

CONTRIBUTION AGREEMENT

This contribution agreement (the "**Contribution Agreement**"), is entered into by the following parties:

- a) The **Norwegian Ministry of Climate and Environment**, having its address at Kongens Gate 20, 0153 Oslo, Norway, (the "**Contributor**" or "**KLD**");

And

- b) The **Stichting andgreen.fund**, a foundation established under the laws of the Netherlands (the "**Fund**"), on the basis of the articles of association of the Fund dated 11 July 2017, having its registered address at Arthur van Schendelstraat 500, 3511 MH Utrecht, the Netherlands (the "**Articles**");

(hereinafter collectively referred to as the "**Parties**" and each individually as a "**Party**");

WHEREAS:

- a) KLD aims to support efforts to slow, halt and eventually reduce greenhouse gas emissions resulting from deforestation and forest degradation in developing countries;
- b) Following the promising cooperation between Norway and IDH – the Sustainable Trade Initiative (the Incorporator of the Fund) via the sustainable landscapes program which aims to de-couple increased agricultural productivity from deforestation, KLD is keen to achieve larger-scale sustainability by transforming finance and business models in mainstream markets such that they sustain land-use practices in which the increased production of agro-commodities contributes to the protection of forests and the inclusion of smallholders and forest communities;
- c) The Fund focuses on achieving forest conservation and restoration in tropical landscapes through its use of risk mitigation capital and development impact expertise to finance deforestation-free land use, thereby KLD signed a letter of intent on 24 January 2017 with the Incorporator of the Fund, to leverage KLD funding towards the Fund to this effect, ("**Letter of Intent**");
- d) KLD hereby commits to make a contribution to the Fund, as described and subject to the terms below;
- e) Capitalised terms used in this contribution agreement (the "**Contribution Agreement**") without definition shall have the meaning given to them in the Articles unless the context requires otherwise or unless otherwise defined herein;
- f) All references herein to "USD" or "\$" are to United States Dollars, and to "NOK" are to Norwegian Kroners;
- g) Where reference is made to "the Board" it is the Fund's Board of Directors.

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IT IS AGREED AS FOLLOWS:

1. Objectives of the Fund

1.1 The objective of the Fund is to prove that financing inclusive, sustainable and deforestation-free commodity production can be commercially viable and replicable, thus strengthening the case for a new rural development paradigm that protects valuable forests and peatlands and promotes high-productivity agriculture.

The lending philosophy of the Fund is to demonstrate a proof of concept, for both public and private actors, on how to provide for inclusive economic growth and forest protection (and potentially restoration) when financing the production of agricultural commodities that are sourced from tropical landscapes.

The longer-term objective of the Fund is to contribute to the promotion of forest conservation and restoration within agricultural landscapes in tropical forest regions.

1.2 The Fund aims to achieve its objective by:

- Providing credit facilities only in jurisdictions with progressive forest and/or peat protection agendas and sustainable development strategies.
- Adding quantitative output-based environmental and social criteria and targets to the financing of commodity production.
- Improving livelihoods of smallholders by including them in high-productivity, sustainable supply chains.
- Attracting commercial investors into such projects by partly mitigating their credit risk (financial) and environmental risk (sustainability safeguarding).
- Stimulating innovation in business models and approaches to catalyse financially sustainable, deforestation free, socially inclusive, high productivity agriculture in tropical forest landscapes.
- Offering concessional terms e.g. lower interest rate, extended tenor, subordination in all transactions in order to stimulate co-investment from the market where the market does not or will not at this time invest alone.

1.3 The target results of the Fund are included in Annex 2 of this Agreement.

2. Commitment to Contribute

2.1 The Contributor hereby commits, subject to the terms hereof, to contribute to the Fund a grant of NOK 800,000,000 (eight hundred million Norwegian Kroners) to the Fund (the “**Total Contribution**”), consisting of the following:

- (a) a primary contribution not exceeding NOK 500,000,000 (five hundred million Norwegian Kroners) to be made available and payable to the Fund upon the effective date of the present Contribution Agreement and pursuant to the terms hereunder (the “**Primary Contribution**”); and

- (b) a further contribution not exceeding NOK 300,000,000 (three-hundred million Norwegian Kroners), to be made available and payable to the Fund once the Fund has i) entered into one or more contribution agreements with one or more other parties for contributions amounting to at least USD 50,000,000 (fifty million United States Dollars) or equivalent, ii) documents evidencing positive interest from one or several parties to contribute an aggregate amount of at least another USD 40,000,000 (forty million United States Dollars) or equivalent, and iii) the Fund demonstrating to the satisfaction of the Contributor the Fund's progress towards the impact targets and indicative outcome targets and key performance indicators (“KPIs”) as stated in Annex 2 below, as well as pursuant to the terms hereunder (“the **Remaining Contribution**”).

3. Contribution Payment Process

- 3.1 The Contributor undertakes to pay subject to the terms hereunder, notably section 3.2:
- 3.1.1 up to the Primary Contribution of NOK 500,000,000 (five hundred million Norwegian Kroners) upon receipt of a Disbursement Request (defined in section 4 “Disbursement Request” below) from the Board;
- 3.1.2 up to the Remaining Contribution of a further NOK 300,000,000 (three-hundred million Norwegian Kroners) upon receipt of a Disbursement Request (defined in section 4 “Disbursement Request” below) from the Board, and provided that the conditions in 2.1.b) has been fulfilled;
(each payment shall be referred to as a “**Grant Amount**”).
- 3.2 Unless otherwise waived in writing by the Contributor in its sole and absolute discretion, the Contributor undertakes to pay up to NOK 250,000,000 (two hundred fifty million Norwegian Kroners) each year (“**Maximum Annual Grant Amount**”), upon receipt of a Disbursement Request (defined in section 4 “Disbursement Request” below) from the Board.
- 3.3 In addition, the Contributor is free to pay more than this Maximum Annual Grant Amount at its own discretion (“**Optional Additional Annual Grant Amount**”), however the Fund does not have the right to request nor obligate the Contributor to pay more than the Maximum Annual Grant Amount within that calendar year, unless the Contributor is declared a Defaulting Contributor pursuant to section 14 below.
- 3.4 It is also understood that the Contributor will never have the obligation to pay more than the amount of the Total Contribution.
- 3.5 The reference currency of the Fund shall be USD (the “**Reference Currency**”).
- 3.6 Each Grant Amount will be converted into USD at the NOK/USD fixing rate determined on the relevant Payment Date and which shall be determined by the bank of the Fund taking into consideration all available information that it deems relevant at the then prevailing rates obtained in the spot market by the Fund acting in good faith. For the avoidance of doubt, the corresponding cash transfer from the Contributor to the Fund will be denominated in NOK.
- 3.7 The costs, if any, related to the above-mentioned currency conversion will be borne by the Fund, it being understood that the Contributor will in no circumstances be required to pay in more than the Total Contribution in NOK provided in section 2.1 above and as converted

into USD in accordance with section 3.6 above. The Fund will immediately inform the Contributor after the payment of the relevant Grant Amount of the exact amount received in USD, including the NOK/USD fixing rate obtained in the spot market on the relevant Payment Date.

3.8 The Contributor understands that it is within the Board's sole and absolute discretion to accept contributions, depending on the needs of the financial structure of the Fund.

4. Disbursement Request

4.1 The Contributor undertakes to pay the relevant Grant Amount, upon receipt from the Fund of a written disbursement request in the form of Annex 1 hereto (a "**Disbursement Request**").

4.2 A Disbursement Request shall state, *inter alia*, the relevant Grant Amount to be paid, details of the account of the Bank to which such payments are to be made and the relevant payment date ("**Payment Date**").

4.3 Disbursement Requests shall be sent by the Fund to the Contributor not less than 15 Business Days prior to the relevant Payment Date, unless such notice period is waived by the Contributor in its sole and absolute discretion.

4.4 At all times, irrespective of the Maximum Annual Grant Amount, the Fund may request the Contributor to pay an Optional Additional Grant Amount, subject to the Contributor's consent or at the Board's discretion if the Contributor has been declared a Defaulting Contributor in accordance with section 14 below). Hereto a Disbursement Request under the conditions in section 4.1 defined above will be sent to the Contributor by the Fund. Any Optional Additional Grant Amounts will be deducted from the Contributor's Total Contribution, so that the sum of all Grant Amounts paid by the Contributor will never exceed the Total Contribution specified under section 2.1.

5. Conditions for First Installment under this Contribution Agreement

5.1 Subject to Section 6 below, and save as otherwise waived in writing by the Contributor in its sole and absolute discretion, the Contributor's obligation to disburse the first Grant Amount (the "**First Installment**") under this Contribution Agreement shall be conditional upon:

- (a) the Contributor receiving all of the following documents, in each case in form and substance satisfactory to the Contributor:
 - (i) copy of the up-to-date notarised Articles of Association;
 - (ii) copy of the up-to-date Lending Policy, Jurisdictional Eligibility Criteria, ESMS, any amendment of which require approval by the Advisory Board;
 - (iii) a legal opinion regarding the validity and enforceability under Dutch law of this Contribution Agreement;
 - (iv) an original certificate of incumbency and authority executed by the Fund substantially in the form attached hereto as Annex 1;

- (v) a copy of the Procurement Policy adopted by the Board of Directors of the Fund attached hereto as Annex 3, any amendment of which require approval by the Class I-representative(s) of the Advisory Board in accordance with Art. 6.4 and Art. 20.2; and
- (b) no material adverse change in the business prospects of the Fund shall have occurred.

6. Conditions precedent for any disbursement

6.1 Subject to Section 5 above, and save as otherwise waived in writing by the Contributor in its sole and absolute discretion, the Contributor's obligation to pay the relevant Grant Amount (including, without limitation, the First Installment) shall also be conditional upon the Contributor being satisfied that each of the following conditions precedent are fulfilled:

- (a) at least 15 Business Days prior to the relevant Payment Date, the Fund shall have delivered to the Contributor the relevant Disbursement Request;
- (b) the representations and warranties confirmed or made in Sections below shall be true on and as of the dates of the relevant Disbursement Request and Payment Date and with the same effect as though such representations and warranties had been made on and as of such dates;
- (c) no Event of Suspension and/or Cancellation in Section 9 below shall have occurred and be continuing;
- (d) the Contributor shall have been notified and provided with any amendment to the Articles, the Lending Policy, Procurement Policy, the Jurisdictional Eligibility Criteria, and the ESMS, if any, on the basis of which the Total Contribution is to be made;
- (e) for the sake of good order proceeds of the relevant requested Grant Amount shall only be used according to the OECD/ODA framework, and shall be needed and used to fund investments or other financing by the Fund or to meet expenses of the Fund.

7. Representations by the Fund

7.1 By the execution, acknowledgement and acceptance of this Contribution Agreement by the Fund, the Fund hereby represents and warrants on the date hereof, and on the date of each relevant Disbursement Request (which shall continue to be effective as of the relevant Payment Date), as follows:

- (a) that the Fund is duly incorporated as a foundation ("*stichting*"), under the laws of the Kingdom of the Netherlands and has the corporate power to conduct its business as presently conducted and to enter into and perform its obligations under the Articles, Contribution Agreement and any agreements in implementation thereof;
- (b) that this Contribution Agreement has been or (as applicable) will be duly authorised and executed by the Fund and that each of the Articles, this Contribution

Agreement and any agreements in implementation thereof constitutes valid and legally binding obligations of the Fund, enforceable in accordance with their terms;

- (c) that neither the entering into of this Contribution Agreement nor the compliance with its terms will conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default or require any consent under, any indenture, mortgage, agreement or other instrument or arrangement to which the Fund is a party or by which it is bound, or violate any of the terms or provisions of the Fund's Articles or any judgment, decree or order or any statute, rule or regulation applicable to the Fund;
- (d) that no resolutions on merger, dissolution or liquidation of the Fund have been adopted by the Board of Directors and by the Advisory Board of the Fund;
- (e) that the Fund is not unable to pay its debts as they fall due and the value of the Fund's assets is not less than the Fund's liabilities, and there is no existing filing or pending application for insolvency in respect of the Fund at any court;
- (f) that the Fund has obtained or has made, or has made arrangements for obtaining or making, satisfactory to the Contributor, all governmental, administrative, corporate, creditors' and other necessary licenses, approvals, filings, registrations or consents required under applicable laws for: (i) the carrying out of the purpose of the Fund as set forth in Art. 3 of the Articles; (ii) the due execution and delivery by the Fund of this Contribution Agreement and performance by the Fund of its obligations under this Contribution Agreement, the Articles, ESMS and any documents in implementation of any thereof; and (iii) the payment of the Total Contribution by the Contributor pursuant to the terms hereof;
- (g) no Event of Suspension and/or Cancellation has occurred and is continuing; and
- (h) the representations and warranties made or confirmed in Section 7 herein continue to be true.

8. Additional Fund Undertakings

8.1 The Fund hereby undertakes:

- (a) to appoint a candidate nominated by the Contributor to the Advisory Board of the Fund in accordance with the Articles, unless the Contributor has failed to nominate a candidate in accordance with the Articles;
- (b) in particular regarding the ESMS, to ensure that it will not be amended except with the approval of the Advisory Board;
- (c) to ensure that the Fund is in compliance with the eligible jurisdictions approved by the Advisory Board of the Fund;
- (d) to ensure that the objectives of the Fund and the jurisdictional eligibility criteria will not be amended except with the approval of the Advisory Board of the Fund;

- (e) to ensure that a new auditor or a new audit team is engaged for the Fund every five years in the interest of maintaining independence of the auditor and critical reviews of the Fund’s financial situation;
- (f) to ensure that the following provisions in the Articles of Association will not be amended except with the approval of the Advisory Board of the Fund, which approval can only be given with due observance of the voting rules in Art. 20.2:
 - i. Article 3;
 - ii. Article 5.1, 5.7 or 5.8;
 - iii. Article 6.3 or 6.4;
 - iv. Article 7;
 - v. Article 16 up to and including Article 20; (and Article 8 up to and including Article 14 if applicable to the Advisory Board by analogy);
 - vi. Article 28.4;
 - vii. Article 31.3, and/or Article 32.3, 32.7 and 32.8;
- (g) to ensure that Article 6.3.f. and/or Art. 16.9 of the Articles of Association, will not be amended except with the approval of each Initial Contributor of the Fund;
- (h) to ensure that the Contribution will not be used to purchase or construct real property;
- (i) to ensure that the Fund is not involved in any Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice, Obstructive Practice (as defined in Schedule 2) by acting in accordance with the Fund’s code of ethics and business integrity, complaints policy and anti-money-laundering and counter terrorist financing policy, as may be amended from time to time, detailing how any suspicion of financial irregularities within and related to the Fund’s activities should be reported to the Board of Directors and escalated to the Advisory Board in a timely manner and setting out guidelines for regularly checking the integrity of the Fund’s activities;
- (j) that its due diligence of (a) the borrowers of the Fund before entering into a credit facility and (b) a new contributor of the Fund before entering into a contribution agreement, shall identify whether such borrower or new contributor of the Fund (as the case may be) is not in line with the Fund’s obligations under the applicable regulations and policies regarding anti-money laundering and countering the financing of terrorism;
- (k) to provide to the Contributor on an annual basis a report covering the situation of the Fund in relation to achievement of the key performance indicators (“KPIs”) listed in Annex 2, as well as a mid-term evaluation report in 2020 covering the period from the date of the Fund’s incorporation until 31 December 2019 (“**Mid-Term Evaluation Report**”, and in accordance with Section 17 below). The Fund hereby undertakes to facilitate the Contributor’s access to any documentation reasonably required by the Contributor for the purpose of performing an evaluation of the Fund covering the period from the incorporation of the Fund until the End of Support Period (defined in Section 20 below) (“**Full Evaluation Report**”, and in accordance with Section 17 below), with the aim of assessing the Fund’s accomplishments and evolution in relation to the KPIs and milestones listed in Annex 2; and
- (l) to use its reasonable efforts to mobilise funding from other contributors to the Fund, in

particular from like-minded development and conservation finance investors and members of the Consumer Goods Forum; and

(m) to immediately notify the Contributor of any circumstance which may indicate or lead to an Event of Suspension and/or Cancellation.

9. Breach of the Agreement

9.1 Each of the following events constitutes an "**Event of Suspension and/or Cancellation**", if it has not been satisfactorily addressed within 90 days of receipt by the Fund of a notice from the Contributor stating the event in question, for the purposes of this Contribution Agreement:

- (a) if the Fund fails to carry out the purpose of the Fund as set forth in Art. 3 of its Articles of Association;
- (b) if the Fund fails to perform any of its obligations under, and/or to implement or comply with, this Contribution Agreement, the Articles, and any documents in implementation of any thereof;
- (c) if any representation or warranty confirmed or made in section 7 of this Contribution Agreement or in connection with the execution and delivery of this Contribution Agreement, or in connection with any Disbursement Request under this Contribution Agreement, shall be found to have been incorrect in any material respect.

10. Taxes

10.1 The Fund shall pay all taxes, duties, fees or other charges payable on or in connection with the execution, issue, delivery, registration or notarisation of this Contribution Agreement, and any documents related thereto, and shall, upon notice from Contributor, reimburse Contributor for any such taxes, duties, fees or other charges paid by the Contributor thereon.

11. Acceptance of Contribution

11.1 By the execution, acknowledgement and acceptance of this Contribution Agreement by the Fund, the acceptance of the Contribution made by the Contributor, further to Disbursement Requests notified to the Contributor, as provided for in section 1 of this Contribution Agreement, shall be deemed to be given by the Fund.

12. Identification

12.1 The Contributor hereby encloses, as Schedule 1 hereto, a list of authorised signatories or evidence of the signing authority of the person(s) signing this Contribution Agreement or likely to communicate with the Fund in writing. Such list may be modified from time to time by Contributor, and such changes shall be notified by Contributor to the Fund.

13. Transfer, assignments, charges

13.1 No transfer or assignment (hereinafter "**Transfer**") of any Contribution shall be valid unless approved by the Board of Directors on an exceptional basis and provided that such transfer is in line with the Fund's obligations under the applicable regulations and policies regarding anti-money laundering and countering the financing of terrorism. Any attempt at a Transfer in violation of this provision shall not be acknowledged. The Fund may enforce the provisions of this paragraph, either directly or through its agents, by refusing to acknowledge any proposed Transfer not in accordance with this provision.

14. Payment Default

14.1 If the Contributor fails to make its full payment for Grant Amounts pursuant to this Contribution Agreement, the Fund may, without prejudice to section 25 below and the consequences of a payment default as set forth in the Contribution Agreement, at its option, take appropriate steps to enforce this Contribution Agreement.

14.2 Provided that the applicable conditions for payment of each Grant Amount have been met by the Fund, should the Contributor fail to make its full payment for the relevant Grant Amount, the Board is empowered to declare the Contributor a defaulting contributor (the "**Defaulting Contributor**") with the following consequences:

- (a) the Board may request additional disbursements from other contributors to meet the relevant sums due by the Defaulting Contributor in order to enable the Fund to meet its contractual commitment towards borrowers, and to state the reasons for such additional request to the other contributors;
- (b) the Board may take into account any unpaid amounts to the extent possible for any further Disbursement Request pursuant to section 3.3 and section 4 above, to be sent by the Fund to the relevant Defaulting Contributor.

14.3 Moreover, the Contributor agrees and understands that such payment default may adversely affect the KPIs of the Fund, subject the Fund to increased business and litigation risks from borrowers, and which may be reflected and published in the Fund's impact studies and evaluation reports.

14.4 The Board may decide on other solutions as far as legally allowed if it believes such solutions to be more adequate for the situation. The Board may, in its discretion but having regard to the interests of the other contributors, waive any of the remedies against the Defaulting Contributor.

15. Representations and Warranties by the Contributor

15.1 The Contributor hereby represents and warrants to the Fund as follows:

- (a) The Contributor has received and read copies of the Fund's Articles, ESMS, Procurement Policy (attached hereto as Annex 3), Lending Policy and Jurisdictional Eligibility Criteria, and understands that these documents may be amended from time to time and that the Contributor shall be promptly provided with updated copies of such documents by the Fund;
- (b) The Contributor has received, read and is familiar with the Articles, the ESMS of the Fund, and particularly the E&S risks set forth in the ESMS;
- (c) None of the Contribution may be transferred to any person who has failed to supply a similar representation and who has not been approved by the Board of Directors of the Fund;
- (d) The Contributor has been afforded access to information about the business, management and prospects of the Fund sufficient to enable the Contributor to evaluate its Contribution to the Fund;
- (e) The Contributor has been afforded the opportunity (A) to ask such questions as the Contributor has deemed necessary of, and to receive answers from, representatives of the Fund concerning the terms and conditions of this Contribution Agreement and the merits and risks of contributing to the Fund, and (B) to obtain such additional information that the Fund possesses or can acquire without unreasonable effort or expense that is necessary to verify the accuracy and completeness of the information contained in the Articles and ESMS; and
- (f) The Contributor is empowered, authorised and qualified to enter into this Contribution Agreement, to commit ourselves to contribute the Total Contribution, including the Maximum Annual Grant Amount and to become a Contributor. Each person signing this Contribution Agreement on its behalf has been duly authorised by the Contributor to do so.

16. Collection and processing of data

16.1 The Contributor hereby acknowledges that the Fund, or the bank on its behalf, shall collect, process and store (electronically or in any other format) the data supplied by the Contributor in the present Contribution Agreement for the purpose of fulfilling the services required by the Contributor in the present Contribution Agreement and complying with its legal obligations. In particular, the Contributor hereby acknowledges that the bank, collects and processes the data supplied by the Contributor for the purpose of maintaining corporate files of the Fund and processing compliance with conditions of contributions of grant, repayment of redeemable grant contributions and payment of interests to contributors of concessionary loans. The Contributor acknowledges that the Contributor is providing the contributor data voluntarily; it is incumbent on the Contributor to object to the provision of the requisite data. The Contributor acknowledges that the Contributor has a right of access and of rectification of the data relating to the Contributor in cases where such data are inaccurate or incomplete. All such information shall not be held for longer than reasonably necessary with regard to the purpose of the data processing or as otherwise required by law. The Fund and the bank shall keep all such information confidential in accordance with section 19 during the course of this Contribution Agreement and following its termination.

17. Reporting to be provided to the Contributor

17.1 The Fund shall provide to the Contributor the unaudited semi-annual financial statements not later than 45 days after the end of each half year.

17.2 The Fund publishes annually a detailed audited report on its activities and on the management of its assets under Dutch GAAP for the ended financial year (i.e. 31 December) (“**Financial Report**”). Such audited Financial Report shall include, inter alia, the balance sheet and profit and loss statements of the Fund including the notes to the accounts, a detailed description of its respective assets, management report and a report from the auditor, in accordance with Art. 28 of the Articles of Association. The aforementioned Financial Report will be sent to the Contributor within six months of the date thereof.

17.3 The Fund shall provide to the Contributor and publish on the Fund’s website an annual E&S impact report pursuant to the Fund’s ESMS, not later than 120 days after the end of each financial year, which shall include information about:

- (a) an account of the results achieved in the relevant financial year by the Fund, using the KPIs listed in Annex 2, including annual transaction specific targets, and progress towards indicative outcomes targets and impact targets;
- (b) an account and assessment of deviations from the targets set for the relevant financial year;
- (c) an assessment of how efficiently the Fund’s resources have been turned into KPIs
- (d) a brief account of materialised risk factors to the Fund (i.e. fraud, corruption, financial mismanagement, environmental, gender, equality and human rights aspects if any), including how these have been identified and handled in the reporting period and/or will be handled in the future.

17.4 The Fund shall provide to the Contributor and publish on the Fund’s website a Mid-Term Evaluation Report not later than 120 days after 31 December 2019, which shall include information about:

- (a) an account of the results achieved to date by the Fund, using the KPIs listed in Annex 2, including transaction specific targets, and progress towards indicative outcomes targets and impact targets;
- (b) an assessment of the Fund’s general progress towards achieving the KPIs and the likelihood of the KPIs being achieved by the borrowers until the end of the first five financial years of the Fund;
- (c) an assessment of how efficiently the Fund’s resources have been turned into KPIs;
- (d) a brief account of and the lessons learned from any materialised risk factors for the Fund (i.e. fraud, corruption, financial mismanagement, environmental, gender, equality and human rights aspects if any), including how these have been identified and handled in the reporting period, and how previous recommendations have been followed-up if any.

17.5 The Fund shall provide to the Contributor and publish on the Fund’s website a Full Evaluation Report not later than 120 days after the end of the fifth financial year of the Fund, which shall include information about:

- (a) an account of the results achieved to date by the Fund, using the KPIs listed in Annex 2, including transaction specific targets, and progress towards indicative outcomes targets and impact targets;
- (b) an assessment of the Fund’s general progress towards achieving the KPIs during its first five years;
- (c) an assessment of how efficiently the Fund’s resources have been turned into KPIs;

(d) a brief account of and the lessons learned and assessment of any materialised risk factors for the Fund (i.e. fraud, corruption, financial mismanagement, environmental, gender, equality and human rights aspects if any), including how these have been identified and handled in the reporting period, and how previous recommendations have been followed-up if any.

17.6 To the extent permitted by law, the Fund, in its sole discretion, will also inform the Contributor on an ad hoc basis in case of material issues relating to fraud, corruption or environmental and social incidents having a severe impact on the reputation of the Contributor.

18. Public Disclosure

18.1 The Fund, having as its mission the provision of public goods, will publicly disclose its activities in accordance with the highest standards of transparency and public accountability to the extent permitted by law, as set out herein.

18.2 There is a presumption in favour of disclosure with respect to a) information about the Fund itself (“**Organisational Information**”, detailed in section 18.3 below); b) information regarding the activities supported by the Fund (“**Investment-Related Information**”, detailed in section 18.8 below), and c) any information provided by the Contributor to the Fund.

18.3 The Organisational Information to be considered public and to be disclosed by publishing on the website of the Fund, include, but are not limited to:

- the notarised Articles;
- the duly executed version of this Contribution Agreement including all annexes and schedules attached hereto;
- the Lending Policy and ESMS adopted by the Board of Directors of the Fund;
- the code of conduct adopted by the Board of Directors of the Fund;
- the complaints management policy adopted by the Board of Directors of the Fund;
- the eligible jurisdictions assessments as approved by the Advisory Board;
- the annual audited financial statements of the Fund, including the balance sheet, profit and loss statement and notes thereto, as well as the accompanying management report and audit statement;
- the annual report of the Fund approved by the Board;
- the investment decisions of the Fund including description of the project and rationale for decision;
- any impact studies and evaluation reports approved by the Board of Directors of the Fund.

18.4 Other Organisational Information to be considered public and to be available upon request, include, but are not limited to:

- the procurement policy adopted by the Board of Directors of the Fund;
- the travel and expenses policy adopted by the Board of Directors of the Fund.

18.5 The Fund acknowledges and agrees that the Contributor may be obliged to disclose/publish this Contribution Agreement, basic data regarding the Fund, borrowers

and the final beneficiaries (name of borrower and final beneficiary project financed, country, subject of project, amount) in accordance with the Norwegian Freedom of Information Act and the International Aid Transparency Initiative standard, and that a summary of the Fund and the proportion of the Contributor's contribution in the Fund, as well as the identities of the other contributors in the Fund and the aggregate amounts categorised by type of contributions, may be published on the internet. The Fund also acknowledges and agrees that the results of the relevant impact studies and evaluation reports will be published the internet. The Fund will ensure, using its best efforts, that the Contributor (either itself or through an agent) can fulfil such obligations.

18.6 The Fund also acknowledges and agrees that the Contributor may be obliged to disclose information related to the Fund, the credit facilities provided by the Fund, this Contribution Agreement and the transaction contemplated thereby to the Norwegian Auditor General and that the Norwegian Auditor General has the right to inspect (either itself or through an agent), carry out independent reviews, audits, field visits or evaluations or other control measures of the offices and documents of the Fund (such as books and correspondence), related the use of the Contribution by the Fund, as are necessary for the performance of their supervisory function in accordance with applicable laws. The Fund will procure that the Contributor (either itself or through an agent) can fulfil such obligations, by providing all information and documentation necessary to carry out the relevant initiative, as well as ensuring unrestricted access to any premises, records, goods and documents requested.

18.7 The representatives of the Norwegian Auditor General shall also have access to the Fund's auditor and the auditor's assessments of all information pertaining to the Fund and the credit facilities provided by the Fund. The Fund shall release the auditor from any confidentiality obligations in order to facilitate such access.

18.8 In particular, the Fund will also allow the Contributor to publish the following Investment-Related Information on its website:

- the name of the Fund and the Investment Advisor;
- a description of the Fund, it's mission statement, objective and Lending Policy;
- decisions in relation to eligible jurisdictions in which the Fund can operate;
- the aggregate amount of the Contributor's Contribution in the Fund, the total capital held by the Fund's and the total capital committed to the Fund;
- place of establishment of the Fund and the geographic and market sectors in which the fund operates;
- general description of projects financed by the Fund, such as type of activity and objective, rationale for funding the project, identity of project initiator, date of signing of main transaction documents and total size of projects financed by the Fund;
- aggregate data regarding size of projects invested in by the Fund in a particular jurisdiction.

19. Confidentiality

19.1 The primary responsibility for disclosing information regarding borrowers supported by the Fund lies with the relevant borrower, however the Fund encourages its borrowers to be more transparent about their businesses to help broaden understanding of their projects and how it contributes to the mission of the Fund and the Fund publishes Investment-Related Information and in accordance with sections 17 and 18 above.

19.2 In carrying out its mission, the Fund receives from its borrowers and other parties information that is not publicly available for the purpose of enabling the Fund to assess investment opportunities, to monitor and evaluate existing investments, the confidentiality of which the Fund has a duty to respect.

19.3 To preserve the integrity of the deliberation processes of the Fund and to safeguard the candid exchange of ideas between members of the governance bodies of the Fund, the Fund does not disclose any documents, memoranda or other communications where they relate to such deliberation or decision-making processes, including documents at their draft stage and internal communications with the Fund's counsel, consultants or other service providers.

19.4 Consistent with restrictions imposed by banking laws, the Fund does not disclose information that would violate such law, such as the financial, business, proprietary or other non-public information provided to the Fund by its borrowers, Service Providers or other third parties, to do so would be contrary to the legitimate expectations of such parties.

19.5 To ensure effective operations of the Fund, the Fund's Confidential Information may be disclosed amongst the Fund's directors, officers, attorneys, independent auditors, the bank, the investment advisory, the general secretary of the Fund, contractors, consultants and other service providers (the "**Service Providers**"), provided that they are subject to appropriate confidentiality obligations or duties consistent with, or substantially similar to the Contributor's confidentiality obligations as provided for herein.

19.6 Disclosure will take place only to those Service Providers who need such information for the execution of their services for the Fund but only if (i) such Service Providers are aware of the confidential nature of the information and (ii) they are subject to substantially similar confidentiality obligations as the Fund.

19.7

Notwithstanding section 18 and sections 19.2-4, the Fund agrees and acknowledges that the Contributor and its Norwegian governmental counterparts, being sovereign governmental entities, are obliged to follow their national legislation and internal regulations when it comes to disclosure issues. The Contributor aims to consult the appropriate Fund representative for comments before a decision regarding disclosure is taken, but the decision to grant or deny disclosure in individual regarding Fund related documents that is directed to the Contributor, rests solely on the Contributor.

20. Term and termination

20.1 The Contributor's obligation to pay any Grant Amount will terminate on 31 December of the fifth financial year of the Fund ("**End of Support Period**"), and/or on the date on which there occurs an Event of Suspension and/or Cancellation (as defined in section 9, including inter alia if any of the Representations of the Fund in section 7 cease to be true) (the "**Termination Date**"), whichever is the earlier, unless the same has been waived in writing by the Contributor in its sole and absolute discretion. On such Termination Date or upon such End of Support Period, the Contributor shall be released from paying any remaining

unpaid part of the Total Contribution.

20.2 Following such Termination Date and with three months' notice ("**Final Expiry Date**"), the part of the Total Contribution already paid to the Fund and which has not yet been committed by the Fund to its borrowers can be reclaimed by the Contributor, on a pari passu basis with other grant Contributors, but subordinate to any redeemable grant contributors or creditors of the Fund in accordance with the subordination principle laid down in Art. 4.5, and provided that such repayment to the Contributor will not unduly prejudice the liquidity of the Fund. Upon such Final Expiry date, the part of the Total Contribution not paid can be cancelled accordingly.

20.3 Further, the net asset value of the Contributor's total paid-in Grant Amounts, as a percentage of the overall assets of the Fund, will be reviewed from time to time in accordance with Art. 4.6 of the Articles of Association, and may lead to a mutual agreement to terminate the present Contribution Agreement ("**Termination Agreement**").

20.4 As of the effective date of such Termination Agreement which may be agreed upon by the Parties, the Contributor will cease to receive information to be provided to the Contributor under section 17 above, including for the avoidance of doubt the Mid-Term Evaluation Report and Full Evaluation Report if the aforementioned occurs prior to 31 December 2019 or 31 December of the fifth financial year of the Fund respectively, although this does not preclude the Contributor from obtaining the Fund's public information pursuant to section 18 above via the Fund's website or upon request.

20.5 In accordance with Section 8.1(k) above, the Fund shall also continue to facilitate the Contributor's access to any documentation reasonably required by the Contributor, for another 5 years following the effective date of such Termination Agreement which may be agreed upon by the Parties, for the purpose of performing an evaluation report covering the period from the incorporation of the Fund to the effective date of such Termination Agreement.

21. Invalidity etc.

21.1 If any covenant or other provision of this Contribution Agreement is invalid, illegal or incapable of being enforced, by reason of any rule, law or public policy, all other conditions and provisions of this Contribution Agreement shall, nevertheless, remain in full force and effect.

22. Amendments

22.1 This Contribution Agreement may be amended, waived, modified, discharged or terminated only in writing signed by the Contributor and the Fund.

23. Notices etc.

23.1 Any notice, demand, offer or other instruments required or permitted to be given, made or sent hereunder shall, unless otherwise provided for herein, be in writing, signed by the party giving notice or making the same, and shall be deemed to have been duly given to any party (a) when delivered personally (by courier service or otherwise), (b) when receipt is acknowledged, if by telecopy, or electronic transmission, or (c) the next Business Day after its timely delivery to a courier, if sent by overnight air courier guaranteeing next day delivery, in each case to the Contributor at the address set forth below (or such other address as may be notified from time to time by the relevant party to the other party):

For the Contributor: details as shown in Schedule 1 hereto

For the Fund: Stichting andgreen.fund
ToA: Board of Directors
PO Box 1241
3500 BE Utrecht

24. Applicable law

24.1 This Contribution Agreement shall be governed by the laws of the Kingdom of the Netherlands.

25. Disputes , Jurisdiction and Liability

- (a) If any dispute arises relating to the implementation or interpretation of the Contribution Agreement, the Parties shall seek to reach an amicable solution.
- (b) Any dispute, controversy or claim arising out of or relating to the Contribution Agreement, or any other related document or the breach, termination or invalidity hereof and thereof, that cannot be solved amicably shall be settled by arbitration in accordance with the arbitration rules of the Netherlands Arbitration Institute. The arbitral tribunal shall be composed of three arbitrators. If the disputed amount is below an amount corresponding to USD 1,000,000 (one million United States Dollars) the arbitral tribunal shall, however, be composed of a sole arbitrator. The seat of arbitration shall be Rotterdam, the Netherlands and the language to be used in the arbitral proceedings shall be English.
- (c) The Contributor shall not under any circumstances or for any reasons be held liable for damage, injury or loss of income sustained by the Fund or its staff or property as a direct or indirect consequence of the Fund. The Contributor will not accept any claim for compensation or increases in payment in connection with such damage, injury or loss of income.
- (d) The Fund shall assume sole liability towards all third parties, including liability for damage, injury or loss of income of any kind sustained by them as a direct or indirect

consequence of the Project. The Fund shall indemnify the Contributor against any claim or action from the Fund's employees or third parties in relation to the Fund.

- (e) Nothing contained in this Contribution Agreement or any document related to this Contribution Agreement shall be construed as or imply a waiver, renunciation or other modifications, whether express or implied, by KLD, the Government of Norway or any of its officials, of any immunities, privileges or exemption accorded to them under any applicable national law or international conventions, nor as their acceptance of the jurisdiction of the courts of any country over disputes arising in relation to this Contribution Agreement. Notwithstanding the foregoing, the Contributor has made an express submission to arbitration under Section 25(a) above and accordingly, and without prejudice to its other privileges and immunities (it acknowledges that it does not have immunity from suit and legal process, in respect of the enforcement of an arbitration award duly made against it as a result of its express submission to arbitration pursuant to Section 24(a) above.

26. Signatures and Entry into force

This Contribution Agreement has been signed in two (2) original copies in the English language. In the event of any discrepancies between this English language version and any later translations, the English language version shall prevail.

The Contribution Agreement shall enter into force at the date of the last signature and shall remain in force until all obligations arising from it have been fulfilled, or until it is terminated in accordance with the provisions above. Whether the obligations shall be considered fulfilled, will be determined through consultations between the Parties and confirmed by the Contributor in a confirmation letter.

SIGNATURE PAGE

For the Contributor: Norwegian Ministry of Climate and Environment

Signature:

× _____

Name: _____

Position: _____

Date: 14 July 2017

Acknowledged and Agreed:

For the Stichting andgreen.fund:

Signature:

× _____

Name: _____

Position: _____

Date: 14 July 2017

Signature:

× _____

Name: _____

Position: _____

Date: 14 July 2017

SCHEDULE 1

INFORMATION REGARDING THE CONTRIBUTOR

Name of the Contributor: **Norwegian Ministry of Climate and Environment**

Represented by:

Signature of Authorised
Officer(s):

Name(s) of Authorised
Officer(s):

Title of Authorised Officer:

Notice Address (PO Box
and care of addresses are
not permitted):

Kongens Gate 20, 0153 Oslo, Norway

Name of contact person(s) if
different from the name(s)
of Authorised Officer(s):
Telephone No:

N/A

Type of organization:

Nature of business:

Supervisory authority (if
relevant):

Norwegian Auditor General

STANDING PAYMENT INSTRUCTIONS

Below are the details of the account of Contributor to which reclaimed portions of the Grant Amount should be sent by electronic transfer (subject to changes as may be notified from time to time by the Contributor to the Fund).

Bank Name:

Address:

City:

Postal Code:

Country:

Account Name:

SWIFT:

Account Number:

Bank Code:

SWIFT:

Ref of payment: Stichting andgreen.fund

These banking details shall be used by default in case of any part of the Grant Amount is reclaimed. In case of a discrepancy between any payment details mentioned in any payment instructions and the banking details stated hereabove, the Fund reserves the right to suspend the payment until Contributor provides it with evidence that it is the beneficiary of the relevant account.

Accepted on behalf of the Stichting andgreen.fund, on 14 July 2017,

Signature: _____

Name:

Director

Signature: _____

Name:

Director

SCHEDULE 2

*“**Corrupt practice**, which is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.*

***Fraudulent practice**, which is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.*

***Coercive practice**, which is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.*

***Collusive practice**, which is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.*

*An **obstructive practice** is (a) deliberately destroying, falsifying, altering or concealing evidence material to the investigation or making false statements to investigators in order to materially impede an investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or (b) acts intended to materially impede the exercise of an inspection and audit rights.”*

Annex 1
Disbursement Request

(To be Typed on Letterhead of the Fund)

To: **Norwegian Ministry of Climate and Environment**
Kongens Gate 20, 0153 Oslo, Norway
("Contributor")

[Date:] [***]

Dear Sir/Madam,

Reference: Request for Disbursement No. _____¹

According to the terms of the Contribution Agreement (the "**Agreement**") dated [14 July] 2017, between the **Norwegian Ministry of Climate and Environment** ("**Contributor**") and the Stichting andgreen.fund (the "**Fund**"), the Fund hereby kindly requests the Contributor to execute on or before relevant Payment Date the payment of NOK [xxx (in words)], referred to in the Agreement as a "Grant Amount".

Description	Payment Date	Currency & Amount
	[]	[In numbers and in words]
	Total:	[currency][n numbers and in words]

Please see the attached for the detailed banking information for the payment [and a current certificate of incumbency and authority].

For the purposes of this Disbursement Request, the Fund hereby makes the representations contained in Section 7 of the Agreement.

Yours sincerely,

Signed on behalf of the Stichting andgreen.fund

By: _____

Authorised Representatives²

¹ Each Request must be numbered in series

² As named in the Certificate of Incumbency and Authority.

(To be Typed on Letterhead of the Fund)

To: **Norwegian Ministry of Climate and Environment**
Kongens Gate 20, 0153 Oslo, Norway
("Contributor")

[Date:] [***]

Dear Sir/Madam,

Certificate of Incumbency and Authority & Payment Instructions

With reference to the Contribution Agreement between the Contributor and the Stifting andgreen.fund (the "**Fund**"), dated 14 July 2017 (the "Contribution Agreement"), we the undersigned _____ and _____ acting as Chairperson and Director respectively of the Fund's Board of Directors, with the authority of the latter, hereby certify that the following are the names, offices and true specimen signatures of the persons, any two of whom are authorised:

- (a) to jointly sign on behalf of the Fund the requests for disbursements provided for in the Contribution Agreement;
- (b) to jointly sign the certificates provided for in the Contribution Agreement; and
- (c) to jointly take, in the name of the Fund, any other action required or permitted to be taken, done, signed or executed under the Contribution Agreement and under any other agreement to which the Fund and Contributor are parties;

<u>Name</u>	<u>Office</u>	<u>Specimen Signature</u>
	Director	
	Director	
	Director	

We further certify that payment of the Grant Amount (or any other payments) under the Contribution Agreement should be made to the following account (or such other account as the Fund may from time to time designate by notice to Contributor):

Payment Instructions (Fund's Banking Details):

Fund's Account Name: _____
Fund's Account Number (IBAN number)¹: _____
Fund's Bank Name: _____
Fund's Bank SWIFT Code: _____

¹ All payments should include the full IBAN number (International Bank Account Number).

Fund's Bank Address: _____

Reference: Stichting andgreen.fund

Yours faithfully,

On behalf of the Stichting andgreen.fund

Signature: _____

Name:
Director

Signature: _____

Name:
Director

Annex 2 KPIs and Milestones

The Fund will employ a comprehensive set of impact and outcome targets and key performance indicators (KPIs) to assist with the monitoring and evaluation of performance. The Fund has established impact targets in line with its theory of change, and outcome-based targets and KPIs and these are presented in the section below.

- Impact targets

The main success criteria of the Fund will be the extent to which its financing can pilot new sustainable ways of producing commodities, while preserving valuable forests and contributing to inclusive socioeconomic development, in a way that can be replicated and over time become a mainstream business practice.

In demonstrating the new business model, the Fund aims to deliver 5 million hectares of conserved forest based on a USD 400 million Fund² with a leverage ratio of 5:1 financed by partner financial institutions and borrowers.

At the same time, the Fund aims to improve the livelihood of 0.5 million households benefiting from the Fund through enhanced yields, profit sharing, secure tenure, or the creation of jobs and/or income-generating opportunities.

By only investing in jurisdictions that make progress on policies and measures to reduce forest loss, the fund will also play a positive indirect role at the policy level by rewarding sustainable policies.

- Outcome targets and KPIs

Given the fact that the Fund portfolio is not yet determined, the outcome targets presented in the table below are indicative for how the fund aim to develop its portfolio over time in order to reach the impact targets described above. However, the Fund will negotiate outcome targets for the relevant KPIs in the table below for each transaction. These targets will be included in the contractual agreements with borrowers, allowing the Fund to aggregate targets from the bottom up as Fund capital is deployed. Over time therefore, aggregated targets will be defined by this ‘bottom-up’ process and become the basis for reporting at fund level.

² The quantified social and environmental impact targets relates to the first lending cycle of a fully capitalized fund, typically 5 to 10 years from commitment. Expected impacts should be adjusted pro rata based on actual Fund size.

Results Area	Description	Outcome targets	Key Performance Indicator	Means of verification	Reported by
Fundraising	Achieving scale	1 Fund secures \$400 million in contribution commitments by 2020	US\$ Fund capital commitments	Contribution Agreements	Fund Management Advisor/Investment Advisor
Financial performance	Proof of concept	2 Fund Net Asset Value (NAV) is greater than or equal to total capital deployed ³	Net Asset Value (NAV)	Fund financial statements	Fund Management Advisor
		3 Contributions committed ⁴ over a maximum 4 year period from date of signature of the relevant Contribution Agreement	US\$ Fund capital committed	Fund financial statements/Standard report	Fund Management Advisor/Investment Advisor
		4 Non-performing loans (NPLs) are less than or equal to 20% of Fund transactions for the Fund at full deployment ⁵	% of Fund transactions that are non-performing loans	Fund financial statements/Standard report	Fund Management Advisor/Investment Advisor
		5 Fund leverage is greater than or equal to 5:1 (non-Fund capital) : 1 (Fund capital) ⁶	US\$ total non-Fund capital invested in PPI projects	Fund client financial statements/Fund annual report/Standard report	Fund Management Advisor/Investment Advisor
Change in business practices	Effective Production Protection Inclusion Projects	6 At least 90% of E&S Action Plan and LPP milestones and targets are achieved ⁷	Percentage of E&S Plan and LPP objectives/targets met	E&S Action Plans/Independent third party audit report/Fund annual report	Investment Advisor
		7 To be determined ⁸	(a) Percent increase in yield (for brownfield projects) (b) Percentage yield gap over sector average in the region (for greenfield projects)	Borrower reports	Investment Advisor
Improved field level sustainability ⁹	Production - Protection - Inclusion	8 4.3m ha	# of hectares of HCV/HCS conserved ¹⁰	Satellite monitoring reports/independent third party audit reports/Fund annual report	Investment Advisor
		9 0.6m ha	# of hectares of natural forest restored ¹¹ and peatland rehabilitated ¹²	Satellite monitoring reports/independent third party audit	Investment Advisor

³ This is a continuous target during the time the Fund is operational

⁴ Once committed to a transaction, funds will be called over an agreed deployment or draw down schedule

⁵ The timeline of this target related to the moment of full deployment of the Fund capital

⁶ This is a continuous target during the time the Fund is operational

⁷ Based on milestones falling due on or before the reporting date

⁸ To be determined on a 'bottom up' transaction basis

⁹ Consistent with the timeframe for achieving the impact targets, the outcome for this sections relates to a lending period for the fund. The absolute value of the targets relate to full capitalization.

¹⁰ Defined as: The protection, care, management and maintenance of ecosystems, habitats, wildlife species and populations, within or outside of their natural environments, in order to safeguard the natural conditions for their long-term permanence (IUCN)

¹¹ Defined as: Restoration is to work towards the re-establishment of the presumed structure, productivity and species diversity of the forest originally present at a site (adapted from UNEP World Conservation Monitoring Center).

¹² In the case of peatland it is more appropriate to use the term rehabilitation instead of restoration. Rehabilitation is defined as: Rehabilitation is making the land useful again after a disturbance. It involves the recovery of ecosystem functions and processes in a degraded habitat. Rehabilitation does not necessarily reestablish the pre-disturbance condition, but does involve establishing geological and hydrologically stable landscapes that support the natural ecosystem mosaic (Willamette Restoration

				reports/Fund annual report	
		10 3.1m ha	# of hectares of agricultural land regenerated and intensified	Satellite monitoring reports/Fund client production reports and financial statements/Fund annual report	Investment Advisor
		11 To be determined ¹³	# of hectares of avoided deforestation or peatland degradation ¹⁴	Satellite monitoring reports/Fund client production reports and financial statements/Fund annual report	Investment Advisor
		12 To be determined ¹⁵	# of hectares agricultural land under cultivation by the borrower and its suppliers	Fund client production reports and financial statements/ Fund annual report	Investment Advisor
		12 0.25 million producers	# of viable small scale producers resulting from projects financed by the Fund	Fund client production and E&S reports and financial statements/ Fund annual report	Investment Advisor
		13 0.25 million households	# of households benefiting directly or indirectly from Fund transactions e.g. jobs, income-generating opportunities,	Fund client production and E&S reports and financial statements/ Fund annual report	Investment Advisor
		14 To be determined ¹⁶	# of households benefiting from improved recognition of customary/land rights	Fund client production and E&S reports and financial statements/ Fund annual report	Investment Advisor

Initiatives, 1999).

¹³ To be determined on a 'bottom up' transaction basis

¹⁴ Defined as: sum of the preserved hectares of HCV/HCS forest/peatland arising from the three avoided forest/peatland conversion processes: conversions from (i) intact forests/peatland to other land use, (ii) nonintact forests/peatland to other land use and, (iii) intact forests/peatland to non-intact forests, compared to a business as usual scenario.

¹⁵ To be determined on a 'bottom up' transaction basis

¹⁶ To be determined on a 'bottom up' transaction basis

Annex 3
Procurement Policy

Procurement Policy

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A. Definitions

Candidate	A party interested in the Contract.
Contract	The object of the tender procedure; a written agreement of the activities required and tendered for by the Fund.
Procurement Procedure	The procedure in which the Fund selects a Service Provider, in accordance with this Procurement Policy, for the execution of certain activities required and tendered for by the Fund.
Procurement Policy	This procurement policy and the guidelines therein.
Service Provider	A Candidate selected and contracted by the Fund for the performance of certain services or activities defined in the Contract.

B. Introduction

The Fund is accountable for the way that funds are spent and is therefore responsible for ensuring that services that are procured by the Fund are done so in a way that is transparent and fair, without discrimination and which seeks to obtain best value for money.

This Procurement Policy provides guidelines on the procedure regarding the (sub)contracting of third parties for the performance of services and acquiring goods for the Fund. This Procurement Policy is applicable to the procurement of goods and services by or on behalf of the Fund.

The Fund and all of its subsidiaries will endeavor to ensure that its procurement of goods and services are consistent with EU law (principally the Directive 2014/24/UE¹⁷ on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts (the “Directive”)) regarding public procurement, and as implemented in the Netherlands.

Services to be procured under this Procurement Policy are considered Direct and Operating Expenses as described in [sub-section of section D] of the Operational Memorandum. The following services in particular will be procured by the Fund:

- Investment advisory services
- Banking services
- Corporate secretarial services
- Accounting and administration services
- Auditing services
- Insurance services, including Directors and Officers insurance
- Other (e.g consulting services, website and other public relations services)

Procurements are awarded in accordance with this Procurement Policy. The guidelines herein help ensure that suitably qualified contractors are chosen without bias and that the best price-quality ratio, with a high level of transparency. Depending on the value of the contract to be awarded to a provider of services, different rules apply to the way in which they are procured.

Service providers and consultants selected prior to the incorporation of the Fund have been selected following the procurement guidelines of the incorporator of the Fund, ensuring transparent and fair competition. They should therefore be exempt from further tendering processes.

The Fund aims to add value by enhancing the environmental and social sustainability of all the borrowers that it is financing and as such all borrowers must comply with the environmental and social policy of the Fund. In respect to procurement, tenderers are required to comply with applicable labour laws and national and international standards of environmental protection, health and safety, including those contained in any relevant International Labour Organization (ILO) conventions and international agreements on environmental protection as described below.

N.B. Any monetary amounts referred to in this Procurement Policy are amounts excluding VAT.

¹⁷ The European Directive 2014/24/UE of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC

C. General principles regarding procurement

All Contracts should be awarded in accordance with the following general principles:

- **Fair competition:** all procurement procedures conducted by the Fund and the award of contracts will be based on fair competition and the best value for money, any conflict of interest should be avoided throughout the entire procurement procedure.
- **Equal treatment and non-discrimination:** if multiple parties have expressed an interest via a tender procedure, the Fund shall be treated equally in the procurement procedure and shall be evaluated against objective criteria which have been set out beforehand and which are relevant to the contract in question.
- **Proportionality:** the Fund will ensure that a procurement procedure bears a reasonable relationship to the nature and extent of the Contract.
- **Transparency:** prior publication regarding procurement procedures shall be made in accordance with relevant national laws, and objective assessment criteria shall be determined and communicated to the candidates beforehand for competitive negotiated or selective tendering procedures. Fund will always be transparent about both the procedure and the selection of the Candidate. Reasoning should be shared with rejected Candidates if requested by that rejected Candidate. The Fund shall keep appropriate records with regard to the procurement procedures, its evaluation and award.

D. Eligible Candidates

Participation in a Procurement Procedure of the Fund shall in principle be open on equal terms to all natural and legal persons that meet the requirements of that specific Contract. Notwithstanding this, all Candidates are furthermore required to be in compliance with principles and standards of good practice consistent with applicable laws and in accordance with internationally accepted standards in order to participate in a Procurement Procedure of the Fund.

1. Exclusion from participation

A party shall be excluded from participation in a Procurement Procedure if:

- a. they are bankrupt or in the process of dissolution or liquidation, have entered into any form of debt-arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- b. they or persons having powers of representation, decision-making or control over them have been convicted of an offence concerning their professional conduct by a judgment which has the power of a final judgment;
- c. they have been guilty of gross professional misconduct proven by any means that the Fund can justify;
- d. they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established, or of the country where the Contract is to be performed;
- e. they or persons having powers of representation, decision making or control over them have been the subject of a judgment which has the force of a final judgment a for fraud, corruption, involvement in a criminal organization, money laundering or any other illegal activity;

- f. they make use of child labour or forced labour and/or practise discrimination, and/or do not respect the right to freedom of association and the right to organise and engage in collective bargaining pursuant to the core conventions of the International Labour Organization (ILO).

2. Disqualification

Notwithstanding the eligibility of a Candidate as set out above, the Fund can exclude or disqualify Candidates that, during the Procurement Procedure:

- Have provided incomplete information and/or have not confirmed in writing that they are not aware of any situation that would exclude them from participation.
- Are subject to a conflict of interest;
- Are guilty of misrepresentation in supplying the information required by the Fund as a condition of participation in the Procurement Procedure or fail to supply this information.

3. Cancellation of Award

All contracts awarded by the Fund will state that they may be terminated if the Fund finds that illegal or corrupt practices have taken place in connection with the contract award or execution.

E. Fund Procurement Procedures

1. General

For all Procurement Procedures conducted by the Fund, the [Fund Secretary] shall maintain a written record with documentation of all assessments and decisions during the Procurement Procedure from planning until the signing of the Contract. Upon request by the Board of Directors, the [Fund Secretary] will deliver the applicable written records and any other information related to the Procurement Procedure in question.

All invitations to submit tenders shall state that offers will be rejected if any illegal or corrupt practices have taken place in connection with the award.

2. Categories of Procurement Procedures

The Fund distinguishes between procurements for 1) Contracts below EUR 200.000, and 2) Contracts from EUR 200.000. The following is applicable per category:

1) Service and Supply Contracts below EUR 200.000

In accordance with the general rules and principles as stated in this Procurement Policy, the Board of Directors will decide on the specific process and requirements for the procurement in question, and will award the Contract.

The Board of Directors will ensure that the specific process and requirements of the procurement are proportional to the value of the Contract, i.e. the higher the value of the Contract, the more detailed and defined the process. Taking this proportionality into account, the Board of Directors may decide to execute a competitive negotiated procedure with or without publication, in which the Board of Directors (or a Fund representative mandated by the Board of Directors) will consult a number of Candidates of its choice, and will negotiate the terms of the Contract with one or more of them. As a guideline to this proportionality, the Fund will consider the following processes for procurement of service and supply contracts below EUR 200.000:

1. Selective Tendering for project/services of a combined value of up to EUR 200.000. For the avoidance of doubt, Selective Tendering shall be applied if it can be reliably estimated at the time of project/services procurement that the aggregate of projects/services to be provided by a service provider or consultant will exceed the threshold of EUR 50.000.
2. Single Sourcing can be used for project/services of a combined value below EUR 50.000 and may be used if one or more of the following reasons hold true:
 - There are very few specialists in the particular field of expertise that is required.
 - The degree of urgency is such that there is no time for broader research.
 - Confidentiality concerns override openness.
 - Another procedure (i.e. Tendering or Selective Tendering) has already been conducted without producing any useful results.
 - A service provider/consultant has been or is already involved in the project/service and limited (if any) advantage would be gained via competitive bidding.
3. Direct Implementation:
 - Research & analyses, whenever such project/services are close to the core project/services of the Fund or inform the Fund in defining its strategic direction.
 - Other activities related to strategic or confidential objectives of the Fund as approved from time to time by the Board of Directors.
 - Any other activity asked by the Board of Directors to the Investment Advisor but not foreseen in the Investment Advisory Agreement subject to a quote of maximum EUR 50.000.

2) Service and Supply contracts from EUR 200.000 and above

In accordance with the (procurement) laws of the Netherlands and European Union, the Contracts in this category must be awarded by means of an international restricted tender procedure or an international open tender procedure following publication of a procurement notice. The procurement notice must be published in all appropriate media, in particular the Fund's website, and all media that are required by the relevant procurement law.

In accordance with the governance of the Fund as set out in its Articles of Association and supporting documentation, the Board of Directors must give its approval for procurements in this category. The Board of Directors also has the right to terminate agreements with Service Providers in accordance with the provisions set forth in the respective service agreements.

In the execution of the Procurement Procedure, the Investment Advisor will comply with the relevant provisions of the international restricted tender procedure of the international open tender procedure.

F. Exceptions

NB. The general principles in section C remain applicable in all cases.

In deviation from the rules specified in Section E, a negotiated Procurement Procedure may be followed in the following cases:

- a. Where, for reasons of extreme urgency brought about by events which the Fund could not have foreseen, the procedures referred to under section E cannot be applied. The circumstances invoked to justify extreme urgency must be documented and must not be attributable to the Fund.

- b. Where the Services are entrusted to public-sector bodies or to non-profit institutions or associations and relate to activities of an institutional nature or designed to provide assistance to people in the social field.
- c. Where the Contract extends on-going activities:
 - i. Not included in the main service Contract which have become necessary to perform the Contract due to unforeseen circumstances, and provided that the additional service cannot be technically and economically separated from the principle Contract without serious inconvenience and the aggregate amount of additional services does not exceed 50 % of the principle contract; or
 - ii. which consist in the repartition of similar services entrusted to the Service Provider providing services under the initial Contract, provided that:
 - 1) the extension of the value and duration of the Contract does not exceed the value and/or the duration of the initial Contract.

Paragraph 2 under section E (Fund Procurement Procedures) in this Procurement Policy does not apply to the purchase of supplies on particularly advantageous terms from either a supplier which is definitively winding up its business activities, or the receivers or liquidators of a bankruptcy, through an arrangement with creditors, or through a similar procedure under national law.

G. Board Review and Approval of Shortlisted Service Providers

The procurement process, including the preparation of the necessary documents and evaluation of the proposals, can be conducted by the Board of Directors or delegated to the Investment Advisor or another third party (each a “Tender Agent” in this context). The Tender Agent is encouraged to ensure that at least three Candidates are submitted to the Board of Directors for their review and approval.

The Tender Agent and all Candidates are required to observe the highest standard of ethics during the procurement process. The Board of Directors reserves the right to take all appropriate action in order to enforce this Procurement Policy.

The evaluation of proposals from Candidates is based on a series of factors with their respective weights in the request for proposals issued to potential respondents and a range of considerations including, but not limited to the nature of the activity, the particular interest of the Fund and the timeline for implementation. Indicative factors include but are not limited to the service Candidate’s specific experience, the understanding of the terms of reference, the methodology proposed for the services, qualifications and experience of key personnel included to render the services, regional experience, and proposed work program.

H. Monitoring, Reporting and Terms & Conditions, Review Periodicity

The performance of each service provider procured through a formal procurement procedure as described in this Procurement Policy and approved by the Board of Directors shall be subject to supervision by the Board of Directors, or delegated to the Investment Advisor or another third party as the case may be, taking into account their cooperation with other service providers, and considering the underlying terms of reference and timeline for the services. The activities of these service providers in relation to the budget

framework and any applicable performance standards shall be reported to and reviewed by the Board of Directors on at least an annual basis. The Board of Directors may, at its discretion, conduct additional procurement processes in order to obtain competitive bids in accordance with this Procurement Policy as may be considered necessary from time to time.

Should the Fund have any reason to believe that a service provider is no longer eligible under clause D.1 above, it may initiate investigations at its own initiative and take appropriate action in accordance with its Complaints Management Policy.