals formulated by the Team in the Memorandum referred to at art. 2 above, produced at the time when the candidacy is presented.
- **fpf (financial performance fee)** is the amount paid to the individual member of the Investment Committee.
- **RAbase (Asymmetrical Remuneration base)** is the amount corresponding to the value of profits which would otherwise be due to LAZIO Venture, which the Investment Committee has recognized as an asymmetrical division of the profits for the cofinanced vehicles, being no greater than 5% of the investment; this amount is added to P<sub>FV</sub> in order to sterilize the remuneration of the Investment Committee up to that threshold; the value of RAbase will be equal to the sum of **profits actually held by the individual cofinanced vehicles exclusively with reference to this initial 5%**.

As an **example**, were the Yield Threshold (RS) to be set at 7%, the *financial performance fee* (fpf) will be calculated as being 2.2% (calculated thus: 1.5% + 10% $\times$ 7% = 1.5% + 0.7% = 2.2%) of the value of the Profits of FARE Venture (P<sub>FV</sub>), increased by adding the sum of amounts relating to missed profits deriving from the preferential remuneration paid out to the individual cofinanced vehicles, within the first 5% of the investment (RAbase). It is clear that, with reference to the example above, the *financial performance fee* will only be due in the event that the ratio between the value of the Profits of FARE Venture (P<sub>FV</sub>) and the Total of Investments of FARE Venture (Tot Inv) is greater than 7%, set as the Yield Threshold (RS).

**The liquidation value of FARE Venture will not be rectified in order to take into account each and any further asymmetrical division of the profits paid by the Investment Committee to the financed vehicles over and above the aforementioned Asymmetrical Remuneration base (RAbase), or any asymmetrical division paid by the Investment Committee to the co-investors (INNOVA Venture).**

Members of the Team may not hold positions in the company bodies of the businesses in which it has a direct or indirect stake in, or on the management bodies of the cofinanced vehicles. Should Lazio Innova request that the Team identifies one of its members to represent it on any supervisory and advisory bodies which may be envisaged in the cofinanced vehicles, all payments received, for whatever reason, on the basis of these posts must be handed to FARE Venture, excepting any monies received as refunds for expenses, where there is provision for this.

**Should the initial endowed funds be increased beyond the 60 million Euros, the values of the *impact performance fees* which have not yet come to maturity will be increased proportionally.**

The potential value of the *financial performance fee* will increase since it is applied to the increased endowed funds.

**The maximum total value of the remuneration (cap) will be increased consequently, but in the ratio of one to one half, up to 700,000 Euros per head.**

As an **example**, following an increase in the endowed funds of 15 million Euros, equivalent to a quarter of the initial funding, the cap will be increased by one eighth, from 400,000 to 450,000 Euros per head, and, in

the event of profits greater than 35%, the cap of 600,000 Euros will be increased to 675,000 Euros per head.

Lastly, there is provision for the possibility that the Team may decide on a non-proportional division of the remuneration, as set out under article 3 (here), on condition that the difference between the member with the highest remuneration and the member with the lowest remuneration is no greater than 30% of the proportional remuneration.

#### 4. Requisites for participation

Only Teams whose members have the following **general requisites**, as further set out in the attached application format (see appendix I), may take part in the present selection:

1. Italian citizenship and entitlement to civil and political rights (citizens of one of the countries of the European Union have the same status as Italian citizens, as long as they have a knowledge of written and spoken Italian which is adequate for carrying out their tasks, and are in possession of the civil and political rights of the State to which they belong);
2. possession of the requisites of honourability as per art.13 of D.L. n. 58/98 (and subsequent modifications);
3. not having been the subject of any interdiction as per article 9, paragraph 2, letter c) of the legislative decree for 8 June 2001, n. 231, or other sanction involving a ban on having dealings with the public administration, including the interdiction measures listed under article 14 of the legislative decree for 9 April 2008, n. 81;
4. not having received sentences on a definitive basis or a penal sentencing decree which has become irrevocable, or a verdict applying a penalty on the basis of a request as per article 444 of the penal procedural code, for one of the following crimes:
  - crimes, either committed or attempted, as per articles 416, 416/2 of the penal code, or crimes committed by making use of the conditions as set out in the aforementioned article 416/2, or for the purpose of facilitating the activity of the associations envisaged by the same article, as well as for the crimes, either committed or attempted, envisaged by article 74 of D.P.R. 9 October 1990, n. 309, by article 291/4 of D.P.R. 23 January 1973, n. 43, and by article 260 of the legislative decree for 3 April 2006, n. 152, insofar as they can be linked to participation of a criminal organization, as defined by article 2 of the framework decision 2008/841/GAI of the Council;
  - crimes, either committed or attempted, as per articles 317, 318, 319, 319/3, 319/4, 320, 321, 322, 322/2, 346/2, 353, 353/2, 354, 355 and 356 of the penal code, as well as article 2635 of the civil code;
  - fraud as per article 1 of the convention relating to the protection of the financial interests of the European Communities;
  - crimes, committed or attempted, carried out for the purposes of terrorism, including international terrorism, and subversion of the constitutional order, terrorist crimes, or crimes connected to terrorist activities;
  - crimes as per articles 648/2, 648/3 and 648/3.1 of the penal code, laundering the proceeds of criminal activities or financing for terrorism, as defined under article 1 of legislative decree 22 June 2007, n. 109 and subsequent modifications;
  - exploiting child labour and other forms of enslavement, as defined in legislative decree 4 March 2014, n. 24;
  - all other crimes which, as a secondary penalty, involve an inability to have dealings with the public administration.

5. the absence of conditions of incompatibility to carry out their functions, as set out under current norms;
6. the immediate availability of the Team to take on their functions.

The Teams whose members are in possession of the abovementioned general requisites may take part in the present selection if their members are also in possession of the following **specific requisites**:

- a) (i) a degree diploma (in accordance with the norms predating D.M. 509/99), a post-graduate degree (as per D.I. for 5.5.2004), or a degree at a foreign University declared to be “equivalent” by the competent state organs, and (ii) proven professional experience, of at least 3 years, in risk capital operations (preferably involving Venture Capital, or, alternatively, Private Equity), or 3 years of investment activity in Venture Capital/Private Equity funds at Institutional Investors (CDP [Deposit and Loans Bank], FII [Italian Investment Fund], EIF, Savings Banks, Pension Funds, Foundations, Insurance Companies);
- b) as an alternative to point a) (above): (i) high school diploma, second level, and (ii) proven professional experience of at least 6 years in risk capital operations (preferably involving Venture Capital or, alternatively, Private Equity), or 6 years of investment activity in Venture Capital funds at Institutional Investors (CDP, FII, EIF, Savings Banks, Pension Funds, Foundations, Insurance Companies).

All the aforementioned requisites must be held by all members of the Team on the day of publication of the present Call. Loss of the general requisites will lead to the appointment being taken away, and suspended until the relevant proceeding has been commenced.

A check on whether the declared requisites are actually held shall be conducted when the appointment is entered into.

Equal opportunities between men and women are guaranteed in the making of the appointment under the present Call.

Lazio Innova reserves the right to verify the veracity of the information given in the application, and to request supporting documentation at any time, including after completion of the selection and after the appointment has been made. Should it emerge that the aforementioned statements are false, the candidate Team shall be excluded from selection, or the member shall be removed from his or her post, as well as having to answer for his or her actions in accordance with articles 75 and 76 of DPR 445/2000.

**In order to take part in the competitive tender, the Team shall have to act in a joint manner, entering collectively into all the obligations deriving from their candidacy. Accordingly, the bid/candidacy must be undersigned by all members, and contain a commitment to act as a homogeneous working group.**

Participation in the Team does not, however, imply collective solidarity towards Lazio Innova, and each member remains responsible for the decisions they make.

In presenting their candidacy, the individual members of the candidate Teams accept a role as substitutes, should the Team which they belong to end up in second place in the selection, and thus they commit themselves, throughout the duration of LAZIO Venture and INNOVA Venture, to take on the role of member of the Investment Committee of FARE Venture, in the event that one of its members in office should see their status lapse or be revoked, or should resign, as specified in more detail below (see article 8).

## **5. Procedure for submitting candidacies**

Candidacies may be presented solely on a joint basis, as a Team, online via certified email to the following address: lazioinnova@pec.lazioinnova.it as of 12.00 hrs on 3 July 2017, and by (and no later than) 12.00 hrs on 7 July 2017.

