



fondo
biocorredor
amazónico

OPERATING MANUAL

OF FONDO DEL BIOCORREDOR AMAZÓNICO INC.

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1 Introduction

1.1 About the BCA Fund and the Operating Manual

Fondo Biocorredor Amazonico Inc. (BCA Fund) is a non-profit, non-stock corporation incorporated in the State of Delaware, United States of America, organized and operated for charitable, educational, and scientific purposes within the meaning of sections 501(c)(3) and 170(b) (1) (A) (vi) of the Internal Revenue Code of 1986 as described in the BCA Fund's Bylaws.

The purpose of the Operating Manual of Fondo Biocorredor Amazonico Inc. is to provide a comprehensive and detailed framework to guide the administration and operation of the BCA Fund. This manual establishes the procedures, policies, and guidelines necessary to ensure transparency, efficiency, and effectiveness in the management of resources and the execution of projects financed by the BCA Fund. This Operating Manual shall be subject to the provisions of the BCA Fund Bylaws and the BCA Fund Certificate of Incorporation, included in **Annex 1** and **Annex 2**.

Terms used but not defined in this document shall have the meaning given to them in the BCA Fund Bylaws. It should be noted that any modification, update, reform, or adjustment to this Manual must first have the express consent and formal approval of the Development Finance Corporation (hereinafter, "DFC"); any proposed changes must be communicated to DFC in a timely manner.

To the extent that the terms and provisions of this Operating Manual are in any way inconsistent or conflict with any term, condition, or provision of the BCA Fund Certificate of Incorporation or the BCA Fund Bylaws, the BCA Fund Certificate of Incorporation and the BCA Fund Bylaws shall prevail in their original English version.

2 Governance Structure

2.1 The Board of Directors

The composition, functions, and operation of the Board of Directors are described in Article IV of the BCA Fund Bylaws.

The Executive Director¹ shall participate, without vote, in the meetings of the Board of Directors and shall act as Secretary.

2.1.1 Selection Process of Directors of the Board of Directors

2.1.1.1 *Criteria and Selection of Government Affiliated Directors.*

The selection of Government Affiliated Directors shall be the sole and exclusive responsibility of the institution nominating a Government Director, based on the following criteria:

- a) Directors shall be appointed and/or ratified by the highest authority of each institution nominating a Government Director;
- b) The selection shall be based on the identification of a senior official who is part of the government structure of each institution;

¹ The Manual uses the masculine gender in Spanish for BCA Fund positions, but it is implicit that these positions may be held by persons of any gender.



- c) The nominated Directors must be fully available to attend and actively participate in all meetings of the Board of Directors and Committees; and,
- d) Nominated Directors must have sufficient delegated authority to make decisions on behalf of their respective institutions during Board of Directors and Committee meetings.

Once the appointment has been made, the institution nominating a Government Director shall inform the Co-Chairs of the Board of Directors or the Executive Director in writing of the appointment of the new Director.

2.1.1.2 *Criteria and Selection of the Director Appointed by The Nature Conservancy.*

The Director appointed by The Nature Conservancy with proven experience in ecology, conservation finance, or environmental science shall meet the following criteria:

- a) At least 10 years of professional experience in ecology, conservation finance, or environmental science;
- b) Knowledge of protected area management, conservation mechanisms in Ecuador, and national conservation commitments;
- c) Demonstrated ability in large-scale conservation projects;
- d) Ability to collaborate with diverse stakeholders, including non-government organizations and government entities;
- e) Proven track record of integrity and commitment to environmental conservation;
- f) Reputation for ethical and transparent work in the field of conservation;
- g) Must be fluent in Spanish; and
- h) Fully available to attend and actively participate in all Board of Directors and Committee meetings.
- i) Must not belong to or represent any political party.
- j) Must comply with the provisions of the BCA Fund's Conflict of Interest Policy.

Once the appointment has been made, The Nature Conservancy will inform the Co-Chairs of the Board of Directors or the Executive Director in writing of the appointment of the new Director.

2.1.1.3 *Selection Criteria for Non-Government Directors.*

The Non-Government Director with relevant experience and knowledge in finance, investments, accounting, or economics shall meet the following criteria:

- a) Belong to, or be nominated by, a trade association, sectoral group, chamber, or association in Ecuador's private or popular and solidarity-based financial sector.
- b) At least 10 years of professional experience working in the financial sector.
- c) Proven experience in treasury, financial statement publication, investment management, and green finance.
- d) Hold at least a graduate level degree related to economics or finance.
- e) Ability to manage and supervise financial resources efficiently.
- f) Ability to develop and execute sustainable financial strategies.
- g) Proven track record of integrity and financial responsibility.
- h) Reputation for ethical and transparent work in the financial sector.
- i) Full availability to attend and actively participate in all meetings of the BCA Fund Board of Directors and Committees.
- j) Not belonging to or representing any political party.
- k) Comply with the provisions of the BCA Fund's Conflict of Interest Policy.



The Non-Government Director with relevant experience and knowledge in social organizations, the productive sector, and/or the sustainable development sector of the Ecuadorian Amazon shall meet the following criteria:

- a) Demonstrate at least 10 years of professional experience working on behalf of social organizations, the productive sector, or sustainable development in the Ecuadorian Amazon.
- b) Hold at least a bachelor's degree.
- c) Understanding of national conservation commitments.
- d) Ability to collaborate with local organizations and various stakeholders.
- e) Reputation for ethical and transparent work in the field of social organizations, the productive sector, and/or sustainable development.
- f) Full availability to attend and actively participate in all Board of Directors and Committee meetings.
- g) Not belong to or represent any political party or movement.
- h) Not belong to or represent any political party.
- i) Comply with the provisions of the BCA Fund's Conflict of Interest Policy.

The Non-Government Director representing communes, communities, indigenous peoples, and nationalities of the Ecuadorian Amazon shall meet the following criteria:

- a) Belong to a commune, community, indigenous people, or nationality of the Ecuadorian Amazon.
- b) Have at least 10 years of experience in or with community organizations.
- c) Experience in community management of natural resources and/or sustainable livelihoods.
- d) Understanding of national conservation commitments.
- e) Ability to represent and advocate for the interests of indigenous communities, peoples, and nationalities of the Ecuadorian Amazon.
- f) Ability to collaborate with diverse stakeholders on conservation projects.
- g) Reputation for ethical and transparent work in the community.
- h) Full availability to attend and actively participate in all meetings of the BCA Fund Board of Directors and Committees.
- i) Not belonging to or representing any political party or movement.
- j) Not belong to or represent any political party.
- k) Comply with the provisions of the BCA Fund's Conflict of Interest Policy.

The Non-Government Director nominated by a recognized international cooperation organization or international non-government environmental conservation organization operating in Ecuador shall meet the following criteria:

- a) Belong to, or be nominated by, an international cooperation organization legally recognized in Ecuador or an international non-government environmental conservation organization operating in Ecuador.
- b) Have at least 10 years of professional experience in international cooperation or in the non-government environmental conservation sector.
- c) Understanding of national conservation commitments.
- d) Ability to collaborate with diverse stakeholders, including communes, communities, indigenous peoples and nationalities of the Ecuadorian Amazon, non-government organizations, and government entities.
- e) Proven track record of integrity and commitment to environmental conservation.
- f) Reputation for ethical and transparent work in the field of conservation.



- g) Must be fluent in Spanish; and
- h) Fully available to attend and actively participate in all Board of Directors and Committee meetings.
- i) Must not belong to or represent any political party.
- j) Comply with the provisions of the BCA Fund's Conflict of Interest Policy.

The Non-Government Director nominated by the Ecuadorian academic community shall meet the following criteria:

- a) Belong to, or be nominated by, a recognized academic institution of higher education legally constituted in Ecuador.
- b) Have at least 10 years of professional experience working on issues related to environmental conservation in Ecuador.
- c) Understanding of biodiversity conservation in Ecuador, including ecosystem-based adaptation and nature-based solutions.
- d) Ability to collaborate with diverse stakeholders and communicate scientific findings effectively.
- e) Proven track record of integrity and commitment to research and conservation.
- f) Reputation for ethical and transparent work in the academic field.
- g) Full availability to attend and actively participate in all Board of Directors and Committee meetings.
- h) Not belonging to or representing any political party.
- i) Comply with the provisions of the BCA Fund's Conflict of Interest Policy.

2.1.1.4 Selection and Reelection Process for Non-Government Directors

With the exception of the first Board of Directors, Non-Government Directors, individuals with experience in the financial sector; productive sector; communes, communities, indigenous peoples and nationalities of the Ecuadorian Amazon; international cooperation; and academia will be selected through a transparent and competitive process based on nominations and evaluations by the Board of Directors.

The selection process for appointing Directors will be as follows:

- I. Call for nominations:
 - a. The Board of Directors will approve terms of reference and issue a public call for nominations for vacant positions of Non-Government Directors.
 - b. Calls for proposals will be widely publicized through the media, social media, and direct contacts with relevant institutions, social organizations, NGOs, and academia.
- II. Submission of applications:
 - a. Interested individuals, institutions, organizations, and entities shall submit their candidates' applications, accompanied by the required documentation, which shall include:
 - i. Letter of nomination (in the case of institutions appointing a representative).
 - ii. Curriculum vitae of the candidate.
 - iii. Candidate's letter of motivation, highlighting their experience, skills, and commitment to the objectives of the BCA Fund.
 - iv. Professional references.



- b. If no nominations are submitted, the Board of Directors may, at its discretion, extend the deadline for receiving nominations, modify the communication strategy, or determine different alternatives for the selection process of Non-Government Directors, in accordance with this operating manual and the Bylaws of the BCA Fund.
- III. Evaluation of candidates:
- a. The Board of Directors will form a Selection Committee to evaluate all applications received.
 - b. The Selection Committee will review the documentation and make a preliminary selection based on the criteria established for each category of Non-Government Director.
 - c. Shortlisted candidates will be invited to participate in individual interviews with the Selection Committee.
- IV. Final selection:
- a. The Selection Committee will present a shortlist of the most suitable candidates to the Board of Directors.
 - b. The Board of Directors will make the final selection of Non-Government Directors based on the recommendations of the Selection Committee and ensuring that all established criteria are met.
 - c. The selection will be made by a vote of the Board of Directors, and a simple majority will be required for the approval of each Director.
- V. Communication of results:
- a. The Board of Directors will officially communicate the results of the selection to the selected candidates and the nominating institutions.
 - b. The names of the selected Directors will be published on the BCA Fund's official communication channels.

2.1.2 Incorporation of new Directors

In order to join the Board of Directors, the selected Directors must:

- a) Sign the Know Your Client (KYC) form - **Annex 9**
- b) Sign the Conflict of Interest declaration - **Annex 7**
- c) Sign the Sworn Statement (Indemnity Letter) - **Annex 10**
- d) Once the documents detailed in this section have been signed, the selected Directors must receive training from the Executive Director, which may be delegated to the Executive Management, where the main documents related to the BCA Fund will be formally delivered.

2.1.3 BCA Fund Directors and Government Co-Chair

The functions and powers of the Directors of the BCA Fund shall be governed by the provisions of Article VI of the BCA Fund Bylaws.

For the avoidance of doubt, the Government Co-Chair shall not be considered a Director. No Director may be a Government Affiliate.

2.1.3.1 Co-Chairs

The Co-Chairs shall be a Government Affiliate Director (the "Government Co-Chair") and a Non-Government Affiliate Director (the "Non-Government Co-Chair").



In addition to the duties and subject to the requirements set forth in Section 4.13 of the BCA Fund Bylaws, the Co-Chairs shall preside over all meetings of the Board and jointly, but not separately (unless one of the Co-Chairs is incapacitated or unavailable), shall have the power to set the time and place of all meetings and to call special meetings, as appropriate, in accordance with Section 4.7 of the BCA Fund Bylaws and the procedures detailed in this Operating Manual.

2.1.3.2 *Non-Government Co-Chair*

The Non-Government Co-Chair shall be elected in accordance with the terms described in the BCA Fund Bylaws.

The first Non-Government Co-Chair shall be appointed by a Qualified Majority Vote of the Board when the first Board is complete. Subsequent Co-Chairs shall be appointed by a simple majority vote of the Board. The Non-Government Co-Chair may only be re-elected to serve for a maximum of two consecutive three-year terms, after which the Co-Chair must wait one year before being eligible for re-election as Non-Government Co-Chair.

In addition to the responsibilities described in the BCA Fund Bylaws, their roles shall be:

- a) To act as the legal representative of the BCA Fund, with the authority to sign documents and contracts on behalf of the BCA Fund in the event of the absence, or temporary or permanent impediment of the Executive Director;
- b) To co-chair, together with the Government Affiliate Director, all meetings of the Board of Directors;
- c) To convene, together with the Government Affiliate Director, regular and special meetings of the Board of Directors in accordance with the BCA Fund Bylaws by means of communications addressed to each of the Directors;
- d) To set, jointly with the Government Affiliate Director and in coordination with the Secretary of the Board of Directors, the time and place of all meetings of the Board of Directors in accordance with the BCA Fund Bylaws and the procedures detailed in this Operating Manual;
- e) To contribute to the leadership and strategic direction to the Board of Directors, ensuring that decisions are aligned with the purpose of the BCA Fund;
- f) To act as a liaison between the BCA Fund and non-government and private entities, ensuring the alignment of the BCA Fund's activities with other complementary initiatives;
- g) To lead fundraising efforts with the private sector or private foundations;
- h) To promote the BCA Fund at national and/or international events and forums to increase visibility and attract new partners and resources;
- i) To maintain the continuity of the Board of Directors' operations during changes in government;
- j) To define the duties to be performed by the Vice President in conjunction with the Government Affiliate Director.

2.1.3.3 *Government Affiliate Co-Chair*

The Government Affiliate Co-Chair shall be elected in accordance with the terms described in the BCA Fund Bylaws.

The initial Government Co-Chair shall be appointed unanimously and in writing by the Board. Each Government Co-Chair other than the initial Government Co-Chair shall be appointed



unanimously by the Government Affiliate Directors. Each Government Co-Chair, including the initial Government Co-Chair, shall serve in that capacity until the Government Affiliate Directors unanimously decide to replace the Government Co-Chair with another Government Affiliate Director.

The Government Co-Chair may resign at any time by sending written notice of resignation to the Executive Director, the Secretary, or the Government Affiliate Directors. Such resignation shall be effective upon receipt unless specified to be effective at another time. If there is a vacancy (due to resignation or other cause) of a Government Co-Chair, a successor shall be elected in accordance with Section 6.4(b) of the BCA Fund Bylaws. For the avoidance of doubt, the removal or resignation of a Government Co-Chair shall not affect the Natural Person's position as Director. Directors may only be removed or resign in accordance with the provisions of Sections 4.15 and 4.16 of the BCA Fund Bylaws.

In addition to and without prejudice to the responsibilities described in the BCA Fund Bylaws, their roles shall be:

- a) To co-chair, together with the Non-Government Affiliated Director, all meetings of the Board of Directors;
- b) To convene, jointly with the Non-Government Affiliated Director, regular and special meetings of the Board of Directors in accordance with the BCA Fund Bylaws by means of communications addressed to each of the Directors;
- c) To set, jointly with the Non-Government Director and in coordination with the Secretary of the Board of Directors, the time and place of all meetings of the Board of Directors in accordance with the BCA Fund Bylaws and the procedures detailed in this Operating Manual;
- d) To act as a liaison between the BCA Fund and government entities, ensuring the alignment of the BCA Fund's activities with government policies and regulations;
- e) To promote collaboration and government support for BCA Fund projects and programs;
- f) To seek to ensure that BCA Fund initiatives are consistent with public policy objectives and priorities and national conservation commitments;
- g) To facilitate the integration of new government policies and regulations into BCA Fund strategies;
- h) To manage and facilitate the mobilization of government resources and institutional support for BCA Fund projects;
- i) To promote the BCA Fund at government events and forums to increase visibility and institutional support; and
- j) To define the functions to be performed by the Vice President in conjunction with the Non-Government Director.

2.1.3.4 Vice President

The Vice President shall be elected in accordance with the terms described in the BCA Fund Bylaws.

In addition to and without prejudice to the responsibilities described in the BCA Fund Bylaws, his or her roles shall be:

- a) To chair Board meetings in the absence of the two Co-Chairs;
- b) In the absence of both Co-Chairs or in the event of a vacancy in the position of Non-Government Co-Chair, the Vice-Chair shall replace the Co-Chairs or Non-Government Co-Chair, as applicable, and shall exercise all the powers and functions of said Co-



- Chair(s) and shall serve as such replacement until a new Co-Chair is elected in accordance with Section 6.2(c) of the BCA Fund Bylaws;
- c) All other functions assigned to him/her by the Co-Chairs; and
 - d) All other functions that the Board of Directors may decide to assign to him or her.

2.1.3.5 *Treasurer*

The Treasurer shall be elected in accordance with the terms described in the BCA Fund Bylaws. Preferably, the role of Treasurer should be assumed by the Director specializing in finance.

In addition to and without prejudice to the responsibilities described in the BCA Fund Bylaws, his or her roles shall be:

- a) To supervise the external professionals selected to manage the BCA Fund's investments, ensuring that they are carried out in accordance with the policies approved by the Board of Directors;
- b) To evaluate investment performance and make recommendations to the Board of Directors to optimize returns;
- c) To oversee the team in developing short- and long-term financial plans to ensure the sustainability and growth of the BCA Fund;
- d) To collaborate with other members of the Board of Directors to integrate financial planning into the overall strategy of the BCA Fund;
- e) To support the definition of guidelines for the development of new financing opportunities (including donations, grants, and strategic alliances for the BCA Fund) and relationships with financial institutions to facilitate resource management and comply with regulatory requirements;
- f) To support the Executive Director in negotiating favorable terms and conditions for the financial services used by the BCA Fund;
- g) To ensure that the external audit of the BCA Fund is prepared; and
- h) To chair the BCA Fund's Finance Committee.

The Treasurer may delegate certain duties of his or her office to employees of the Corporation, but he or she shall remain responsible for the proper performance of such duties.

The Treasurer shall be subject to the provisions and orders of the BCA Fund Board.

2.1.3.6 *Secretary*

The Secretary shall be appointed in accordance with the terms described in the BCA Fund Bylaws.

In addition to and without prejudice to the responsibilities described in the BCA Fund Bylaws, his or her roles shall be:

- a) To convene meetings of the Board of Directors at the request of three Directors;
- b) To organize and coordinate Board and Committee meetings, including the preparation and distribution of agendas and supporting materials;
- c) To ensure that meetings are conducted in accordance with established procedures and are properly documented;
- d) To manage the official correspondence of the BCA Fund and ensure that all communications are clear, accurate, and timely;



- e) To act as a point of contact for the Board of Directors and external partners, facilitating communication and collaboration;
- f) To maintain and update institutional records, including bylaws, meeting minutes, and other key documents, as directed by the Board of Directors; and
- g) To manage access to institutional records for Board members and other authorized stakeholders.

The roles of the Secretary shall be assumed by the Executive Director of the BCA Fund, unless the Board of Directors decides otherwise, in accordance with the BCA Fund's Bylaws.

2.1.3.7 Executive Director

The Executive Director shall be selected in accordance with the terms described in the BCA Fund Bylaws and the terms of reference attached to this Operating Manual (**Annex 11**).

In addition to and without prejudice to the responsibilities described in the BCA Fund Bylaws, his or her responsibilities shall be:

- a) To exercise the legal, judicial, and extrajudicial representation of the BCA Fund in all actions, acts, or contracts;
- b) To defend the legal interests of the BCA Fund in all instances and ensure compliance with all legal obligations;
- c) To direct the Executive Management of the BCA Fund, ensuring efficient and effective management of all operational areas;
- d) To coordinate, supervise, and evaluate the work of the BCA Fund staff and ensure alignment with the strategic objectives of the BCA Fund;
- e) To design and implement the BCA Fund's Job and Function Manual, establishing clear policies, procedures, and guidelines for all operations;
- f) To ensure that the BCA Fund Job and Function Manual is regularly updated and that all employees follow it rigorously;
- g) To control and supervise all activities and operations of the BCA Fund, ensuring that they are carried out efficiently and effectively;
- h) To keep the Board of Directors fully informed of the activities and progress of the BCA Fund, including periodic reports on activities and financial status;
- i) To ensure that all orders and resolutions of the Board of Directors are executed in a timely manner and in accordance with the stipulations;
- j) To hire, supervise, and manage BCA Fund staff, ensuring a competent and motivated team;
- k) To develop training policies and programs for staff;
- l) To open and maintain bank accounts for the BCA Fund's assets, ensuring prudent financial management;
- m) To oversee the preparation and execution of the BCA Fund's annual budget and work plan;
- n) To seek and propose transactions and other financial arrangements in support of the overall purpose of the BCA Fund;
- o) To actively participate in the strategic planning of the BCA Fund, collaborating with the Board of Directors and other key stakeholders;
- p) To develop and implement strategic and operational plans aligned with the BCA Fund's objectives;
- q) To seek and manage relationships with the Government, strategic partners, donors, and other stakeholders;
- r) To lead fundraising campaigns and oversee their implementation to achieve established financial objectives;



- s) To represent the Fund at relevant meetings, events, and forums in the absence of the Co-Chairs;
- t) To apply for and maintain tax-exempt status in applicable jurisdictions, ensuring compliance with all tax laws and regulations;
- u) To manage and supervise the execution of plans, programs, and projects financed with the Fund's own resources and those from other sources, provided they are related to the Fund's purpose;
- v) To ensure that programs and projects are carried out within the established budget and schedule;
- w) To develop and maintain an effective communication strategy, ensuring transparency and accountability;
- x) To prepare and submit periodic reports to the Board of Directors on the technical activities and financial status of the BCA Fund;
- y) To act as Secretary of the Board of Directors, as well as of the Technical Committees and Advisory Committees of the BCA Fund;
- z) To ensure that the BCA Fund complies with all applicable laws and regulations, monitoring changes in regulations and advising the Board of Directors on their impact;
- aa) To prepare (or arrange for the preparation of) and submit regulatory reports and statements required by the authorities; and
- bb) Other duties that the Board of Directors may decide to assign to him/her.

2.2 Procedures for Board of Directors Meetings

The procedures for notification, quorum, voting, documentation, recording, and participation for Board of Directors meetings shall be governed by the provisions of the BCA Fund Bylaws.

2.3 Delegation of Authority Policy

The BCA Fund shall establish an Authority Delegation Policy that clearly defines the circumstances in which the Executive Director has the authority to approve and sign documents without consulting the Board of Directors. For any modification of the policy, the provisions of section 4.5. literal b) of the Fund's Bylaws shall apply.

This policy shall specify the limits and conditions for autonomous decision-making, including situations in which additional signatures are required for certain documents or specific amounts. The objective is to ensure efficient and timely management while maintaining adequate control and supervision by the Board of Directors.

2.4 Board of Directors Committees

The Board of Directors may, by resolution of the Directors, establish Committees to carry out specific responsibilities of the Board.

The Board may establish procedures for Board of Directors Committees and delegate to a Board of Directors Committee such roles as are necessary or desirable for the efficient management of the property, affairs, business, and activities of the Corporation. However, the Board shall not delegate to any Committee any power or authority that requires a qualified majority vote or a unanimous vote.

The Board may appoint any Director as a member of any Board of Directors Committee, and each Board of Directors Committee shall be composed solely of Directors appointed by the Board; provided that the number of members of any Board of Directors Committee who are Government Affiliates shall at all times be less than half of the total number of members of



such Board Committee. The existence of a Board of Directors Committee shall continue until terminated by the Board of Directors.

2.4.1 Selection Committees

One or more Selection Committees may be created, depending on the needs of the BCA Fund, with the aim of ensuring fair, transparent, and merit-based selection processes for the election of Non-Government Directors to the Board of Directors, as well as the Executive Director of the BCA Fund. This includes identifying and evaluating highly qualified candidates, ensuring that those selected possess the necessary skills, experience, and ethics to contribute effectively to the achievement of the BCA Fund's objectives. This Selection Committee will be guided by the Selection Committee Guidelines set out in **Annex 4** of this Operating Manual.

2.5 Advisory Committees

The Board of Directors may, by resolution of the Directors, establish Advisory Committees to advise or carry out specific responsibilities of the Board of Directors. The responsibilities, duties, and organization of the Advisory Committees are set forth in the BCA Fund Bylaws.

Each Advisory Committee, including each Program Committee, described in Section 5.1 of the BCA Fund Bylaws, shall be governed by an operating document approved by the Board of Directors containing guidelines, directives, and procedures for the operation of such Advisory Committee (the "Committee Operating Document").

The Board of Directors shall appoint at least one Government Affiliate Director to each Committee, may appoint any other Director as a member of any Advisory Committee, and may include technical experts and other advisory members who are not Directors as part of each Advisory Committee; provided that the number of members of any Advisory Committee, including any Program Committee, who are Government Affiliates shall at all times be less than half of the total number of members of such Advisory Committee. An Advisory Committee shall continue to exist until terminated by the Board of Directors.

No Advisory Committee (including all Program Committees) shall make any decision or take any action, nor shall the Board of Directors approve or endorse such actions or decisions of the Advisory Committee, that are inconsistent with or result in the Corporation's non-compliance with national legislation and legal frameworks.

No Advisory Committee (including all Program Committees) shall make a decision or take an action that is inconsistent with or results in the Corporation's non-compliance with these Bylaws, the Operating Manual, or any contract to which the Corporation is a party without the prior approval of the Board of Directors in accordance with the terms of the BCA Fund Bylaws.

The Board of Directors may specifically establish Advisory Committees to handle, manage, and channel efforts and resources with respect to a specific subaccount or program of the Corporation, if required by donors or any source of financing that contributes or provides funds for such program, or if the Board of Directors otherwise decides by resolution of the Directors.

2.5.1 BCA Fund Technical Committee

The Technical Committee of the BCA Fund, without prejudice to the responsibilities described in the BCA Fund Bylaws, has as its main objective to provide specialized technical advice, recommend and develop strategies and procedures, and supervise the implementation of projects related to the BCA Program to ensure that they are aligned with the strategic



objectives of the BCA Fund and with the debt conservation commitments of the BCA. The BCA Fund Technical Committee will be guided by the “BCA Technical Committee Guidelines” set out in **Annex 3** of this Operating Manual.

2.5.2 Financial Committee

The Finance Committee is created with the main objective of overseeing the financial management of the BCA Fund, ensuring that resources are managed efficiently, transparently, and in accordance with principles of financial sustainability. This includes reviewing and recommending investment policies, monitoring the performance of the investment portfolio, overseeing audit and accounting procedures, and making financial recommendations to the Board of Directors. The Finance Committee shall be guided by the Finance Committee Guidelines set forth in **Annex 5** of this Operating Manual.

2.6 Expense Reimbursement Policy

In accordance with the BCA Fund Bylaws the purpose of the "Expense Reimbursement Policy" is to establish guidelines for the reimbursement of expenses to Directors, Committee members, and BCA Fund staff, ensuring that the amounts reimbursed are transparent and aligned with best governance practices. The “Expense Reimbursement Policy” is available in **Annex 6** of this Operating Manual.

2.7 Observers

A representative of the Ministry of Economy and Finance of the Government of the Republic of Ecuador and a representative of the Inter-American Development Bank shall act as permanent observers of the Board of Directors, with voice but no vote. These observers shall be appointed by the highest authority of each institution and accepted by resolution of the Board of Directors.

Without prejudice to the decisions of the Board of Directors, the roles of the permanent observers are:

- a) To act as a liaison between their institution and the BCA Fund, seeking to ensure that the perspectives and policies of the observing institution are considered in the discussions and decisions of the BCA Fund.
- b) To monitor compliance with the BCA Fund's objectives and ensure that activities are aligned with the standards and commitments of the institution they represent.
- c) To provide reports and feedback to their institution on the decisions and progress of the BCA Fund, facilitating two-way communication and transparency.
- d) To identify opportunities for strategic alliances and collaboration between their institution and the BCA Fund, promoting synergies and mutual support.
- e) To report on the existence of additional resources, whether financial, technical, or in kind, to support the BCA Fund's initiatives and projects.

The Board of Directors may, on an exceptional basis, decide to invite representatives of public or private institutions, national or foreign, as non-permanent observers, without voice or vote, to attend one or more meetings of the Board of Directors or the Committees, for the purpose and scope that the Board of Directors decides for each case.

Only one person per observing institution will be allowed to attend as an observer, unless otherwise approved by the Board of Directors.



Observers shall have no effect on the composition of the quorum.

Observers shall not receive any material compensation, financial or non-financial, from the BCA Fund.

2.8 Technical Experts

Technical experts are nationals or foreigners with proven knowledge and experience in a specific subject or area required by the BCA Fund.

The participation of one or more technical experts in a meeting of the Board of Directors or Committees or other body must be approved in advance by the Board of Directors or Committee.

Technical experts do not have the right to vote and may only speak if a Director requests their opinion.

Technical experts may receive material compensation, financial or non-financial, from the BCA Fund if so decided by the Board of Directors or the Executive Management in accordance with internal rules on delegation of authority.

Without prejudice to the decisions of the Board of Directors, the roles of technical experts are:

- a) To provide detailed technical and scientific analysis on specific issues, helping the Board of Directors and Committees make informed, evidence-based decisions.
- b) To participate in the technical evaluation of projects, ensuring that proposals meet the required technical and impact standards.
- c) To train and provide technical guidance to Directors, BCA Fund staff, and implementing partners, improving their capacities and competencies.
- d) To identify innovative practices and advanced technologies that can improve the efficiency and effectiveness of BCA Fund projects and programs.

2.9 Government Advisors

Government advisors are officials who accompany a Government Affiliate Director to Board of Directors or Committee meetings.

A Government Affiliate Director may only bring one person as an advisor to a Board of Directors or Committee meeting, unless otherwise approved as an exception by the Board of Directors.

Government advisors do not have voting rights and may only speak when the Government Affiliate Director who brought them asks for their opinion.

Government advisors shall not receive any material compensation, financial or non-financial, from the BCA Fund.

Without prejudice to what the Board of Directors may decide, the roles of government advisors are:

- a) To provide direct assistance to Government Affiliate Directors during meetings, offering real-time analysis and recommendations.



- b) To assist in the preparation of documents and materials necessary for Board of Directors and Committee meetings, ensuring that Government Affiliate Directors have all relevant information.
- c) To facilitate coordination between government agencies and the BCA Fund, seeking to ensure that policies and actions are aligned and complementary.
- d) To provide advice on the implementation of projects and programs, identifying potential obstacles and proposing solutions to overcome them.

2.10 Conflicts of Interest

In accordance with the provision of the BCA Fund Bylaws on conflicts of interest (section 12.1), whenever a Director, or a Related Person (as that term is defined in the Bylaws) associated with that Director, determines that he or she may benefit financially or suffer financial loss from any matter that has been presented to the Board of Directors related to the activities of the BCA Fund (a "Financial Interest"), the Director, as applicable, must disclose to the Board of Directors, as applicable, the material facts relating to the Financial Interest, including the nature and extent of the Financial Interest, and the Board of Directors (by a majority of the other Directors) may request that such Director abstain from any vote relating to the matter and not be present during any vote relating to the matter. In addition, the BCA Fund shall be guided by the "Conflict of Interest Policy" set forth in **Annex 7** of this Operating Manual.

3 Executive Management

The Executive Management, in accordance with the BCA Fund Bylaws, is responsible for the operational management of the BCA Fund, ensuring the effective implementation of the decisions of the Board of Directors and the Program Committees. Its main objective is to promote the fulfillment of the BCA Fund's purpose through the efficient administration of plans, programs, and projects financed with its own resources and those from other sources.

Without prejudice to other specific responsibilities that the Board of Directors of the BCA Fund may decide to delegate to the Executive Management, its responsibilities are:

- a) To supervise and coordinate all operational activities of the BCA Fund, in accordance with the institutional policies and procedures established in this document;
- b) To manage the effective implementation of the BCA Fund's plans, programs, and projects, which are executed with its own resources and those from other sources
- c) To execute the decisions of the Board of Directors and the Advisory Committees and Program Committees, ensuring their timely and effective implementation;
- d) To monitor and evaluate project progress, ensuring alignment with strategic objectives and adjusting strategies as necessary.
- e) To manage day-to-day administrative operations, including office logistics and maintenance of facilities and equipment.
- f) To manage human resources, including recruitment, training, and staff development.
- g) To prepare the financial statements of the BCA Fund;
- h) To draw up and execute the annual budget of the BCA Fund, ensuring prudent and transparent financial management;
- i) To oversee the BCA Fund's investments in accordance with the decisions of the Financial Committee and evaluate their performance, seeking to optimize financial returns;
- j) To develop and execute internal and external communication strategies to promote the BCA Fund's objectives and maintain a positive public image;
- k) To manage relationships with strategic partners, donors, governments, and other stakeholders, ensuring collaboration and ongoing support;



- l) To coordinate travel and event logistics for BCA Fund directors and staff, including planning and organizing itineraries;
- m) To ensure compliance with all applicable laws and regulations, including obtaining and maintaining tax-exempt status; and
- n) To maintain and manage the documentation and archives of the BCA Fund, ensuring their organization and accessibility.

The Executive Management may retain external and/or contracted legal counsel as required by the specific needs of the Executive Management and/or the Board of Directors. Legal counsel shall perform the following functions:

- a) Provide training and legal advice in all areas of the BCA Fund's operations, including contracts, agreements, and internal policies, ensuring compliance with policies and procedures
- b) Ensure that all BCA Fund activities comply with applicable laws and regulations.
- c) Identify and recommend actions to address legal risks, providing solutions and strategies to mitigate them.
- d) Prepare, review, and maintain all legal documents, ensuring their validity and compliance with current regulations.

The Executive Management, in accordance with the BCA Fund's Bylaws, shall have at least seven operational areas, without prejudice to others that may be created for its proper performance as decided by the Board of Directors:

- Technical Area;
- Human Resources and Administration Area;
- Technology and Processes Area;
- Financial Area;
- Resource Mobilization and Communication Area; and
- Audit, Compliance, and Risk Assessment Area.

Figure 1 below shows the organizational chart of the BCA Fund, and Figure 2 shows the details of the Executive Management.



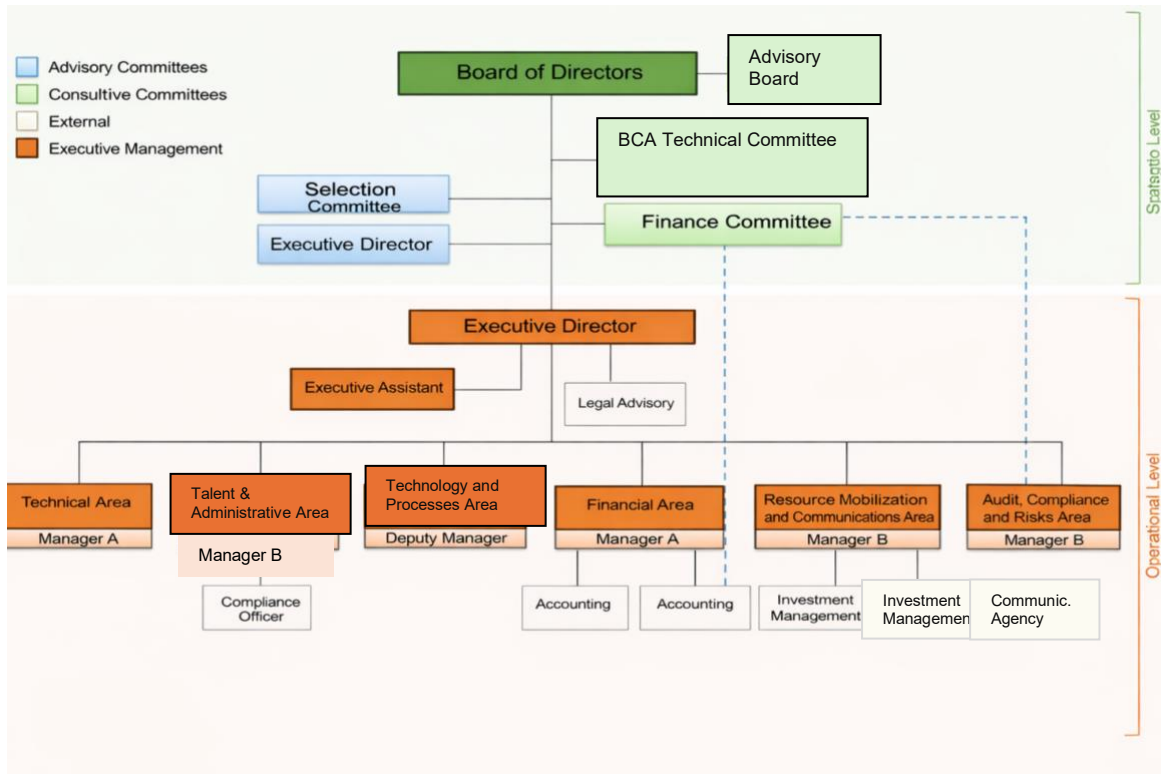


Figure1 - BCA Fund organizational chart

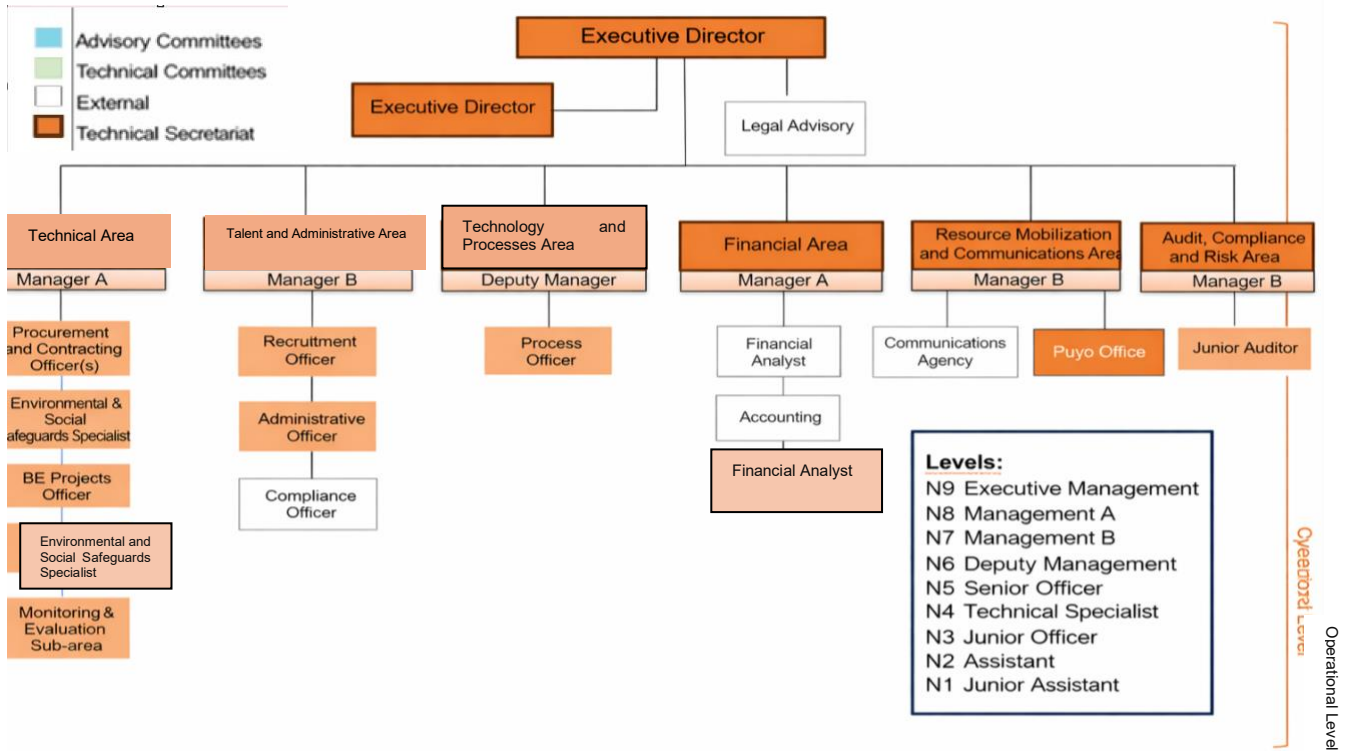


Figure2 - BCA Fund Executive Management



The Executive Management shall be headed by the Executive Director, whose selection and functions are defined in the BCA Fund Bylaws and in this Operating Manual.

3.1 Technical Area

The Technical Area shall have the following functions:

- a) Overseeing the planning and implementation of BCA Fund programs and projects.
- b) Ensuring the proper implementation of projects financed by the BCA Fund, to guarantee adequate alignment with the strategic objectives of the BCA Fund.
- c) Monitoring the progress of projects by reviewing and approving reports received from project implementers and through field visits.
- d) Evaluating the results and impact of projects financed by the BCA Fund and preparing periodic reports for the Board of Directors and Committees.
- e) Maintaining constant communication with partners in projects financed by the BCA Fund and other stakeholders.
- f) Applying the tools of the BCA Fund's Environmental and Social Management System to identify environmental and social risks in all projects financed by the BCA Fund.
- g) Identifying, generating mitigation actions, and monitoring the management of identified environmental and social risks and their mitigation actions by reviewing and approving reports received from project implementers and through field visits.
- h) Preparing and delivering capacity-building actions in environmental and social risk management to contribute to project implementers, the Executive Management team, the Board of Directors, and BCA Fund Committees.
- i) Carrying out the procurement and contracting procedures required by government beneficiaries or the Executive Management team, in accordance with the BCA Fund's Procurement and Contracting Policy.

3.2 Human Resources and Administration Area

The Human Resources and Administration area will have the following functions:

- a) Coordinate and supervise daily administrative operations.
- b) Manage the logistics of the Executive Management.
- c) Ensure that adequate facilities and equipment are available, including maintenance, data security, among others.
- d) Manage human resources, including hiring, professional development, and workplace management, among others.
- e) Ensure compliance with administrative policies and procedures.
- f) Manage administrative documents and files.
- g) Develop human resources policies, including responsibility scales.
- h) Develop job descriptions for the BCA Fund.
- i) Lead internal communication and coordination.

The Human Resources and Administration area shall have external compliance advice, whose functions shall be:

- a) Prepare and submit compliance reports to the Executive Management, Boards, Committees, and other stakeholders.
- b) Coordinate the work of the Compliance Committee.
- c) Define procedures to comply with regulations and protect the BCA Fund from risks of money laundering, terrorism financing, and other risks that could affect the Fund's integrity.
- d) Serve as compliance officer before the Financial and Economic Analysis Unit (UAFE) for the prevention of money laundering.



- e) Guide the Fund in the ongoing updating of regulations, rules, best practices, tools, techniques, and international standards.

3.3 Technology and Processes Area

The Technology and Processes area will have the following functions:

- a) Manage the technological infrastructure, including hardware, software, networks, and information systems.
- b) Provide technical support to the Fund's team.
- c) Guarantee information security.
- d) Ensure compliance with the Data Protection Act.
- e) Develop or contract software required for operation.
- f) Process registration, publication, automation, and optimization.

3.4 Finance Area

The Finance area will have the following functions:

- a) Coordinating the financial management of the BCA Fund, including the preparation, monitoring, and execution of the budget and expenses.
- b) Ensuring the accuracy and transparency of financial records.
- c) Managing the local investments of the BCA Fund and evaluating their performance.
- d) Monitoring the investment manager.
- e) Drawing up the weekly report on the status of the BCA Fund's assets
- f) Preparing periodic financial reports for the Board of Directors, the Treasurer, the Executive Management, and other stakeholders.
- g) Managing documentation of financial transactions and maintain data integrity.
- h) Generating financial projections.
- i) Serving as Secretary of the Finance Committee.
- j) Reviewing and approving financial reports for funded projects.
- k) Reviewing financial proposals for BCA Fund resource mobilization efforts.
- l) Analyzing, approving, and making payments requested by the administrative or procurement and contracting team.
- m) Coordinating the hiring of the external auditor.
- n) Maintaining accurate and up-to-date accounting records.
- o) Preparing the BCA Fund's financial statements.
- p) Preparing periodic accounting reports, ensuring the integrity and accuracy of the data.
- q) Ensuring compliance with tax obligations and prepare tax returns.
- r) Coordinating and preparing the necessary documentation for internal and external audits.
- s) Implementing and supervising internal financial controls to prevent fraud and errors.

The Finance area may manage accounting directly or externally, in accordance with the specific needs of the Executive Management and/or the Board of Directors and based on criteria of management effectiveness and efficiency.

The Finance area will coordinate and supervise the work of the investment manager in accordance with the provisions of the BCA Fund Bylaws.

3.5 Resource Mobilization and Communication Area

The Resource Mobilization and Communication area will have the following functions:



- a) Develop and execute communication strategies that promote the objectives of the BCA Fund.
- b) Manage the BCA Fund's presence in the media and on social networks.
- c) Coordinate the production of communication materials, including newsletters, reports, and publications.
- d) Facilitate internal and external communication for the BCA Fund.
- e) Manage and maintain the BCA Fund's website, social media, and other communication platforms and channels.
- f) Prepare proposals for the BCA Fund's resource mobilization efforts.
- g) Develop and execute fundraising and/or resource mobilization strategies.
- h) Manage relationships with donors and partners.
- i) Develop new products and services.
- j) Draw up executive and external communication materials.
- k) Provide guidelines on brand image to the Fund team.

3.6 Audit, Compliance, and Risk Assessment Area

The Audit, Compliance, and Risk Assessment area will have the following functions:

- a) Audit BCA Fund processes in accordance with the annual audit plan, with special emphasis on reviewing the BCA Fund's financial statements and expenses.
- b) Provide recommendations for improving internal controls.
- c) Alert and supervise the implementation of internal controls to prevent fraud and errors.
- d) Audit the security and reliability of the Fund's information systems.
- e) Oversee compliance with relevant national and international laws and policies.
- f) Establish a system for identifying, evaluating, correcting, and assuming risks in different processes.
- g) Comprehensively assess risks: operational, liquidity, market, and other relevant risks.
- h) Systematically report operational risks and the status of efforts to control them.

4 Operational Aspects

4.1 Source and Use of Income

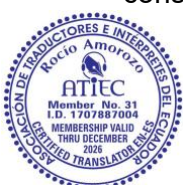
The BCA Fund will be financed with income generated from any of the sources previously approved by the BCA Fund's Board of Directors, and these will be used as established in Article 11 of the BCA Fund's Bylaws

4.2 Administrative Expenses

These are all expenses incurred for the administration and operation of the BCA Fund. These expenses shall be financed by retaining a portion of the cash flow from the original financial transaction that resulted in the creation of the BCA Fund, which may not exceed the amount of USD 2,824,614.00 per year.

The Executive Management of the BCA Fund will continually seek to ensure that its operations are sustainable, for which purpose it may develop and implement an Administrative Expense Policy that must be approved by the Board of Directors. This Policy shall include a ceiling for the administrative expenses of the BCA Fund.

All administrative expenses must be provided for in the annual budget and must be related to the BCA Fund's work plan, which shall be approved in advance by the Board of Directors. This budget must be realistic, reflecting both the operational needs of the BCA Fund and financial constraints.



Administrative expenses shall be monitored regularly to ensure that they remain within the limits established by the approved budget. The Executive Management of the BCA Fund shall submit periodic reports to the Board of Directors on the execution of administrative expenses.

The Executive Management shall promote a culture of austerity within the BCA Fund, always seeking to minimize administrative expenses without compromising the quality, operational efficiency of the BCA Fund, or the working conditions of its staff.

The Board of Directors and the Executive Management shall periodically review contracts for goods and services and recurring expenses to identify opportunities for savings and improve efficiency in the use of the BCA Fund's administrative expenses.

4.3 Human Resources

The BCA Fund will seek to hire highly qualified staff who are committed to its purpose. Attracting and retaining talent depends on careful selection, hiring, induction, and professional development processes based on performance and the working conditions offered.

To ensure this, the BCA Fund will develop a *Job and Function Manual* taking into consideration the composition of the Executive Management and its organizational chart, as described in this Operating Manual.

The BCA Fund's Human Resources and Administration area will develop a *Code of Ethics*, which will serve as a guide for the members of the Board of Directors, Committees, and the Executive Management team, clearly stating what is expected of their behavior within the BCA Fund. BCA Fund employees shall receive annual training on the *Code of Ethics*, and members of the Board of Directors and Committees shall receive an induction on this document when they are appointed.

The BCA Fund will offer equal opportunities and ensure that its personnel selection processes are transparent and based on the qualifications of applicants. All decisions regarding recruitment, employment, promotion, retention, training, disciplinary action, and other personnel matters shall be made without regard to age, race, color, ethnic origin, religious affiliation, gender, marital status, sexual orientation, political affiliation, or disability.

Personnel selection will be based on the corresponding job description, which will include the requirements and objectives of the position to be filled, as well as the profile that the applicant must meet. The procedure will be established in the Manual.

The selection processes will be carried out by an Internal Selection Committee made up of the Executive Director and the Administrative Manager, based on criteria and scores disclosed publicly to all potential candidates.

The selection criteria are developed in accordance with the characteristics expected for each position. The Internal Selection Committee will interview the candidates and check their references.

The final selection will be made by the Executive Director.

The selection of the first Executive Director will be led by a Selection Committee of the Board of Directors with the support of a consultant specializing in conservation funds. Any other Executive Directors that the BCA Fund may need to hire in the future will be selected by a Selection Committee of the Board of Directors with the support of the most senior member of the Executive Management.



Employment contracts do not imply non-exclusivity; however, no employee may maintain other employment relationships; provide consulting services; participate for remuneration in working committees of other organizations where there may be a conflict of interest with the activities of the BCA Fund, and therefore the provisions of the BCA Fund's Conflict of Interest Policy, Annex 7, shall apply for this purpose.

It is important to ensure that all staff are integrated into the collective functioning of the BCA Fund as soon as possible. Each new employee must be clear about the purpose, mission, values, programs, operations, procedures, and their role within the BCA Fund team. To this end, the Administrative Manager will schedule and plan induction sessions.

Once hired, the performance of BCA Fund staff must be evaluated annually by the Executive Director or each employee's direct supervisor, based on the *Job and Function Manual*, which must include a Staff Evaluation System.

4.4 Strategic Planning

The Executive Director is responsible for developing a Strategic Plan for the BCA Fund. This plan must be approved by the Board of Directors and must contain, at a minimum:

- a) Vision, mission, purpose, and values of the BCA Fund;
- b) Goals, objectives, strategies, and key actions;
- c) Implementation, monitoring, and evaluation strategy;
- d) Sustainability and revenue generation strategy;
- e) Risk management and stakeholder engagement strategy;

It is recommended that the Strategic Plan have a duration of 5 years. However, its specific duration, content, and format will be defined by the Executive Director under the supervision and approval of the Board of Directors. A Stakeholder Plan will be maintained in alignment with the current Strategic Plan.

4.5 Procurement and Contracting

The Executive Management is responsible for ensuring that all goods, services, and works acquired by the BCA Fund are obtained in a transparent, efficient, and equitable manner to maximize the value of the BCA Fund's financial resources, minimize risks, and ensure the integrity of the procurement processes.

The Executive Director of the BCA Fund shall develop a detailed Procurement and Contracting Policy consistent with the principles and procedures set forth in this Operating Manual and with the procurement and contracting policies of recognized international donors. The BCA Fund's Procurement and Contracting Policy shall constitute an additional document to this Operating Manual and shall be publicly available.

The general principles that will guide the Procurement and Contracting Policy shall be:

1. Competitive Process:
 - a) For large-scale acquisitions, an open bidding process will be used to allow for the participation of a wide range of suppliers.
 - b) For smaller purchases, several quotes (at least three) will be requested to ensure competitive prices and conditions.
 - c) For specialized purchases or in emergency situations determined by the Board of Directors, direct contracting may be used.
2. Merit-Based Selection:



- a) Proposals will be evaluated based on pre-established criteria that include cost, quality, experience, and technical capacity.
3. Transparency in the Process:
- a) Calls for bids and requests for quotations will be published in an accessible and open manner, ensuring the participation of all interested parties.
 - b) Detailed records will be kept of all stages of the procurement process, including award decisions and signed contracts.
4. Control and Supervision:
- a) Periodic audits will be conducted to review purchasing and contracting processes, identifying areas for improvement and ensuring compliance with established policies.
 - b) Mechanisms will be defined for suppliers to file complaints or appeals in the event of disputes or perceived irregularities.

The following specific considerations will be taken into account in purchasing and contracting procedures:

- a) Whenever possible, priority will be given to suppliers that offer sustainable goods and services, minimizing environmental impact and promoting fair labor practices.
- b) All participants in the procurement and contracting processes must declare any personal or professional interests that could influence the award of the contract.
- c) Measures will be implemented to mitigate any identified conflicts of interest, ensuring the impartiality of the process.
- d) Ongoing training will be provided to staff to ensure they are up to date with best practices and current procurement and contracting regulations.

4.6 Work Plan and Annual Budget

The Executive Management is responsible for preparing and implementing the BCA Fund's annual budget, which must be approved by the Board of Directors. This budget must be submitted to the Board of Directors for approval no later than two (2) months before the start of the new fiscal year, together with the annual Work Plan.

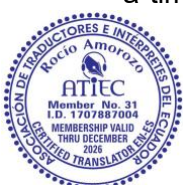
At a minimum, the Budget shall include projected Income, Administrative Expenses, Investment Expenses (including resources for grants), Capital Expenses, and Contingency Expenses, which shall be prepared and presented in an appropriate format.

The Finance area of the Executive Management shall prepare monthly reports comparing actual income and expenses with the approved budget. These reports shall be submitted to the Executive Director for review.

Each quarter, the Executive Director will present the budget execution to the Board of Directors, which may approve adjustments based on financial circumstances. If budget surpluses or deficits are identified, the Board of Directors or the Executive Management, in accordance with internal rules on delegation of authority, may authorize the reallocation of funds within the budget to optimize the use of resources.

At the end of each fiscal year, the Executive Management shall prepare a detailed report on budget execution, comparing actual income and expenses with the budget, and analyzing and justifying any variations. This report shall be submitted to the Board of Directors for review and approval and shall be used as the basis for planning the following year's budget.

In the event that the Board of Directors does not approve an Annual Work Plan or Budget in a timely manner, or if the Fund operates without a current strategic plan and the Director of



The Nature Conservancy (hereinafter "TNC") determines, based on his or her sole and reasonable discretion, that continuing to use the previous year's Annual Work Plan or Budget, or operating without a current strategic plan, is not in the best interest of the BCA Fund, the Director of TNC shall immediately notify the Board of Directors in writing.

The Board of Directors shall have a period of forty-five (45) days to respond to TNC's notification; if the Board of Directors does not present a solution, the Director of TNC shall have the right (but not the obligation) to prepare the Annual Work Plan, Budget, and/or Strategic Plan, as applicable, considering the best interest of the BCA Fund and its overall purpose.

5 Financial Aspects

5.1 Fiscal Year

The fiscal year shall begin on January 1 and end on December 31 of each year.

5.2 Bank Accounts

The Board of Directors shall establish such bank accounts as it deems necessary for the operation of the BCA Fund.

The Non-Government Co-Chair, the Treasurer, and the Executive Director shall be the signatories of the bank accounts.

The Financial Manager may be an additional signatory if so decided by the Board of Directors.

All banking transactions related to these accounts shall be carried out by the Executive Director and/or his or her delegate and one of the other two signatories, and/or their delegates, in accordance with the provisions of the BCA Fund's Delegation of Authority Policy.

The bank accounts shall be subject to inspection by the Board of Directors. The Treasurer shall provide, at the request of any member of the Board of Directors, all information, reports, and statements related to those accounts to the requesting Director.

5.2.1 Operating Accounts

At least one bank account shall be established, in which all sources of income of the BCA Fund pertaining to its day-to-day operations shall be deposited. This shall be called the "*Operating Account*."

The costs associated with the BCA Fund's general operating needs and expenses, including the payment of administrative expenses and the disbursement of grants, will be made through the "*Expense Account*."

The Operating Accounts may be in Ecuador and/or the United States.

5.2.2 Investment Accounts.

At least one "*Investment Account*" shall be established for the purpose of managing investments to invest in the assets of the BCA Fund (endowment or expendable resources, which will not be used for some time) as specified in the "BCA Fund Investment Policy" (**Annex 8**).



These "*Investment Accounts*," including the income and capital gains generated by them, shall be invested by one or more internationally recognized Investment Managers, selected by the Board of Directors through a transparent and competitive selection process. All investments of the BCA Fund's assets shall be made in accordance with the "BCA Fund Investment Policy."

The Board of Directors, the Finance Committee, the Treasurer, and/or the Executive Director may require the Investment Managers to submit reports at least quarterly showing the overall value of the portfolio, investment holdings, including asset ratings, portfolio diversification, gains (or losses) for the period and for the year, comparisons with previous periods, distributions to the Fund, etc. The "*Investment Accounts*" may be subject to inspection by any Director member, subject to reasonable restrictions established by the Board of Directors.

The "*Investment Accounts*" may be held in Ecuador or abroad to provide access to international investment markets.

5.3 Record Keeping

The Finance area of the Executive Management shall be responsible for keeping proper accounts of all sums of money received and spent or invested in any form by the BCA Fund and of the matters in respect of which such receipts, expenditures, or investments are made, as well as of the assets and liabilities of the BCA Fund.

The Finance area of the Executive Management shall ensure the proper preparation and maintenance of financial records. This shall include, among other things:

- a) Complete records of each financial transaction, which the BCA Fund shall retain for no less than seven (7) years after the transaction has been processed.
- b) All disbursements made must that must be properly supported and recorded; and
- c) Preparation of monthly bank reconciliations for all bank accounts; physical and digital records must be kept in the BCA Fund's records.

5.4 Financial Statements

The Executive Management must prepare and maintain the financial statements of the BCA Fund in accordance with International Financial Reporting Standards (IFRS) adopted in Ecuador, and in accordance with the regulations established by the Ecuadorian tax and regulatory authorities. In addition, given that the BCA Fund is constituted as a non-profit entity under section 501(c)(3) of the United States Internal Revenue Code in accordance with the BCA Fund's Bylaws, the Executive Management must prepare and maintain financial statements in accordance with generally accepted accounting principles (GAAP) in the United States, specifically under the standards established by the Financial Accounting Standards Board (FASB) in ASC 958 for non-profit entities. This includes the submission of financial reports that comply with IRS requirements, ensuring transparency and accountability in both Ecuador and the United States.

All financial statements shall be submitted for review and approval by the Board of Directors.

Financial statements will be presented annually, with summary quarterly reports for internal review by the Board of Directors. Without prejudice to the decisions of the Board of Directors or current tax regulations, at least the following financial statements will be prepared:

- a) Statement of Financial Position.
- b) Income Statement.
- c) Statement of Changes in Equity.
- d) Cash Flow Statement; and



e) Notes to the Financial Statements.

The financial statements and the accounting records that comprise them must also contain any additional information required by the Board of Directors. The financial statements may be presented to any donor with whom the BCA Fund has agreed in writing to provide such information. The financial statements shall be audited annually by an independent external auditor.

5.5 Accounting

The Finance area of the Executive Management shall ensure that the accounts are prepared and maintained and that the financial statements for each fiscal year are drawn up.

5.6 Audits

The BCA Fund shall be subject to annual audits to ensure that its financial and administrative operations are conducted with integrity, transparency, and in compliance with applicable regulations.

Without prejudice to the decisions of the Board of Directors, audits shall be guided by the following principles:

- a) Financial Transparency.
- b) Regulatory Compliance; and
- c) Fraud Detection and Prevention.

There should be at least three types of audits: internal, external, and special.

The internal audit will be the responsibility of the Executive Management, who will report directly to the Board of Directors. This audit covers the ongoing review of the financial, operational, and control processes of the BCA Fund and includes verification of compliance with the BCA Fund's Bylaws, this Operating Manual, and several BCA Fund Policies; evaluation of the effectiveness of internal controls; and identification of areas of risk. The Executive Management shall prepare at least one internal audit report per year identifying findings, risks, and recommendations, which shall be reviewed by the Board of Directors for decision-making and the implementation of corrective measures.

The external audit shall be the responsibility of the Treasurer of the BCA Fund and shall be conducted by an independent external audit firm selected by the Board of Directors. The Board of Directors shall bear in mind that the audit must be performed by: (a) Deloitte & Touche LLP, (b) Ernst & Young LLP, (c) KPMG LLP, or (d) PricewaterhouseCoopers LLP. The external audit will review the BCA Fund's financial statements to ensure their compliance with International Financial Reporting Standards (IFRS) and Ecuadorian laws. It will also include a review of internal controls and risk management. The audit firm will provide a detailed report with its opinion on the reasonableness of the financial statements, as well as recommendations for improving internal controls and financial management. This report will be presented to the Board of Directors. The external audit will be contracted annually and the external audit firm will be changed at least every five years. Audit reports will be published within one month of their adoption or update on the BCA Fund website as a transparency measure.

It should be noted that audit reports must be provided to DFC and the project coordinator within ten (10) days of receipt.



A special audit is an audit that may be requested at any time by one or more of the BCA Fund Directors or in response to specific situations, such as a donor request. It must be conducted by an independent external auditor of recognized standing and competence, whose engagement must be approved by the Board of Directors.

5.7 Investment Policy

The purpose of the Investment Policy is to define the risk appetite and present the investment objectives and philosophy, as well as to establish general guidelines for the management, control, monitoring, and evaluation of the BCA Fund's Asset Portfolio. The BCA Fund's Investment Policy is available in **Annex 8** of this Operating Manual.

5.8 Anti-Money Laundering and Counter-Terrorist Financing Policy

The 'Anti-Money Laundering and Counter-Terrorist Financing Policy' was created with the aim of preventing, detecting, and reporting risks associated with any illegal activity linked to money laundering, terrorist financing, and other illegal activities that could compromise the BCA Fund's resources and jeopardize the transparency and legality of the processes carried out both internally and in the BCA Fund's relationships with third parties. The "Policy on the Prevention of Money Laundering and Terrorist Financing" and the complementary "Know Your Counterparty Form and Declaration of Lawful Origin of Funds" can be found in **Annex 9** of this Operating Manual.

5.9 Dissolution

5.9.1 Dissolution Procedure

The BCA Fund may be dissolved in accordance with the provisions of Article IX of the BCA Fund Bylaws. In the event of dissolution, the following procedure shall be followed:

- a) Dissolution shall require a Qualified Vote of the Board of Directors, as set forth in Section 9.1 of the Bylaws.
- b) Once the dissolution has been approved, the Board of Directors or authorized officials shall:
 - i. Formally notify all donors, participating governments, and relevant stakeholders.
 - ii. Prepare a detailed plan for the liquidation of assets and the fulfillment of outstanding obligations.
 - iii. Appoint liquidators or people responsible for the dissolution process.

5.9.2 Disposition of Assets

In accordance with Section 9.1 of the BCA Fund Bylaws, upon dissolution of the Corporation:

- a) All remaining assets, after paying or making provision for the payment of all liabilities of the Corporation, shall be distributed exclusively for tax-exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code or the corresponding section of any future federal tax code.
- b) The distribution of assets shall be made to one or more organizations that:
 - i. Have purposes similar to those of the Corporation.
 - ii. Qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code or the corresponding section of any future federal tax code of the United States.
 - iii. Are pre-selected by the Board of Directors.



5.9.3 Documentation and Legal Compliance

The dissolution process shall:

- a) Be duly documented in the minutes of the Corporation.
- b) Comply with all applicable legal requirements under the laws of the State of Delaware.
- c) Include the filing of all necessary forms and documents with the relevant tax and regulatory authorities.
- d) Ensure the proper preservation of corporate records for the period required by law.



Annexes

Annex 1 - Certificate of Incorporation of the BCA Fund

<https://fondobiocorredoramazonico.org/wp-content/uploads/2024/12/Fondo-BCA-Certificado-de-Constitucion-traduccion-ESP.pdf>

Annex 2 - BCA Fund Bylaws

<https://fondobiocorredoramazonico.org/wp-content/uploads/2024/12/Fondo-BCA-Estatutos-traduccion-ESP.pdf>



Annex 3 - Guidelines of the BCA Technical Committee

BCA FUND

1. BACKGROUND

As provided in the BCA Fund Bylaws, the Board of Directors shall establish procedures for the Board of Directors Committee and delegate to it such roles as are necessary or desirable for the efficient management of the Corporation's property, affairs, business, and activities.

Therefore, the BCA Technical Committee, without prejudice to the responsibilities described in the Fund's Bylaws (section 5.3)², has as its main role to provide specialized technical advice, develop strategies, procedures, and selection criteria for projects and initiatives to be subsidized by the BCA Fund, and supervise their implementation within the framework of the BCA Program, ensuring at all times that the interventions financed are aligned with the strategic objectives and conservation commitments signed by the Republic of Ecuador within the framework of debt conversion. Similarly, the BCA Technical Committee will comply with the guidelines established in the Procedures Manual for Grant Awarding.

2. OBJECTIVE

The objective of this document is to provide a comprehensive framework to guide the procedures and guidelines necessary for the BCA Technical Committee (hereinafter, "BCA Technical Committee") to ensure transparency, efficiency, and effectiveness in the management and evaluation of project proposals to be subsidized.

The BCA Technical Committee will make informed recommendations to the BCA Fund Board of Directors, which is responsible for the final approval of projects to be subsidized.

3. MEMBERS OF THE BCA TECHNICAL COMMITTEE

In accordance with the BCA Fund's Bylaws and operating documents, members of the BCA Technical Committee must have proven experience in issues related to conservation, environmental management, sustainable development, climate change, financial management of projects, or related areas.

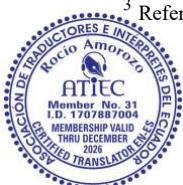
Additionally, with the approval of the Board of Directors, technical experts may be invited to attend and participate in an advisory capacity, without voting rights, provided they comply with the BCA Fund's policies³; in order to address specific issues within the proposals, as long as there is no conflict of interest with the proposals to be evaluated.

The BCA Fund Technical Committee is composed of the following members with voting rights:

- I) A Government Affiliate Director, appointed by the Ministry of the Government of the Republic of Ecuador responsible for the environment, who will act as Chair of the Committee and member.
- II) A Government Affiliate Representative appointed by the Government Affiliate Directors, who may or may not be a Director of the Board of Directors, who will serve as a member of the Committee.

² Section 5.3 of the BCA Fund Bylaws: "BCA Technical Committee." Additionally, note the provisions of section 2.5.1 of the BCA Fund Operating Manual.

³ Refer to Annex 7 of the BCA Fund Operating Manual.



- III) A Representative appointed by the Director appointed by The Nature Conservancy, who shall serve as a member of the Committee and, in the absence of the Fund's Executive Director, as Ad-Hoc Secretary.
- IV) A Non-Government Affiliate Director representing indigenous peoples, nationalities, or local communities of the Ecuadorian Amazon region, who shall serve as a member of the Committee.
- V) A Non-Government Affiliate Representative appointed by the Board of Directors, who may or may not be a Director of the Board of Directors, who shall act as a member of the Committee.

The Executive Director of the BCA Fund, or his/her delegate, shall act as secretary of the BCA Technical Committee, with voice but no vote.

3.1 Exercise of Functions of Members of the BCA Technical Committee

The members of the BCA Technical Committee shall exercise their functions for the same term as the members of the Board of Directors, as established in the Fund's Bylaws, with the exception of the fifth member, *"Non-Government Affiliate Representative appointed by the Board, who may or may not be a Director of the Board of Directors, who shall serve as a member of the Committee,"* who shall serve for a period of one year, renewable for up to two additional terms.

In the event that any member of the BCA Technical Committee has a conflict of interest when evaluating one or more proposed projects, they must immediately notify the Chairman of the BCA Fund's Board of Directors in writing; in order to initiate the respective procedure, and shall refrain from participating in the evaluation, analysis, or decision-making process regarding said proposal, in accordance with the provisions of the BCA Fund's Conflict of Interest Policy.

Additionally, the following should be taken into account:

- a) The Board of Directors may review and update the composition of the BCA Technical Committee when required by the strategic priorities of the BCA Fund or the thematic needs of the conservation commitments of the BCA Program.

The members of the BCA Technical Committee shall perform their duties on an *ad honorem* basis and shall therefore not receive any remuneration for their participation. However, the Fund shall cover any expenses incurred directly in the performance of their duties as members of the Committee.

4. ROLES OF THE BCA TECHNICAL COMMITTEE

- a) Chair:
 - i. Chairs the BCA Technical Committee and directs the activities and meetings convened to ensure orderly and productive discussion.
 - ii. Prepares and presents project selection criteria to the BCA Technical Committee for review.
 - iii. Presents reports and recommendations to the Board of Directors for decision-making.



b) Members

- i. Review the selection criteria proposed by the Chair of the BCA Technical Committee and agree on the final criteria for each call for proposals.
- ii. Comprehensively review the proposals for projects to be subsidized, include scoring recommendations according to the defined criteria, and issue an opinion on the feasibility and impact of these proposals.
- iii. Contribute specialized knowledge in areas relevant to the projects evaluated.
- iv. Review the consolidated reports on calls for proposals and project implementation and recommend adjustments to subsequent calls for proposals and the BCA Fund's grant procedures.

c) Secretary

- i. Coordinates the logistics required for the functioning of the BCA Technical Committee.
- ii. Prepares and records the minutes of the BCA Technical Committee meetings.
- iii. Manages correspondence between project proponents, the Executive Management, and the BCA Technical Committee.
- iv. Keeps a documented record of the results obtained in the evaluations carried out by the members of the BCA Technical Committee, as well as all other relevant documentation.
- v. Prepares final recommendations for the Chair of the BCA Technical Committee to present to the Board of Directors.

5. FUNCTIONS AND RESPONSIBILITIES OF THE BCA TECHNICAL COMMITTEE

- a) Guide the planning of BCA Fund calls for proposals based on agreed commitments, ensuring consistency with the objectives of the BCA Program.
- b) Review and/or propose improvements to the criteria for awarding grants, considering technical, financial, legal, and other aspects, and submit them to the Board of Directors for approval.
- c) Approve templates for: calls for proposals, funding applications, proposal evaluation, work plans, reporting, among others.
- d) Approve procedures for the disbursement of funds, ensuring transparency and efficiency in the allocation of resources.
- e) Ensure that grant procedures and policies are clearly defined and aligned with the objectives of the BCA Fund.
- f) Be informed of the implementation status of projects financed by the BCA Fund through executive reports submitted to the Board of Directors by the Executive Management of the BCA Fund on an annual basis.
- g) Technically evaluate the feasibility, relevance, impact, risks, sustainability, and budgetary consistency of proposals.



- h) Issue written recommendations to the Board of Directors, including observations, suggestions for improvement, and reasons for non-recommendation, which shall be justified in accordance with the evaluation criteria for each call for proposals.
- i) Record and document the results of project evaluations in the minutes.
- j) Verify and declare the absence of conflicts of interest for each member of the Technical Committee before beginning the evaluation process, and manage recusals when appropriate.

Members must maintain confidentiality regarding all information reviewed during the evaluation process, both from applicants and from internal deliberations. They may not disclose, reproduce, or use information for purposes other than the evaluation process.

Additionally, the BCA Technical Committee shall review and supervise compliance with the reports submitted.

6. BCA TECHNICAL COMMITTEE MEETINGS

The BCA Technical Committee shall meet every six months on a regular basis to review and evaluate the progress of grants. It may also hold extraordinary meetings when:

- a) There is a need to review urgent projects or documents outside the regular schedule.
- b) The Executive Management or the Board of Directors expressly requests it.
- c) It is necessary to issue technical criteria on relevant adjustments or modifications to projects to be financed or in progress.

Regular or special meetings may be held in person or online, depending on the circumstances and availability of the members. Official minutes shall be taken at each regular or special meeting, which shall be signed by the participating members and kept by the secretary of the BCA Technical Committee.

The Chair of the BCA Technical Committee shall be responsible for convening these meetings and preparing an agenda to be distributed to the members of the BCA Technical Committee at least three (3) working days in advance.

For a BCA Technical Committee meeting to be valid, at least 50% of the members with voting rights and a non-government majority must be present, as established in the BCA Fund Bylaws in the corresponding section. In the absence of the Chair, another member of the BCA Technical Committee may temporarily assume the role of Chair. Decisions shall be taken by a simple majority of the members present and with voting rights, and if necessary, the Government Director responsible for the Environment shall have the casting vote.

The Secretary of the BCA Technical Committee shall be responsible for recording the minutes of each meeting, documenting decisions, evaluations, and recommendations, and ensuring that these minutes are available for review by the Board of Directors and for future audits.

The BCA Technical Committee shall bear in mind that the BCA Fund shall issue at least one annual call for grant proposals, as established in the Grant Award Procedures Manual.

Annex 4 - BCA Selection Committee Guidelines



Purpose of the BCA Selection Committee:

The Selection Committee aims to ensure a fair, transparent, and merit-based selection process for the election of Non-Government Affiliated Directors to the Board of Directors of the BCA Fund, as well as the Fund's Executive Director. This includes identifying and evaluating highly qualified candidates, ensuring that those selected possess the necessary skills, experience, and ethics to contribute effectively to the achievement of the Fund's objectives.

Members of the BCA Selection Committee:

The Selection Committee will be composed of the following Directors:

- I. Non-Government Director appointed as Co-Chair of the Fund, who will act as Chair of the Committee and member;
- II. Government Affiliated Director appointed as Co-Chair of the Fund, who will serve as a member of the Committee; and
- III. Director appointed by The Nature Conservancy, who will serve as a member of the Committee and, in the absence of the Fund's Executive Director, as Ad-Hoc Secretary.

The Executive Director of the Fund, or his or her delegate, shall act as Secretary of the Selection Committee, without voice or vote.

Roles of the BCA Selection Committee:

- i. Chair of the Selection Committee:
 - a. Direct and coordinate the activities of the Selection Committee.
 - b. Facilitate Committee meetings, ensuring that they proceed in an orderly and efficient manner.
 - c. Serve as a liaison between the Selection Committee and the Board of Directors, presenting reports and recommendations.
- ii. Selection Committee Members:
 - a. Actively participate in the review and evaluation of candidates.
 - b. Conduct interviews with shortlisted candidates.
 - c. Provide informed perspectives and opinions on candidates based on established selection criteria.
- iii. Secretary of the Selection Committee:
 - a. Record the minutes of meetings and maintain a detailed record of the Committee's evaluations and decisions.
 - b. Manage correspondence between candidates, nominating institutions, and the Selection Committee.
 - c. Coordinate the logistics of meetings and interviews, including scheduling and organizing events.

Functions of the BCA Selection Committee:

- a) Design and disseminate the public call for nominations for non-government Directors and the Executive Director of the Fund.
- b) Receive and organize applications and required documentation.
- c) Review and preselect candidates, verifying that they meet the requirements:
- d) Create a list of shortlisted candidates who will be invited to participate in interviews.
- e) Evaluate the performance of candidates during interviews, considering their experience, knowledge, and skills.
- f) Submit the list of recommended candidates to the Board of Directors for consideration and approval.



- g) Inform selected and non-selected candidates of the results of the selection process.
- h) Coordinate with the Board of Directors to publish the names of the selected directors and the Executive Director on the Fund's official communication channels.
- i) Maintain a detailed file of all documents, evaluations, and decisions related to the selection process.
- j) Ensure that documentation is available for future audits and reviews, guaranteeing the transparency of the process.

Organization of BCA Selection Committee meetings:

Any Director who is a member of the Selection Committee may delegate their roles and functions to another Director, subject to the approval of the Board of Directors. For a Selection Committee meeting to be valid, at least 50% of the disinterested members with voting rights, including the Committee Chair, must be present. In the absence of the Chair, another member of the Committee may temporarily assume the role of Chair, upon designation by the Chair and approval by the Board of Directors. Decisions shall be made by a simple majority of the disinterested members present and with voting rights. The Secretary of the Committee shall be responsible for recording detailed minutes of each meeting, documenting decisions, evaluations, and recommendations, and ensuring that such minutes are available for review by the Board of Directors and for future audits.



Annex 5 - BCA Fund Finance Committee Guidelines

1. Objective

The purpose of the Financial Committee of the BCA Fund Inc. (BCA Fund) is to supervise, evaluate, and recommend strategic decisions to the BCA Fund Board of Directors related to the financial management and investments of the BCA, ensuring sustainability, transparency, and alignment with the objectives of the BCA Fund.

2. Functions

- Review and suggest the Fund's financial policies, including criteria for risk, liquidity, profitability, and sustainability. Annex I to be developed
- Ensure compliance with applicable accounting, tax, and legal regulations.
- Periodically monitor and evaluate financial statements, cash flows, and budgets submitted by Financial Management.
- For the selection of the BCA Fund's asset manager, it shall:
 - Support the preparation of Terms of Reference and negotiations with asset managers.
 - Evaluate proposals from investment managers and issue recommendations to the BCA Fund's Board of Directors for selection.
 - Oversee the competitive selection process for the BCA Fund's asset manager, as well as its performance through investment reports.
- Oversee and recommend adjustments to the investment policy, in line with the objectives of the BCA Fund, for approval by the BCA Fund Board of Directors.
- Monitor the performance of existing investments and propose adjustments when necessary.
- Propose strategies for income diversification and equity strengthening.
- Review and discuss the performance of the investment manager and recommend the hiring or dismissal of said company.
- Oversee the hiring of external auditors and review the results of the annual audit, presenting observations and recommendations to the BCA Fund Board of Directors.

3. Committee Members

The Committee shall be composed of a minimum of three (3) and a maximum of five (5) members, selected by the BCA Fund Board of Directors, always respecting the following rules:

- Only Directors appointed by the Board of Directors may be selected as members of the Finance Committee.
- The Finance Committee must have at least one Government Affiliate Director as a member.
- The Finance Committee shall always be composed of a majority of Non-Government Affiliate Directors.
- The Treasurer of the BCA Fund shall act as Chair of the Finance Committee.
- The Executive Director and/or Financial Manager of the BCA Fund shall attend the meetings of the Financial Committee and shall act as secretary of the Committee.
- Technical experts and advisory members may participate in accordance with the provisions of the BCA Fund's bylaws.

4. Roles of the BCA Financial Committee:

Chair of the Finance Committee:

- Lead and coordinate the activities of the Finance Committee, ensuring that all financial matters are dealt with effectively and in a timely manner;



- Chair Committee meetings, ensuring that they are conducted in an orderly and efficient manner and that all relevant issues are addressed;
- Approve financial reports prior to their presentation to the Board of Directors and make recommendations on them and on necessary actions.

Members of the Finance Committee:

- Actively contribute to the review and recommendation of adjustments to the Fund's investment and financial management policies;
- Review and evaluate the performance of the investment portfolio and investment managers, ensuring that they are aligned with the Fund's strategic objectives;
- Provide opinions and recommendations based on their financial experience and knowledge to improve the management of the Fund's resources.

Secretary of the Finance Committee:

- Keep detailed records of all Committee meetings, decisions, and actions;
- Be responsible for distributing documents prior to meetings and managing correspondence related to the Committee's activities;
- Ensure that all Committee meetings are conducted efficiently by coordinating their scheduling and organization.

5. Meetings

- The Committee shall meet at least once per quarter.
- Extraordinary meetings may be convened at the request of the BCA Fund's Board of Directors or of at least two members of the Committee.
- The Committee secretary shall take minutes of each meeting, including decisions and recommendations, and ensure that these minutes are available for review by the Board of Directors and for future audits.

6. Quorum and Decision-Making

- The minimum quorum shall be half plus one of the members, provided that the majority are non-government.
- Decisions shall be taken by a simple majority of those present.
- In the event of a tie, the chair of the Committee shall have the casting vote.

The Finance Committee shall exercise financial decisions by delegation from the Board of Directors, except in cases expressly reserved for approval by the Board as established in the Fund's Bylaws.

7. Confidentiality and Ethics

Committee members shall act with integrity, respecting the BCA Fund's confidentiality and conflict of interest policies, in accordance with the documents signed for that purpose. Any situation that compromises impartiality shall be declared and managed in accordance with the BCA Fund's policies.



8. Validity and Review

These terms of reference may be reviewed annually or when requested by a member of the Committee or the Board of Directors of the BCA Fund to ensure their relevance and effectiveness.



Annex 6 - Expense Reimbursement Policy for Directors and Committee Members of the BCA Fund

Purpose

The Expense Reimbursement Policy aims to establish guidelines for the reimbursement of expenses to Directors, Committee Members, and technical experts of the BCA Fund, ensuring that compensation is fair, transparent, and aligned with best governance practices.

The principle underlying the Expense Reimbursement Policy is the voluntary nature of the service. Directors and Committee members (in accordance with the Fund's Bylaws (section 4.12) and technical experts in accordance with the Fund's Operating Manual (section 2.11) perform their duties freely and voluntarily, contributing their time and expertise to the success of the Fund's purpose.

Compensation

Directors, Committee members, and technical experts shall not receive any compensation for their participation in the Fund's activities. Third-Party Payments

Any amount paid to a Director or Committee member by a donor or beneficiary of the Fund for services rendered on behalf of such donor or beneficiary shall not be considered compensation for their service on the Board of Directors or Committee, provided that such payments are permitted by applicable law and do not create a conflict of interest. The Board of Directors will review and approve any situation that may involve third-party payments to ensure that it adheres to the Fund's Conflict of Interest Policy and applicable law.

Advance and Reimbursement of Expenses

Directors, committee members, and technical experts may request advances or reimbursement for necessary expenses incurred in the performance of their official duties. This includes, but is not limited to, travel, accommodation, meals, and other expenses related to participation in the Fund's official meetings, activities, and events.

Eligible Expenses

Directors, committee members, and technical experts may request advances or reimbursement for the following eligible expenses, provided they are directly related to the performance of their duties:

- a) Transportation:
 - i. Airfare: Economy class flight costs. In exceptional and justified cases, a higher class may be authorized with the prior approval of the Board of Directors.
 - ii. Ground Transportation: It includes the use of taxis, public transportation, rental vehicles, and mileage reimbursements when using a personal vehicle. Mileage reimbursement will be based on current rates established by the Board of Directors and prepared by the Executive Management.
 - iii. Parking and Tolls: Costs incurred for the use of parking and tolls during official travel.

- b) Accommodation:
 - i. Hotels and Lodging: Reimbursement of accommodation costs in mid- to high-end hotels, except in cases where no suitable options are available. Original



receipts must be submitted for reimbursement. In cases of private accommodation (e.g., staying with relatives), a fixed amount per night may be reimbursed as stipulated by the Fund's internal rules.

c) Meals:

- i. Daily Allowances: A daily limit will be established for food expenses. Directors and Committee members may request reimbursement for meals by submitting receipts that comply with the daily limit defined by the Fund's internal rules.
- ii. Official Events: Expenses for meals during official meetings or Fund events may be reimbursed, provided they are justified and properly documented.

d) Other Expenses:

- i. Conference and Seminar Fees: Registration for events related to the Fund's activities, subject to approval by the Board of Directors or the Executive Management.
- ii. Overseas Communication Costs: Includes mobile phone, internet, and other communication costs related to the performance of the Fund's official functions.
- iii. Visas and Travel Insurance: Expenses incurred in obtaining visas, travel insurance, and other fees related to official travel.
- iv. Contingency Expenses: Other reasonable and necessary expenses not specified above may be reimbursed upon justification and approval by the Board of Directors.

Procedure for Advance Payment of Expenses

Advance payment of expenses allows Directors, Committee members, and technical experts of the BCA Fund (BCA) to access the funds necessary to cover expenses related to their responsibilities before incurring them. The process for requesting advance payment of expenses must follow the following steps:

1. Submission of the Request:

- a. Directors and Committee members who need an advance of funds to cover expenses related to their duties must complete and submit an expense advance request form. This form must include:
 - i. A detailed description of the anticipated expenses.
 - ii. The estimated amount needed.
 - iii. The justification for the advance.
 - iv. The date or period when the expenses are expected to be incurred.
- b. The request must be submitted at least 4 business days before the date on which the funds will be needed.

2. Review and Approval:

- a. This procedure will be detailed in the relevant regulations developed by the administration. Delivery of Funds:
 - b. Advance funds will be delivered to the applicant by bank transfer, check, or any other payment method authorized by the Fund.
 - c. The applicant will receive a receipt or proof of the advance payment made.
- Procedure for Reimbursement or Settlement of Expenses

The reimbursement of expenses allows the Directors and members of the Fund's Committees to access the funds necessary to cover expenses related to their responsibilities after incurring them. The settlement of expenses allows the Directors and members of the Committees to justify the expenses incurred as a result of the advance payment of expenses. The process for requesting the reimbursement or settlement of expenses must follow the following steps:

1. Submission of the Request:

- a. Directors, committee members, or technical experts must complete an expense reimbursement or settlement form detailing and justifying each expense



- incurred. This form must be accompanied by all original receipts, such as invoices, receipts, and transportation tickets.
- b. Reimbursement requests must be submitted within 30 days of the date on which the expenses were incurred. Late requests will be rejected, except in exceptional circumstances, which will be evaluated and approved by the Board of Directors.
 - c. In the case of expense settlements, if minor or additional expenses are incurred that were not covered by the advance, these must be reported in the settlement, where an additional reimbursement will be requested.
2. Review of the Request:
 - a. Administrative Area: The Administrative Area of the Executive Management is responsible for the initial review of all reimbursement and settlement requests. This review will include verification of the eligibility of expenses, the accuracy of the amounts requested, and compliance with Fund policies. Any discrepancies or lack of documentation will be communicated to the applicant, who must clarify or correct them within a reasonable period of time.
 - b. Finance Unit: Subsequently, the Finance Unit will conduct an additional review to ensure the availability of funds and the correct allocation of expenses to the corresponding accounting accounts.
 3. Final Approval and Processing:
 - a. Once reviewed and approved by the Administrative Unit and the Finance Unit, the reimbursement request will be authorized by the Executive Director.
 - b. Reimbursement will be paid within seven business days of the date of approval, using the beneficiary's preferred payment method (bank transfer, check, etc.).
 - c. In the case of expense settlements, once the justification has been reviewed and approved, the Financial Unit will proceed to close the advance account. If there are any surplus funds, the applicant must return them to the Fund within 10 business days of the approval of the justification.

Responsibilities of the Executive Management

- I. Administrative Unit:
 - i. Receive and review all requests for advances, reimbursements, and expense settlements to ensure that they are complete, properly documented, and that the expenses comply with established policy.
 - ii. Maintain communication with Directors, Committee members, and technical experts to request any additional documentation necessary and clarify questions about this policy.
 - iii. Record all requests for advances, reimbursements, and settlements in a tracking system, ensuring an organized and accessible archive for future audits and reviews.
- II. Finance Unit:
 - i. Verify that funds are available in the corresponding accounts before authorizing advances and reimbursements.
 - ii. