

GUIDELINES

For management of the Nordic Project Trust Fund ('Nopef'), established by Nopef's steering committee, approved by the Nordic Council of Ministers and applicable from 17.12.2019.

1. Operations

Nopef is administered as a fund by the Nordic Environment Finance Corporation (NEFCO) under a contract between the Nordic Council of Ministers and NEFCO.

Nopef's objective is specifically to strengthen Nordic companies' international competitiveness by offering them risk reduction in the form of conditional loans for feasibility studies and preparatory business activities, which contribute to the promotion of Nordic companies' internationalisation or thereby comparable long-term international business activities.

2. Requirements for granting conditional loans

2.1 Applicant requirements

Size

Nopef's credit committee can grant conditional loans for internationalisation to small and medium-size enterprises with a maximum turnover of EUR 50 million and a maximum of 249 employees (EU SME definition criteria). Nopef's steering committee can grant conditional loans to companies with up to EUR 100 million in turnover and a maximum of 499 employees.

Native country

Conditional loans are granted to companies based in and with operations in the Nordic countries.

Resources

Conditional loans are granted to companies with relevant industry experience, commercially-tested services or products, as well as sufficient financial and staffing resources for internationalisation.

2.2 Project requirements

Conditional loans are granted for feasibility studies of concrete projects, with reasonable possibility of commercial realisation.

Conditional loans are granted for feasibility studies aiming for internationalisation. The term *internationalisation* refers to the establishment of commercial activities through a subsidiary, joint venture, acquisitions, or other equivalent investment and establishment in the project country.

Internationalisation also refers to the investment and implementation of a commercial demonstration plant or pilot installation for environmental and

climate solutions on an international market.

Conditional loans are not granted for general market research or for agent/distributor searches in the project country, unless it is directly linked to a feasibility study for international establishment.

Further conditions for financing of feasibility studies:

Geography

Conditional loans are granted for feasibility studies which aim to achieve international establishment in a specific country outside the EU and EFTA.

As a general rule, feasibility studies are not supported if the applicant company is already established in the intended project country. Where the feasibility study refers to the establishment of a company that is not directly related to its current operations or form of business in the project country, an exception can be made to this rule, provided that the project meets these guidelines in all other respects.

Nordic benefit

Conditional loans are granted for feasibility studies with the precondition that there are benefits to the Nordic region. Conditional loans are granted for feasibility studies which, upon realisation, will contribute to increased Nordic competence and competitiveness, as well as an increased activity in the form of available jobs, turnover and investments.

It is also an added value when a project contributes to manifesting and developing Nordic affinity, when a project has participating entities from two or more Nordic countries, as well as when a project has a positive influence on gender equality in the Nordic countries and the project country.

Environment

Nopef finances feasibility studies for projects related to the environment, climate and green growth. Any feasibility studies financed and realised must have the potential to directly or indirectly create positive environmental effects and an increased environmental awareness in the project countries. Projects concerning environmental and climate solutions with a high demonstration value and upscaling potential on global markets, are considered to have an increased environmental interest.

The expected environmental benefits and effects of the feasibility study are evaluated by NEFCO based on the information presented by the company in their application. Projects that are granted conditional loans must also be in accordance with UN's Sustainable Development Goals and with NEFCO's guidelines for environment and sustainability. (NEFCO Environmental and Sustainability Guidelines available at www.nefco.org).

Economic viability and risk

Conditional loans are granted for feasibility studies for internationalisation which demonstrates reasonable and verifiable financial conditions for realisation, in accordance with the feasibility study plan and investment budget included in the company's application. The feasibility study must contribute to a final decision regarding the planned internationalisation and investment in the project country.

Granting of conditional loans for a feasibility study requires the applicant company to take a significant economic risk with its own funds through the feasibility study and the planned investment in the project country. The application shall be accompanied by an investment and financing plan,

which clearly states both the company's own financing and the project's total financing.

Feasibility study funds are not granted for marketing, sales, R&D, training, installations and test production, purchasing equipment and machinery, or for a company's normal ongoing business activities.

A single company may be granted only one conditional loan at a time, and may only have one active conditional loan ongoing. Following the completed feasibility study and approved final reporting, the company may be granted a conditional loan for a new project which meets these guidelines.

3. Application

An application for a conditional loan must include:

- details of the applicant company and its ownership structure
- the company's most recent audited financial statements
- details of any potential participating companies
- a description of the project
- investment budget and financing plan for the project
- feasibility study plan, contents and objectives
- feasibility study budget
- details of the Nordic benefits
- details of the expected environmental effects

4. Granting conditional loans

Within the framework of funds available to NEFCO for Nopef, financing is granted in the form of interest-free conditional loans for internationalisation or for equivalent long-term international business operations.

An application is processed when all information in point 3 has been received by NEFCO. NEFCO makes its decision based on the criteria in points 2.1 and 2.2 on whether or not the applicant company and project meet the criteria in order to be granted a conditional loan.

The responsible project manager compiles a written evaluation of the project's positive and negative aspects, together with a decision proposal based on the details contained in the registered application. The decision documentation is presented to Nopef's credit committee or steering committee, which then makes a decision whether to grant the conditional loan in accordance with these guidelines.

NEFCO may grant conditional loans equivalent to a maximum of 40% of the approved feasibility study costs, but no more than a total of €50,000.

5. Petition for appeal

Companies whose applications have been rejected may present a new application for consideration to Nopef's credit committee, as long as the project's conditions or content has changed significantly.

An applicant company also has the right to appeal if the company is unhappy with the original decision. A written application for appeal should be sent to NEFCO who then informs the company that the application has been received. The responsible project manager compiles a response to the company's application for appeal.

The application for appeal and the response is referred to the steering committee for assessment and final decision. The decision of Nopef's steering committee is final and the applicant company cannot demand this final decision to be changed.

6. Reporting

The Borrower must report on the status of the feasibility study every six months and always when requesting for a payment.

The reporting must include the project status and reflect the points presented in the application.

In the event of neglected reporting, NEFCO has the right to cancel the conditional loan and demand repayment of all funds paid.

7. Conclusion, repayment and remission of conditional loans

7.1 Conclusion of conditional loans

A conditional loan runs for a maximum period of three (3) years and must, unless any specific cause for extension is given, then be concluded by remission, return or repayment.

Prior to a decision on remission or repayment, the Borrower must produce a final report and a cost audit that has been controlled by an authorised auditor. In normal cases, the company's own auditor is used.

7.2 Repayment of funds

If the Borrower has breached the loan agreement, NEFCO may request repayment of the paid-out portion of the granted loan.

7.3 Remission of funds

If the feasibility study is realised, i.e. leads to a documented internationalisation as defined in point 2.2., the conditional loan can be remitted to its full amount, but to a maximum of the amount utilised.

If the feasibility study is cancelled prematurely, or does not lead to an internationalisation, a maximum of half the granted conditional loan amount can be remitted on the basis of the presented final report and the cost audit controlled by the auditor.

8. Disclosure

When determining the disclosure of the institution's documentation, NEFCO's provisions will apply. (*NEFCO Public Information Policy* is available at www.nefco.org).

9. Right to information

Following a request for the right to information, NEFCO must hear the Borrower in question. NEFCO may share relevant information to other financial institutions if the applicant company/Borrower has given its approval.