The candidacy must be drawn up in line with the application format as shown in appendix 1, and attached to it there must be a detailed *curriculum vitae* (CV) and a summarized list of those activities of each member of the Team which are most relevant for the present Call, drawn up in accordance with the format as shown in appendix 2, showing that the individual has acquired the specific professional experience as set out in points a) or b) of article 4 above, indicating, for each position held, the role, the activity, and

line manager.

Consideration will be given to any certificates or certifying documents held which may be attached to the candidacy.

Participants in the competitive process hereby declare that they are aware that, and agree that, in the event they are selected, they will be required to enter into a professional collaboration contract with Lazio Innova, as per art. 2222 cod. civ., with the general conditions as per Appendix 3.

## 6. Selection procedure and criteria

The selection procedure will take place in **two phases**, by means of an examination of documents, and thereafter by a subsequent interview.

**The first phase envisages an examination of the *curriculum vitae* of the Team members, of the list of activities they have carried out, and of the Memorandum containing an analysis of the investment and result objectives, by means of the following points system:**

- A. up to 12 points: professional experience gained, also individually by the Team members, in activities connected to Venture Capital operations; in addition, points will be assigned on the following basis:
  - i. up to 6 points more if these activities were carried out at least partly within fund managers managing financial instruments recognized as such by the TUF (SRG, SICAF, SICAV, ELTIF and similar) or their European equivalents, on the basis of the duration of the experience and the importance of the fund manager;
  - ii. up to 5 points more if these activities were carried out, including individually, abroad for at least one year;
  - iii. up to 4 points more if these activities were carried out together by at least two of the three Team candidates;
  - iv. up to 8 points more if at least one of the Team members has experience in managing financial instruments cofinanced with public, EU, national or regional resources;
- B. up to 6 points: professional experience gained, including individually by the Team members, in activities connected with other risk capital operations (*Private Equity, Buy-out, Turnaround, Mezzanine*, etc..) in particular if carried out at least partly within Private Equity fund managers (SRG, SICAF, SICAV, ELTIF and similar); in addition, the following points will be assigned:
  - i. up to a further 4 points if these activities were carried out together with at least two of the three Team candidates;
- C. up to 6 points: professional experience gained, including individually by the Team members, in *asset allocation* activities on behalf of risk capital funds, in particular on behalf of financial instruments recognized as such by the TUF (SRG, SICAF, SICAV, ELTIF and similar) or their European or OECD equivalents, on the basis of the duration of the experience and the importance and number of the funds allocated and their managers; in addition, the following points will be assigned:
  - i. up to 5 points more if these activities were carried out at least partly on behalf of Venture Capital funds recognized as such by the TUF (SRG, SICAF, SICAV, ELTIF and similar) or their European equivalents, on the basis of the duration of the experience;
  - ii. up to 4 points more if these activities were carried out together with at least two of the three Team candidates;
- D. up to 15 points: on the basis of the quality of the Memorandum of the Team containing investment and result objectives, also in terms of time objectives for spending and expected yield, indicating the Yield Threshold (RS) which the Team states as its reference level also for its *financial performance fee*; in addition, the following points will be assigned:
  - i. up to 5 points more: in the event that the Memorandum (a) outlines an analysis of the potential investment opportunities, in relation to the business and scientific vocations present in the area, (b) describes the distinguishing features of the investment strategy in terms of the type of funds,

the types of investment (*seed/startup/expansion*), the investment phases (*round seed/A/B*) and the sectors which could prove to be most appropriate as regards the regional context, as well as (c) presenting one or more proposals for criteria and procedures for the determination of any possible further preferential remuneration to be paid to the other investors in the cofinanced vehicles (LAZIO Venture) and co-investors (INNOVA Venture).

**The second phase makes provision, by means of a comparative interview based on the Memorandum and on the CVs, for the allocation of a further 20 points (at most) allocated as follows:**

- E. max 10 points: realistic feasibility of the objectives and of the other details contained in the Memorandum;
- F. max 10 points: ability and motivation of the candidate Team.

**The selection of the Teams will be made by a special commission appointed by Lazio Innova**, comprising an external President, appointed by Lazio Innova, and two expert members, one internal to Lazio Innova, and one identified from among the regional members of the *Governance* Committee.

The appointment will be bestowed on the candidate Team which shall have obtained the highest overall points score.

Lazio Innova reserves the right to make the appointment also in the presence of only one candidacy, as long as it is regarded as qualifying, and equally it reserves the right not to make any appointment, should it decide that the actual conditions, and aspects of merit, are lacking.

Nevertheless, candidate Teams which have obtained a total score of less than 60 will not be taken into consideration.

## **7. Manner in which the appointment is exercised**

The Investment Committee meets with the presence of all the members, and makes its decisions unanimously.

The workings of the Investment Committee are specifically regulated by a special set of regulations, the essential elements of which are indicated in Attachment 3.

**The Regulations also govern recourse to the Conflicts Committee should situations arise involving a conflict of interest, or a potential conflict, in relation to the decisions to be made;** in this event, on the basis of the meeting's agenda, the member who finds themselves in a conflict of interest, or potential conflict, shall inform Lazio Innova of this, providing information such as to allow the involvement of the Conflicts Committee, which will settle any decisions on which it is necessary that the member in a conflict of interest situation abstains.

**The duration of the assignment will depend on the duration of LAZIO Venture and INNOVA Venture, which may be estimated as being not less than 12 years (with an *investment period* until 2023).**

The **appointment shall be carried out** personally by the members of the Investment Committee, in a fully autonomous way, without restrictions of subordination, **on a non-exclusive basis**, complying with the canons of propriety and professional diligence, taking into account the general guidelines which may be provided by the *Governance* Committee and the decisions of the Conflicts Committee. Appendix 3 lists the general conditions of the professional appointments made by Lazio Innova, applicable in the current case.

The meetings of the Investment Committee shall be convened by Lazio Innova, in the presence of proposals for deliberations to be presented to the Committee itself. **As a mere suggestion, it is estimated that on average one meeting may be held per month during the *investment period*, and one meeting every two or three months during the *divestment period*.**

The meetings shall be held in Rome, generally at the offices of Lazio Innova, and require the total willingness of all members of the Team to be present physically, or, failing that, by audio link or video conference. Should they occasionally be hindered from attending, and excepting specific needs indicated by Lazio Innova, meetings may also be held partially or totally with voting via remote online connection on the

part of each member of the Investment Committee.

In addition to the formal meetings, the Investment Committee may be consulted informally by Lazio Innova on issues of particular significance, or occasionally a representative of the Investment Committee, named by the Committee itself, may be asked to attend meetings with cofinanced vehicles and with businesses on the portfolio which have particularly significant issues to discuss (and in this event the Committee members may nominate their own representative).

## 8. Invalidation, replacement by substitutes

**In the event of loss of valid status, for any reason, on the part of one or more of the three members of the Investment Committee, one member of the Team which placed second (the so-called “substitute”) will automatically replace them, starting with the member who, at the time of the presentation of the candidacy, had the most experience in Venture Capital operations.**

Individual members, or the whole team, will become invalid to hold their position in the event of the following:

1. The functions awarded are exercised with serious negligence and fraud.;
2. Situation of personal conflict of interest, or with reference to third parties, not promptly notified to Lazio Innova for the possible adoption of appropriate measures, or failure to comply with these measures.
3. The functions awarded are exercised without abidance by the terms of the appointment contract, as well as the rules of ordinary diligence.
4. Loss of general requisites.
5. Impossibility of holding valid meetings owing to the absence of this same member at more than three consecutive meetings.
6. Manifest inability with reference to failure to pursue the strategic objectives as set out at point 16 of the Preamble. In this case, the annulment will be declared with a measure, stating the grounds, by Lazio Innova.
7. Death, invalidity, disqualification, and force majeure.

**In the event of disqualification, no remuneration will be due to individuals having invalid status, as of the moment they lose their valid status.** Moreover, as of that date any accord regarding the non-proportional division of the Team's remuneration, if agreed upon among its members, shall lapse.

In any event, the member who comes in as a replacement shall be due any *performance fees* which were due at a point subsequent to the moment they become a replacement, in proportion to the time when they are called upon to act as a replacement. **The remaining quota will be paid to Lazio Innova**, excepting the indications given below.

In cases involving disqualification as per point 7 above, for the individual involved or for his heirs, the right to receive payment of any *performance fees* due will mature subsequent to the event, in proportion to the length of time they were on the Investment Committee. In this event, nothing will be paid to Lazio Innova.

A similar arrangement will also be applied **in the event of voluntary resignation** by a member of the Investment Committee, but with a 50% deduction in favour of Lazio Innova.

In the event of disqualification, except for the cases under point 7 above, Lazio Innova retains the right to take action for compensation for the losses it has suffered.

## 9. Publicity and procedural norms

The present call for bids is published on the Bollettino Ufficiale della Regione Lazio (Lazio Region Official Bulletin – BURL) and on the [www.lazioinnova.it](http://www.lazioinnova.it) and [www.lazioeuropa.it](http://www.lazioeuropa.it) websites. An extract of the call is published in at least 3 of the main Italian and European financial dailies.

Opportune communication ensures the maximum diffusion of news of the Call for Bids, and the possibility of getting a copy of the complete text of it, including attachments, where possible with the involvement of AIFI and Invest Europe and other associations representing the sector, and the use of specialist means of



communication addressed to the economic operators and professionals in the sector.

The Sole Coordinator of the Proceeding ("RUP") is Dott. Andrea Ciampalini, Director General of Lazio Innova.

Requests for clarification must be received by the RUP at the address [lazioinnova@pec.lazioinnova.it](mailto:lazioinnova@pec.lazioinnova.it), by 12.00 hrs on 16 June 2017. Timely requests for clarification, and replies, will be published on the same page where the Call may be viewed on the [www.lazionnova.it](http://www.lazionnova.it) and [www.lazioeuropa.it](http://www.lazioeuropa.it) websites at least 10 days prior to the date as of when it is possible to submit candidacies. The replies in question will be added as supplements to the *lex specialis* with effect as of the date of their publication on the site, on the effects of participation in the procedure.

Right of access as per art. 22 ff of Law 241/90 (and subsequent modifications) is exercised in accordance with the manner and limits as stated in the aforementioned law.

Under the terms of D.Lgs. n. 196/2003 (and subsequent modifications), personal data is also processed with computerised instruments, and used in the framework of the proceeding, abiding by the obligations of confidentiality.

The body responsible for processing is Lazio Innova. Identification details of the person(s) responsible for processing, designated as per art. 29 of D.Lgs n. 196/2003 (and subsequent modifications), are shown in a constantly updated list on the website [www.lazioinnova.it](http://www.lazioinnova.it).

Appendix I – FORMAT FOR SUBMITTING A BID

Lazio Innova S.p.A.  
Ufficio  
Via Marco Aurelio, 26/A  
00184 ROMA

APPLICATION TO TAKE PART IN COMPETITIVE TENDER TO AWARD THREE  
PROFESSIONAL POSTS HAVING THE FUNCTION OF MEMBERS OF FARE VENTURE  
INVESTMENT COMMITTEE

Submitted jointly with the following candidates in the form of a Team:

I, the undersigned \_\_\_\_\_

place of birth \_\_\_\_\_ D.O.B

\_\_\_\_\_

resident at \_\_\_\_\_

tel. \_\_\_\_\_ fax no. \_\_\_\_\_ e-mail \_\_\_\_\_

Tax Code \_\_\_\_\_ VAT code \_\_\_\_\_

I, the undersigned \_\_\_\_\_

place of birth \_\_\_\_\_ D.O.B.

\_\_\_\_\_

resident at \_\_\_\_\_

tel \_\_\_\_\_ fax no. \_\_\_\_\_ e-mail \_\_\_\_\_

Tax Code \_\_\_\_\_ VAT code \_\_\_\_\_

I, the undersigned \_\_\_\_\_

place of birth \_\_\_\_\_ D.O.B.

\_\_\_\_\_

resident at \_\_\_\_\_

tel \_\_\_\_\_ fax no. \_\_\_\_\_ e-mail \_\_\_\_\_

Tax Code \_\_\_\_\_ VAT code \_\_\_\_\_

## HEREBY REQUEST

to be able to take part in the aforementioned competitive tender, in compliance with the provisions set out in the Public Call for Bids, including the relevant attachments, and do expressly agree to the clauses contained therein.

Accordingly,

### THEY UNDERTAKE

In the event of being selected:

- to operate jointly as a homogeneous working group (Team),
- to take on the post on the basis of immediate availability;
- to accept, should the Team which they belong to place second in the selection, the role of substitute, thereby undertaking, throughout the duration of LAZIO Venture and INNOVA Venture, to hold the role of member of the FARE Venture Investment Committee, should one of the members in the past be disqualified, annulled, or resign

### for the aforementioned purposes, WE DECLARE

that we are aware of the penal liabilities which would arise for making false statements, and associated penal sanctions as per art. 76 of D.P.R. 28/12/2000 n. 445, as well as the administrative consequences of disqualification from any benefits which may ensue from the measure issued, under the terms of the aforementioned D.P.R., and that the facts, positions and qualities stated in the paragraphs below are true.

<p style="text-align: center;"><b>DECLARATIONS IN LIEU OF CERTIFICATIONS</b> (art. 46, D.P.R. 28/12/2000 n. 445) certifying:</p>
--

1) personal details and residence of individual candidates, as shown above:

(surname, name) \_\_\_\_\_

place of birth \_\_\_\_\_ D.O.B

\_\_\_\_\_

resident at \_\_\_\_\_

(surname, name) \_\_\_\_\_

place of birth \_\_\_\_\_ D.O.B.

\_\_\_\_\_

resident at \_\_\_\_\_

(surname, name) \_\_\_\_\_

place of birth \_\_\_\_\_ D.O.B.

\_\_\_\_\_ resident at \_\_\_\_\_

2) that the candidates do not come under any of the causes of exclusion from the procedures to award contracts for public works, supplies and services, envisaged under art. 80 of d.lgs. n. 50/2016, and in particular:

- a) that no definitive sentence has been handed down to them in a court of law, and that no penal decree has been issued sentencing them which has become irrevocable, or a verdict to apply the penalty on request, as per the terms of art. 444 of the Penal Procedural Code for any of the crimes under article 80, para I, letters a), b), c), d), e), f), g), d.lgs. n. 50/2016;
- *(or, if there are sentences for one or more candidates)*

show all the definitive sentences, penal decree sentences which have become irrevocable, verdicts applying penalties on request under art. 444 of the Penal Procedural Code issued against them and/or against all the individuals referred to at para 3 of art. 80 of d.lgs. 50/2016, for the crimes listed at art 80, para I, letters a), b), c), d), e), f), g), including any for which they benefited from non-mention, except for sentences for crimes which have been decriminalised, or in the case of which there has been rehabilitation, or when the crime was declared to be extinguished after sentencing, or in the event that the sentence itself has been revoked

\_\_\_\_\_  
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- b) that there is no cause of a ban, disqualification or suspension against them, under art. 67 of d.lgs. 6 September 2011, n. 159, or any attempt at mafia infiltration under article 84 para 4 of the aforementioned d.lgs. 6 September 2011, n. 159;
- c) that they have not committed serious violations, definitively proven, as regards obligations relating to payments or social security contributions in accordance with the legislation of

- Italy or of the State in which they reside;
- d) that they have not committed serious professional wrongdoing, such as to make their integrity or reliability suspect;
- e) that their participation in the present procedure does not create a conflict of interest situation as per article 42, para 2, d.lgs. 50/2016;
- f) that the interdiction under art. 9, para 2, letter c), of d.lgs. 8 June 2001, n. 231 has not been applied to them, and there is no ban on entering into dealings with the public administration, including interdiction measures as per art. 14 of d.lgs. 9 April 2008, n. 81;
- g) that there is no cause of exclusion against them, as per art. 80, para 5, letter l, d.lgs. n. 50/2016;

Furthermore:

- 3) Italian citizenship and possession of civil and political rights (citizens of one of the countries of the European Union have the same status as Italian citizens, as long as they have a knowledge of written and spoken Italian adequate to exercise the post, and in possession of civil and political rights in the State which they belong to);
- 4) possession of the requisites of honourability as per art.13 of d.lgs. n. 58/98 (and subsequent modifications);
- 5) absence of the conditions of incompatibility for carrying out the post envisaged by current norms.

We, the undersigned \_\_\_\_\_,  
 \_\_\_\_\_,  
 \_\_\_\_\_,

as identified above, **DECLARE** that the domicile chosen for communications relating to the procedure \_\_\_\_\_ is \_\_\_\_\_ and that the addresses: of certified electronic mail (PEC), and fax number, to which all communications relating to the competitive tender are to be sent, by Lazio Innova S.p.A., are as follows:

PEC: \_\_\_\_\_  
 fax: \_\_\_\_\_ expressly authorizing Lazio Innova S.p.A. to use these channels of communication.

The undersigned \_\_\_\_\_,  
 \_\_\_\_\_,

\_\_\_\_\_, also authorize the processing of their personal data in accordance with d.lgs. n. 196/03 and subsequent modifications.

Date \_\_\_\_\_

SIGNATURE OF CANDIDATES

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ATTACHMENTS:

1. Curriculum vitae of each member of the Team;
2. Summary list of the activities of each Team member in compliance with the format in Appendix II of the Call for Bids;
3. Memorandum containing an analysis of the investment and result objectives, as well as any other information envisaged in the Call for Bids.

N.B. A photocopy of a valid identity document for the signatory must be attached to this declaration

N.B. Each page of the present form must be signed by the individual Team members

**Appendix II – format for presenting specific experiences of individual members of candidate Team**

**Summary of significant operations regarding target businesses**

Member(s) of Team involved	Year	Company*	Employee(s) (Yes/No)	Type of operation	Role of company**	Role of member(s) ***	Name of target business	Sector of target business	Amount of operation	IRR ****	Notes

\* Company where, or on behalf of which, the member worked

\*\* Role of company in the operation (purchaser, target, advisors, ...)

\*\*\* Role held within the operation, and line manager

\*\*\*\* In event of divestment operations, where available

**Summary of significant asset allocation operations**

Member(s) of Team involved	Year	Company*	Employee(s) (Yes/No)	Role of company**	Role of member(s) ***	Name of fund invested	Type of fund invested	Sector of fund invested	Amount of investment	Performance of invested fund****	Notes

\* Company where, or on behalf of which, the member worked

\*\* Role of company in the operation (investor, advisor, ...)

\*\*\* Role held within the asset allocation activity, and line manager

\*\*\*\* In event of divestment operations, where available

## Appendix III – GENERAL CONDITIONS OF PROFESSIONAL POSTS AWARDED BY LAZIO INNOVA

1. The post awarded has a specific professional nature, and is regulated, where not expressly provided for in the present document, by art.s 2222 ff of the Civil Code, and specifically by the regulations of book V, section III for independent labour norms, and by the provisions as per the T.U.I.R. – D.P.R. 917/86 (and later modifications). The Appointee expressly acknowledges that, given the nature of the contract, on cessation of the working relationship he will not be entitled to any indemnity of whatever nature. The Appointee may, subject to identification in order to abide by security norms, have access to the offices of Lazio Innova and use the equipment there made available for that purpose, solely in order to coordinate with the organization of Lazio Innova to make sure that his professional services are carried out in a more fruitful way.
2. The post will be discharged with full autonomy and responsibility, without any fixed working times, but it must be coordinated with the working times of the offices of Lazio Innova.
3. The activity bestowed is to be understood as not having representational status; accordingly, the appointee may not give or receive formal binding statements from and/or to third parties in the name of Lazio Innova, without prior authorization and a prior mandate, in the form required for this purpose, from Lazio Innova itself.
4. The Appointee will carry out his agreed functions under his own complete responsibility, and for this he is expressly obliged to make sure Lazio Innova is not exposed to any demands from third parties deriving from the activity he carries out in the context of his post, or from undertakings entered into without our specific mandate or written authorization.
5. The Appointee undertakes to observe the instructions of a general nature and the internal procedures which shall be conveyed to him by Lazio Innova, or the particular instructions which the latter may impart with regard to specific negotiations, and to provide Lazio Innova itself, in the ways and terms established by the same, with information regarding his activities, and any other information useful for optimal planning of company development programmes. Lazio Innova undertakes, if a justified request is made by the Appointee, to make available to the same all data and information apt to help the pre-established goals to be reached.
6. The Appointee undertakes to carry out his activities, on behalf of and in the interests of Lazio Innova, with propriety and professionalism; the Appointee undertakes to take action in good faith and propriety in his dealings with Lazio Innova, its clients, its employees and the other collaborators of Lazio Innova, and third parties contacted in relation to the activities carried out for Lazio Innova.
7. The Appointee is banned, for a period of 24 months from the cessation of the present contract with Lazio Innova, to perform work on behalf of bodies benefiting from measures adopted by Lazio Innova, as per the resolution of the Fare Lazio Investment Committee.
8. Correspondence addressed to Lazio Innova, relating to the appointment, must include references to the post (protocol, order code and name of contact).
9. Credit maturing on the present post cannot be ceded or delegated to third parties in any manner or form. The post allocated cannot be subcontracted or ceded in whole or in part.
10. Disqualification or resignation by the Appointee are governed by the Public Call for Bids.
11. In the event of disqualification or resignation, subject to notification from Lazio Innova, the Appointee must forward, by the date indicated by Lazio Innova itself, and in any case no later than 30 days from receipt of the request, all information and results of the activities carried out up until that time.
12. Under the terms of D. Lgs 196/03, the Appointee is informed regarding the use of personal data in the context of automated or hard-copy processing of data for the purposes of the execution of the present appointment, and regarding the form in which the rights of the individual concerned, as per art. 7 of the same legislative decree, shall be exercised.
13. All documentation drawn up on the basis of the present post, of whatever nature and in whatever capacity, must be delivered and retained, in complete and adequate form, at the offices of Lazio Innova. Ownership rights, use and financial exploitation of written material or graphs, intellectual property, intellectual creations, software procedures and other material, including of an educational nature, created, invented, set in place, or realized by the Appointee or by his employees or collaborators, in the framework of, or on the occasion of, the present post, will remain the exclusive property of Lazio Innova. Accordingly, Lazio Innova may have total control over said works or material, without any restriction regarding the publication, diffusion, use, sale, duplication, or total or partial transfer; these rights are understood as having been acquired by Lazio Innova on a perpetual, unlimited and irrevocable basis. The Appointee is obliged to provide Lazio Innova with all documentation and material necessary for actual exploitation of said rights of exclusive ownership. The Appointee has an express obligation to use all documentation and material as specified and drawn up in the ambit of the present post, exclusively on our behalf, and not to divulge, use, sell, duplicate, or transfer it, partially or totally, to any other person or



- body, and for any other purpose unless with our written authorization.
14. The Appointee undertakes not to divulge to third parties any of the information, developments, ideas, processes, methods, data, etc. which he may find out about during the performance of his activities at our offices, or at the offices of our clients or users, unless Lazio Innova has authorized their disclosure in writing. This general obligation of confidentiality will remain in place for a period of five years from the date of conclusion, for whatever reason, of the present appointment.
  15. The Appointee undertakes to inform Lazio Innova in a timely manner of any variation in his personal identification details, with particular reference to those indicated in the appointment.
  16. The Appointee undertakes to inform Lazio Innova in a timely manner of any complaints submitted by clients, both in written and verbal form, and of any dispute on the part of clients, which may have come to his attention.
  17. The Appointee declares that he has read the Ethical Code, the Organizational and Management Model as per D.Lgs. 231/2001, the Corruption Prevention Plan as per L.190/2012, and the Procedure for Handling Incompatibilities adopted by Lazio Innova and published on the website [www.lazioinnova.it](http://www.lazioinnova.it), being under an obligation to comply with the regulations contained therein. In particular, the Appointee undertakes not to perform actions, or omit to perform actions, which may lead to the perpetration of even one of the illicit actions, and/or types of significant prohibited conduct, under the terms of D.lgs. 231/2001 and Law 190/2012, and to abide by all the legal regulations applicable and in force in the performance of his activities.
  18. With reference to the regulations in D.Lgs 196/03, and in particular to articles 29 and 30, the Appointee is nominated as an “official responsible for processing personal data”. Accordingly, the activity involved in the post must comply with the procedures issued by Lazio Innova, and with the instructions in the present document. The task of “official responsible for processing personal data” involves carrying out one or more of the following operations on personal data, using both electronic and mechanical means, as well as manual means: gathering, recording, organizing, conserving, processing, modifying, selecting, extracting, comparing, using, interconnecting, blocking, communicating, diffusing, erasing and destroying. The types of data handled normally pertain to clients and beneficiaries. The personal data which you are tasked with handling is such data as is strictly necessary for performing your activities at Lazio Innova. Should the personal data be recorded on paper support, or on an individual personal computer, these hard copy archives and any magnetic supports used, as well as any partial or total copy of the same, must not be left unattended and, in the event of absence, must be kept in locked cupboards, desks or drawers. Furthermore, in the case of a personal computer, this must be rendered inaccessible to third parties, by activating available computer security devices (individual password). Processing operations must take place in scrupulous abidance by the principles of confidentiality, and ensuring abidance by such principles, as required by the aforementioned law, and be inspired by principles of propriety and admissibility in treatment. In the performance of the Appointee's duties, personal data subjected to such processing and handling must not be divulged, transmitted, conveyed or disclosed to third parties, except within the limits of the instructions specifically issued. These obligations will be valid also after any interruption of the collaboration with Lazio Innova. In this case, there is an obligation to return all material or access devices, as well as to ensure that all information which he may have become aware of following data handling operations carried out in the performance of the post described above remains confidential. In the event of any doubt in the interpretation of these norms, during the execution of the post, it will be possible to apply directly to the official with whom he has dealings to get the most opportune instructions on the question.
  19. Under the terms and provisions of Law 13.08.2010 n. 136 and subsequent modifications, the Appointee acknowledges that he is required to fulfill all the obligations envisaged by art. 3 of Law n. 136/2010, and agrees to enter into these obligations in order to ensure the traceability of the financial movements relating to the present contract. Under the terms and provisions of art. 1456 of the Criminal Code, it is expressly understood between the Parties that, should the Appointee not fulfil the obligations envisaged by art. 3 of Law n. 136/2010 for the traceability of financial movements relating to the public contract, the present contract will be terminated by right, under the terms of art. 3, para 8, of the same Law 136/2010.
  20. The Appointee is obliged to inform Lazio Innova in a timely manner, and in any case after not more than seven days, of any variation in the current account dedicated to the present contract, as well as relating to the persons authorized to operate that account, as indicated in the contract itself.
  21. Lazio Innova reserves the right to verify, on the occasion of each payment to the Appointee, and with further checks, whether the latter has complied with his obligations as regards the traceability of movements of money; the Appointee undertakes to hand over to Lazio Innova, in a timely manner, the documentation requested for this purpose.
  22. For any dispute which may arise regarding the interpretation, execution and application of the contract, the court in Rome shall have sole jurisdiction, the parties hereby waiving ordinary rules of competence for the local area. To this end, Lazio Innova and the Appointee agree to this exclusive jurisdiction, and renounce the right to apply to any rival or alternative court.



## Call for Bids, FARE Venture Investment Committee

### Attachment I – Essential elements of the call to present investment opportunities in supervised vehicles (LAZIO Venture)

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#### Objectives and endowed funds

The section dedicated to the measures for risk financing of the FARE Lazio Fund of Funds, set up as part of the 2014-2020 European Structural Funds planning by Lazio Region, and managed by Lazio Innova, has the aim of developing the market of venture capital operators so that they invest structurally in the risk capital of start-ups and SMEs in Lazio.

To this end, LAZIO Venture invests in minority quotas in authorised investment vehicles (directly or via parallel funds), thereby associating the necessary private capital (at least in the ratio of 4 private-sector Euros for every 6 public-sector Euros, subsequently regarding these 10 Euros invested as “Lazio Section”) with the level of specialized Financial Instruments.

The selection of the investment opportunities will take place following the publication of a specific call.

A total subscription is initially anticipated of 36 million Euros of quotas of financial struments (the so-called “*commitment*”). This amount may be increased to 56 millions, also after the call has been opened. A further 2.4 million Euros are made available for non-repayable contributions to boost *scouting* activity in Lazio.

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#### Admissible Vehicles

The investments by LAZIO Venture relate exclusively to financial instruments for participation in common investment funds and incorporated investment funds (SICAF), as regulated under the terms of TUF (D.Lgs. 58/98 and subsequent modifications) and by the European norm transposing Dir. 2011/61/EU (the so-called AIFM Directive). Lazio Venture can also invest in EU AIFs (Alternative Investment Funds), as defined in the TUF at art. 1, para 1, letter m/5).

The investment vehicles in which LAZIO Venture invests may already be established, or be in the process of being set up at the time when the investment opportunity is submitted, on condition that they intend to dedicate their own revenue, at least in part, to equity or quasi-equity investments in Admissible Businesses in Lazio.

The investments by LAZIO Venture may be made either directly in investment vehicles, in the event that these invest exclusively or mainly in Admissible Businesses in Lazio, or in parallel funds of the investment vehicles, in the event that these do not invest exclusively or mainly in Lazio. The Parallel Fund must have the characteristics specified below.

The actual entering into the investment contract is conditional upon a check being made on the ability of the financial intermediaries who manage the investment vehicles to enter into agreements with the Public Administration.

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#### Admissible Businesses

Investments by Lazio Section must relate exclusively to Small and Medium-Sized Enterprises (SMEs) as per the terms of the RGE, including those in the process of being formed at the time when the investment opportunities are presented, which are not listed on an official stock market index, and which meet at least one of the following conditions:

- a. they have not operated in any market;

- b. they have operated in any market for less than 7 years since their first commercial sale, ie the first sale made by a company in a products or services market, except for limited sales, and sales aimed at testing the market.

Also admitted are investments in businesses which made their first commercial sale more than 7 years previously, but only when: (i) this investment can be configured as *follow-on* from an original investment made by the Cofinanced Vehicle, (ii) the investment was expressly envisaged by the company plan initially assessed by the decision-making body of the company managing the Cofinanced vehicle, and (iii) the business invested in has not become a Large Business as a result of extraordinary company operations (acquisitions, mergers or comparable operations). In this instance, however, the necessary private-sector capital to be associated with such investments must be at least 6 private-sector Euros for every 4 public-sector Euros.

Admissible Businesses must have, or envisage, at least one operational base in Lazio, and the business plan to be invested in must make provision for most of their activities being conducted in Lazio, and, in particular, for most of the new employees being employed at local operational units in Lazio.

Investments are excluded in businesses in difficulty as defined under art. 2 (18) of the RGE, or in businesses which operate, or will operate, in the sectors of primary agriculture, fishing, fish-farming, and in “non-ethical sectors” listed below:

- a. Economic activities which are illicit under the provisions of Italian legislation or regulations applying to this kind of production, commerce or activity.
- b. The production of, and dealing in, tobacco and distilled alcoholic drinks and related products.
- c. The manufacturing and dealing in arms and munitions of every sort. This exclusion does not apply if these activities are an integral or accessory part of explicit European Union policies.
- d. Casinos and equivalent businesses.
- e. Activities which are part of the IT sector, when the investment involves financing research, development or technical applications relating to programmes or electronic solutions specifically designed to support:
  - any kind of activity which falls within the excluded sectors listed above at letters (a) to (d),
  - gambling on the Internet, and on-line gambling houses;
  - pornography;or designed to allow:
  - illegal access to electronic data networks;
  - illegally downloading electronic data.
- f. Activities in the sector of life sciences when the support involves financing for research, development or technical applications relating to (i) human cloning for the purposes of research or medical treatment, or (ii) genetically modified organisms (“GMOs”).

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## Admissible investment instruments in businesses

The Cofinanced Vehicles can invest the resources of “Lazio Section” solely in the Admissible Businesses, and by means of the following investment instruments:

- a. *equity*: meaning the bestowing of capital on a business, which is invested in directly or indirectly, in return for ownership of a corresponding quota in that same business;
- b. *quasi-equity*: meaning a type of financing which occupies a position between *equity* and debt, and has a higher senior debt risk, and a lower risk as regards primary capital (*common equity*), the yield of which, for the person who holds it, is based principally on the profits or losses of the recipient business, and is not guaranteed in the event that the business performs poorly. Investments in *quasi-equity* can be structured as debt, not guaranteed and subordinate, including mezzanine debt, and, in some instances, debt convertible into *equity*, or as *preferred equity*.

The investment must be made by subscribing to new-issue financial instruments, and thus by paying new finance into the Admissible Businesses, excepting, up to a maximum of 25% for an individual investment, for the purchase of existing shares or quotas from a previous investor or shareholder.

The maximum ceiling on investment in each Admissible Business (including follow-ons) is 15 million Euros.

Interventions in the form of debt, consisting in mere financing of liabilities and *buy-out* operations, are excluded.

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## Conditions for investment in vehicles

LAZIO Venture subscribes to quotas of funds in Admissible Vehicles (“Cofinanced Vehicles”) on the following further conditions:

- LAZIO Venture may not subscribe to most of the endowed funds of the Cofinanced Vehicle (should the investment proposal envisage the establishment of a parallel fund, the status of minority investor will be assessed by considering the aggregate between the main fund and the parallel fund);
- the commitment of LAZIO Venture for each Cofinanced Vehicle cannot be less than 5 million Euros, and may not exceed the total resources made available in the call;
- the operators of the Cofinanced Vehicles must include, in their audit procedures, a check on abidance by the obligations envisaged by the selection procedure (Admissible Businesses and Investment Instruments for “Lazio Section”), and must comply with the book-keeping and information standards envisaged for European structural funds, and for financial instruments in particular;
- LAZIO Venture does not request the right to nominate its representatives on management bodies. However, it has the right to nominate, with the same rules and limits envisaged for private investors, its representatives on advisory boards or comparable bodies;
- the Cofinanced Vehicle may invest the resources which do not come under Lazio Section without any obligation set by Lazio Innova in terms of size, strategy or destination, although there is a ban, also for this part, on investing in businesses which operate in “non-ethical sectors”.

In the case of Cofinanced Vehicles not “exclusively dedicated to Lazio”, or for which the total commitment is greater than 2.5 times the commitment of LAZIO Venture, there is obligatory provision for the creation of a parallel fund (the “Parallel Fund”) with the following features:

- the Parallel Fund must be managed by the same financial intermediary (SGR or similar) which manages the main fund; substitution of the main fund manager automatically leads to replacement of the parallel fund manager, and the majority needed to deliberate the replacement of the managing company will be calculated as an aggregate of the Main Fund and the Parallel Fund;
- the Parallel Fund will have only one class of quotas dedicated to Lazio Innova, a subscription period lasting 3 months, and there will be only one closing. It is possible to make provision for a further class of quotas exclusively for carried interest, which, as in the case of operating commissions, must be equal to that envisaged for the main fund;
- the Parallel Fund may only invest in Admissible investment instruments and Businesses (“Lazio Section”), barring an express and contrary decision by the assembly of participants, in consideration of changed conditions, such as, for example, variations in the relevant regulations, and must be involved by the Cofinanced Vehicle in all operations which meet the requisites of Lazio Section (until the resources are used up). The parallel fund's goal in terms of size amounts to percentage of 150% of the portion of the main fund destined for Lazio Section (4 private-

- sector Euros for every 6 public sector Euros, except in cases of follow-on in businesses which made their first commercial sale more than 7 years previously);
- in the Parallel Fund, the advisory board may be substituted by the assembly of participants with the same powers;
  - the investment period of the parallel fund ends in 2023. At the end of the investment period, the assembly of participants may decide that requests for payments can no longer be made unless for the purposes of financing the operating commission, and to finance the spending by the Fund; the assembly of participants may also deliberate the maximum amount of follow-on investments which may be made from that moment on;
  - the Parallel Fund will guarantee to Lazio Innova the possibility that the investment period will be interrupted before the end, ie the parallel fund may be placed in early liquidation, with a deliberation by the assembly of participants. If the interruption or liquidation is deliberated in the absence of just cause, the financial intermediary (SGR or similar) is paid an amount equal to 6 monthly payments of the operating commission;
  - the following cases will be regarded as just cause for the purposes of interrupting the management relationship: (i) failure to invest, by and no later than 31 December 2022, at least 40% of the endowed funds of the Parallel Fund, (ii) *dry powder* or prolonged inactivity of the Cofinanced Vehicle;
  - the Parallel Fund will have its own Regulations governing the points listed above, and for the remaining conditions and safeguards it will be aligned with the Regulations of the Main Fund.

In the case of Cofinanced Vehicles “exclusively dedicated to Lazio”, or for which the total commitment is no greater than 2.5 times the commitment of LAZIO Venture, there is no obligatory provision for the creation of a Parallel Fund, but:

- LAZIO Venture will request - in addition to the ordinary provisions in the event of prolonged inactivity or unsatisfactory investment activity (or in the event of *dry powder* in general) - a specific undertaking, although without a corresponding penalty, to ensure that the goal is met of investing, until 2023, in Admissible Businesses at least 55% of Lazio Section. Any investment proposals which do not expressly contemplate abidance by this requirement will not be taken into consideration.

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## Preferential profit-sharing

LAZIO Venture grants private investors in Cofinanced Vehicles (in the case of a Parallel Fund, to the Main Fund) a preferential division of the profits which would otherwise be due to LAZIO Venture, and in any event insofar as such profits are actually realized and distributable.

In particular, the Investment Committee is required, in the presence of an express request, to negotiate the minimum necessary asymmetrical division of profits. This division must take into account the fact that, at the time of looking to the market, in consideration of the objectives connected to implementation of the measure and the associated restrictions, the need was perceived to make provision for a preferential division of at least the first 5% of profits. For this reason, in determining the Investment Committee's remuneration system, a mechanism was introduced designed to sterilize its impact on the remuneration of the Committee itself.

Meanwhile, further preferential profit-sharing has an impact on the basis for calculating the *financial performance fee* which is due to the Investment Committee, and they will thus be negotiated by the same, taking into consideration the prospects of profitability of the investment opportunity (eg. in consideration of the credibility of the team and of its investment strategy in Lazio, etc.).

Since the Investment Committee's *financial performance fee* has maximum ceilings (“caps”), any preferential sharing out of the profits anticipated following the achievement of very high results do not have an impact on the remuneration of the Investment Committee.

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### Contributions to *scouting* costs

Also in order to help the Cofinanced Vehicles to become established in their local area, and to achieve the investment objectives of “Lazio Section” of the individual Vehicle, a non-repayable contribution may be made to boost scouting activities in the regional area. This may be paid out on the basis of a programme to reinforce *scouting* activities, including over more than one year, and later issued, on the basis of special accounting documentation, to the amount of 50% of the expenses paid, and up to a maximum of 5% of the commitment of LAZIO Venture. The intensity of help of 50% must not be exceeded by also adding together any quota due from LAZIO Venture, along with the other investors, as operating commissions on the same activities.

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### Presentation of investment opportunities

Presentation of investment requests takes place after at least 15 days after publication (on the BURL and on the LazioEuropa and LazioInnova websites) of a special call.

Notwithstanding, full announcement will be given of the aforementioned procedure, so as to inform all the bodies potentially interested in presenting their proposals (announcing the call also in English, and via the mass media or associations which are appropriate as regards the target of those potentially interested).

Precisely in order to facilitate the maximum accessibility to selection, the documentation to be presented by the Vehicles will mainly be that as set in place for the other investors (Regulation approved, or in the process of being approved, by the Supervisory Authority, Activity Plan and references), to be supplemented in relation to the specific requests and provisions connected to the intervention of LAZIO Venture.

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### Procedure and assessment criteria

The selection of investments in the Admissible Vehicles is made by an Investment Committee, composed of three experienced and independent members selected by means of a competitive comparison procedure, and remunerated mainly on the basis of achieving POR spending objectives, and the profitability of investments.

The criteria for assessing investments reflect the objectives and guidelines set in place for the Investment Committee and transposed in the incentive mechanisms for its members.

These criteria relate to the overall quality of the investment proposals, with specific reference to the two conditions represented here below:

- a. that the investment proposals are suitable with reference to abiding by the system of obligations deriving from the European nature of the resources, especially on the subject of timeframes and volumes of investments of “Lazio Section”. Accordingly, the Investment Committee (in line with the objectives set in relation to the *impact fee* component of the system of incentives) assesses:
  - the size of the *pipeline* of investment opportunities in Lazio already generated at the time of selection;
  - the validity of the investment strategy and of the activities envisaged, with reference to the generation of *deal flow* in Lazio (permanent presence with one main operative office and/or

- senior member team*; acceleration activities; local collaborations and *networks*, etc.), including any boosting programmes which may be presented for *scouting* activities in Lazio;
- the possibility of signing the financing accord by 31/12/2017, since meeting this deadline allows the activation of procedures facilitating the achievement of certifiable spending objectives under European regulations (*escrow account* for *follow-ons* beyond 2023). Specifically, only those accords which do not envisage suspensive or termination clauses which are different from standard ones will be regarded as having been entered into in valid form;
  - the presence and suitability of mechanisms which allow withdrawal by all investors in view of results in terms of investments by the Cofinanced Vehicle (in the event of prolonged inactivity, unsatisfactory investment activity, or in the event of *dry powder* in general);
  - the presence and suitability of mechanisms which, where there is no provision of a specific Parallel Fund, allow the withdrawal of LAZIO Venture in the event of unsatisfactory investment activity as regards the objective of investing at least 55% of “Lazio Section” in Admissible Businesses up to 2023.
- b. Prospects of profitability offered by the Cofinanced Vehicles, also in view of the diversification of investments by LAZIO Venture and the ability of *asset allocation* chosen by Investment Committee to produce synergies rather than *crowding out*. Accordingly, the Investment Committee (in line with the objectives set in relation to the *financial performance fee* component of the system of incentives) assesses:
- the credibility of the operator both as a result of the *track record* of the *team* or of the individual CVs, and the amount of its own investment (risk participation) in the Cofinanced Vehicle;
  - the presence of experienced co-investors (eg. EFI and FII, also taking into account, where possible, their evaluations);
  - the validity of the investment strategies and policies;
  - the operating commissions and *carried interest* (and, generally, the system of alignment of the financial incentives between investors and the operating body);
  - the systems of asymmetrical profit-sharing requested from LAZIO Venture.

In carrying out this evaluation activity, and in making the resultant decisions on *asset allocation*, the Investment Committee has powers to negotiate investment proposals.

Investment decisions are made by the Investment Committee, also one at a time, on the basis of reports (giving grounds) to be submitted to FARE Lazio, and to be made accessible to the operating and supervision bodies.



## Call for Bids, FARE Venture Investment Committee

### Attachment 2 – Essential elements of the call to submit investment opportunities to INNOVA Venture

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#### Objectives and endowed funds

INNOVA Venture is a financial instrument (under the terms of art. 37 of (EU) Regulation 1303/2013) with initial endowed funds for investments in businesses totalling 20 million Euros, dedicated to developing the risk capital market on behalf of start-ups and SMEs in Lazio.

The peculiar aim of INNOVA Venture is to invest for a fixed term, together with private-sector coinvestors who are independent from the pre-existing shareholders in the SME, or the partners who are promoters of the start-up, in the risk capital of businesses, to allow them to set up, develop and consolidate their business projects.

The investment takes place on the same conditions as the coinvestors, who may receive preferential, predetermined treatment in the sharing out of profits, in the event of joint divestment.

The anticipated duration of INNOVA Venture is 12 years (2017-2028), barring a possible *grace period*. The investment period terminates on 30 November 2023.

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#### Admissible Businesses

The investments of INNOVA Venture relate solely to businesses (including businesses to be set up when the investment opportunity is presented) which have not proved to be of interest to the Vehicles Cofinanced by LAZIO Venture (so-called “*first refusal*”), since they are not in line with their investment strategies, and which (i) are Small and Medium-Sized Enterprises (SMEs) under the terms of (EU) Reg. 651/2014 (“RGE”), (ii) are not listed on an official stock market list, and (iii) meet at least one of the following conditions:

1. they have not operated in any market (“Type A Admissible Businesses”);
2. they have operated in any market for less than 7 years since their first commercial sale, in the sense of the first sale made by a company on a product or services market, except for limited sales aimed at testing the market (“Type B Admissible Businesses”);
3. they need an initial investment to finance the risk which, on the basis of a company plan drawn up for the launch of a new product, or entering a new geographical market, is 50% greater than their average annual turnover in the last 5 years (“Type C Admissible Businesses”).

Admissible Businesses must have, or envisage having, at least one operational base in Lazio, and the *business plan* which is the object of investment must make provision for most of their activity to be conducted in Lazio, and, in particular, for most of the new employees to work at local operational units in Lazio.

Investments are excluded in the following kinds of businesses:

- (i) those in difficulty, as defined at art. 2 (18) of the RGE;
- (ii) those which operate, or will operate, in the following sectors (ATECO Classification 2007):
  - A - Agriculture, forestry and fishing;
  - B – Mining of ore from quarries and mines;

- K – Financial and insurance business (barring some exceptions regarding platforms for mediation);
  - L – Property business (barring some exceptions regarding platforms for mediation);
  - O – Public administration and defence; obligatory company insurance;
  - T – The activities of families and cohabiting individuals as employers for domestic staff; the production of goods and services undifferentiated for use by families and cohabiting individuals.
- (iii) those which operate, or will operate, in “non-ethical sectors”, such as :
- a. economic activities which are illicit under Italian legislation, or regulations applying to such production, commerce or activity.
  - b. The production and sale of tobacco and distilled alcoholic drinks and related products.
  - c. Manufacturing and commerce in arms and munitions of all sorts. This exclusion is not applied if these activities are an integral or accessory part of explicit policies of the European Union.
  - d. Casinos and equivalent businesses.
  - e. Activities which are part of the IT sector, when the investment relates to financing research, development or technical applications relating to programmes or electronic solutions specifically
    - aimed at backing:
      - any kind of activity which falls within the excluded sectors listed above, from (a) to (d);
      - gambling on the Internet, and *on-line* casinos;
      - pornography;
    - designed to allow:
      - illegal access to electronic data networks;
      - illegal downloading of electronic data.
  - f. Activities falling within the sector of life sciences, when support involves financing research, development, or technical applications relating to (i) human cloning for the purposes of research, or medical treatment, or (ii) genetically modified organisms (“GMOs”).

Finally, at least 50% of the investments will be in businesses whose operational scope relates to the Areas of Specialisation identified in the Smart Specialisation Strategy, and to knowledge-intensive sectors (the so-called “KIA Sectors”).

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## Admissible Investments

INNOVA Venture invests in Admissible Businesses exclusively together with at least one private-sector co-investor.

INNOVA Venture can invest, together with its co-investors, solely and exclusively by means of investment instruments:

- a. *equity*: meaning the bestowing of capital on a business, which is invested in directly or indirectly, in return for ownership of a corresponding quota in that same business;
- b. *quasi-equity*: meaning a type of financing which occupies a position between *equity* and debt, and has a higher senior debt risk, and a lower risk as regards primary capital (*common equity*), the yield of which, for the person who holds it, is based principally on the profits or losses of the recipient business, and is not guaranteed in the event that the business performs poorly. Investments in *quasi-equity* can be structured as debt, not guaranteed and subordinate, including mezzanine debt, and, in some instances, debt convertible into *equity*, or as *preferred equity*.

The investment must be made by subscribing to new-issue financial instruments, pro-quota, and on the same conditions of entry (including the price) as the co-investors, and thus by paying new finance into the Admissible Businesses, excepting, up to a maximum of 25% for an individual investment, for the purchase of existing shares or quotas from a previous investor or shareholder.

Interventions in the form of debt, consisting in mere financing of liabilities and *buy-out* operations, are excluded.

INNOVA Venture's investment in Admissible Businesses, together with the investment by the co-investors, and in the same proportions, must abide by the following limits, which shall be cumulative:

1. the minimum investment threshold is at least 400,000 Euros for each Admissible Business (the amount includes the public quota and the private quota);
2. the maximum investment threshold in each Admissible Business is 4 million Euros, which may be raised to 8 million in the event of a *follow-on*;
3. the acquired stake must not be a majority holding.

The investment opportunities must envisage a realistic prospect for divestment, together with the co-investors or in any event by INNOVA Venture. To this end, the Investment Committee will negotiate the most opportune clauses to demobilize the investments within 5 years, barring limited time extensions ("*grace period*") where necessary or useful also in order to seize better opportunities to increase the value of the stake.

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## Private-sector Co-investment

The co-investors may be either individual persons or corporate bodies, where compatible with their company aims, on condition that they wholly bear the risk relating to their investment, abide by the EU principle of the market investor, and are independent from the Admissible Businesses as per national norms on correlated parties (except, in the event of further co-investment, for relations established as an effect of the previous co-investment(s), and known to Lazio Innova).

As well as the financial instruments as defined by the TUF or European equivalents (supervised investment fund), co-investors shall include, if in possession of adequate competence and experience in risk capital operations, *business angels*, the other financial investors, and industry investors.

The co-investors and INNOVA Venture will each have proprietary rights over their respective financial instruments (shares, quotas, bonds, etc.), and will maintain total autonomy in the investment contract, except if otherwise agreed with INNOVA Venture, each defining, on the basis of their investment strategy, the forms of *governance* and *exit* most appropriate to their needs.

The minimum degree of private-sector co-investment in each Admissible Business amounts to at least:

- 30% for Type A Admissible Businesses;
- 40% for Type B Admissible Businesses;
- 60% for Type C Admissible Businesses.

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## Preferential Remuneration

In cases involving joint divestment by INNOVA Venture with all or some of the co-investors (excluding any *buy-backs* envisaged as a residual instrument for covering exit from the investments within the deadlines), INNOVA Venture may apply an asymmetrical treatment towards the co-investors, to their advantage, on the profits which they are due, to the degree negotiated by the Investment Committee at the time of the investment with the co-investors themselves, and established in the investment contract.

To this end, the Investment Committee may take into account the formula already used, in the POR I.3 Fund activated with the 2007-2013 planning (the so-called *Serendipity Bonus*). This has the structure of normal *carried interest*, which pays out a quota of the profits once a certain critical yield has been exceeded, called the *hurdle rate*, but made particularly attractive, since it envisages an exponential increase in the recognized quota, as the profits grow.

Part of the asymmetrical payout of profits could be linked, should the Investment Committee deem fit, to the employment results of the businesses which are invested in (to achieve which there is provision for a special incentive to the members of the Investment Committee).

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## Presentation of investment opportunities

Presentation of the investment opportunities takes place via the GeCoWEB portal, following publication (on BURL, and on the LazioEuropa and LazioInnova websites) of a special Call, which will be set in place, after consulting with the Investment Committee, on the basis of the present essential elements.

Investment opportunities can only be admitted in the presence of suitable expressions of interest in co-investing on the part of the co-investors, and of evidence of a lack of interest ("*first refusal*") on the part of the Vehicles Cofinanced by LAZIO Venture.

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## Assessment procedure

Decisions are based on the best market practices and on commercial logic, and are made in good faith, avoiding conflicts of interest, and applying the diligence of a professional operator.

Lazio Innova will carry out a technical examination of the investment opportunities on the basis of *business plan* presented, which shall have a time horizon of at least 5 years (equal to the investment time horizon of INNOVA Venture), and be in line with market practices, and thus contain both adequate representation of all the information helpful for assessing the investment on the part of INNOVA Venture, and a realistic and detailed picture of the possible opportunities for exiting for the investors. In the case of existing businesses, also subject to analysis will be the pre-existing situation (deriving from one or more approved sets of accounts, from which the historical situation can be analysed in economic, financial and business terms).

Decisions on investment, management and divestment are taken by an Investment Committee, composed of three expert and independent members selected by means of a procedure involving competitive comparison, and remunerated mostly on the basis of the achievement of the spending objectives of the POR, and of the profitability of the investments.

Investment decisions are based essentially on the assessment of the potential profitability of the investment, with reference to the technical and scientific skills of the team, the business project and its innovativeness, the *business model*, the market and competition, the *economics/financials* (economic, asset-based and financial variables which make it possible to estimate both the

business's economic value, and the necessary capital requirement, and also the plan for financial cover), the *exit* potential, and the other elements regarded as relevant by the proposer (such as, for example, the defendibility and sustainability, over time, of the competitive advantage against existing or new competitors, barriers to entering, or regulatory barriers which the sector features).

The assessment of profitability on which investment, management and divestment decisions made by the Investment Committee are based, are therefore not open to criticism either by Lazio Innova, or by the bodies that present investment opportunities.

The Investment Committee draws up, in the investment contracts with the Admissible Businesses, with a view to the restrictions envisaged by the operational aspects of INNOVA Venture, the most opportune exit strategies from the investments, and the forms of *governance*. In addition, the Committee makes decisions on all significant operations relating to the holdings, and to the other financial instruments which are invested in.

The actual signing of the investment contract is subordinate to a check on the ability of the Admissible Business, and of the co-investors, to enter into agreements with the Public Administration.

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## Call for Bids, FARE Venture Investment Committee

### Attachment 3 – Essential elements of the workings of the Investment Committee

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#### Competences

The Investment Committee, as well as having exclusive competence over all the investment and divestment decisions of LAZIO Venture and INNOVA Venture, has competence for making decisions – taking into account the type of the public resources managed, and restrictions on them – also over all issues relating to:

- the manner and conditions of such investments and divestments (price, division over time, types of instrument, suspensive/binding conditions, manner of exit, proportion of asymmetrical profit-sharing, etc...);
- the handling of relations with the individual Admissible Businesses which are invested in, and with the Co-financed Vehicles, with reference to significant aspects.

Generally, the Investment Committee must express its decisions on all the subjects which, as and when, are brought before its attention by Lazio Innova.

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#### Procedure for exercising the post

Lazio Innova carries out – for the benefit of the Investment Committee – the role of technical administration both for LAZIO Venture and of INNOVA Venture, and therefore looks after all the activities of analysis of the projects presented for the calls for bids, adding to and supplementing the documentation initially presented in every respect, as per common practice in the sector (business, economic/financial, exit-related, and team-related, etc...), engaging in dialogue to that end directly with the proposers, the co-investors, and any third-party bodies/experts, and handling, also as regards legal aspects, regulatory aspects on issues both of a private-sector and public-sector type, regarding each operation.

The Investment Committee makes its decisions unanimously on the basis of the documentation initially provided by the proposers (Admissible Businesses/Admissible Vehicles), and the preparatory report compiled by Lazio Innova.

To this end, the Investment Committee may request further documentation/detailed information/views from Lazio Innova, both before the discussion itself and at a meeting, for the purpose of being able to make its decisions in a complete manner.

Likewise the Investment Committee may ask Lazio Innova to meet with, at its meetings, the proposer bodies or any other bodies linked to the decisions to be taken.

Lazio Innova also carries out all the monitoring of the portfolio which is invested in, directly handling the routine administration of the individual holdings, and book-keeping duties with regard to the relevant agencies.

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#### Workings of the Investment Committee

The meetings of the Investment Committee will be convened by Lazio Innova, in the presence of deliberation proposals to be presented to the Committee itself. Merely as an indication, it is estimated that one meeting may be held per month, on average, during the investment period, and one meeting every two/three months during the divestment period.

All the information in support of the decisions to be made at each meeting is forwarded by Lazio Innova to the Investment Committee via electronic mail at least 7 (seven) days before the date set for the meeting, except in urgent cases, giving the grounds for the urgency, in which this deadline is reduced to 3 (three) working days.

Before each meeting, each member must formally declare to Lazio Innova via electronic mail, no less than 2 (two) working days previously, any situations involving a conflict of interest, including merely potential conflicts of interest, specifying the reasons for same in an adequate manner.

Notification that meetings are to be held is sent by Lazio Innova to the Investment Committee via electronic mail at least 5 (five) working days before the date set for the meeting, except in urgent cases, giving the grounds for the urgency, in which this deadline is reduced to 3 (three) working days.

Even in the absence of a notice of meeting, the Investment Committee is nevertheless legitimately convened with the presence, also by audio or video conference, of all of its members, at which each member states that they have sufficient information regarding the issues to be discussed, and none of them opposes discussion of the same.

The meetings shall be held in Rome, normally at the offices of Lazio Innova, and require the full availability of all the members of the Team to be present physically, or, failing that, by audio or videoconference. Should they occasionally be prevented from participating, and barring specific requirements indicated by Lazio Innova in the notice of meeting, votes may be expressed in written form – using data communications – by no more than two of the members of the Investment Committee.

The Investment Committee shall be legitimately convened with the presence, also by audio or video conference or by remote vote, of all of its members.

Lazio Innova may also indicate, in the notice of meeting, that the meeting of the Investment Committee may take place by written consultation, and therefore in a totally remote form, likewise indicating the procedure to be followed in the notice of meeting itself.

For each meeting of the Investment Committee, Lazio Innova shall be responsible for drawing up the minutes, which must be signed by each of the members of the Investment Committee present, also via digital signature.

Deliberations are made by the Investment Committee unanimously, and are conveyed by Lazio Innova to the other parties within the subsequent 10 (ten) working days from the date of the meeting at which they were made, barring exceptional needs which require a longer timeframe, via Certified Email / Registered Post, with an advance copy sent via electronic mail.

As well as the formal meetings, the Investment Committee may be consulted informally by Lazio Innova on issues of particular importance.

Lazio Innova may occasionally ask the Investment Committee to attend informational meetings with Admissible Vehicles or Admissible Businesses held on the portfolio which have particularly significant issues to be discussed (and in that instance the Committee members may nominate a representative).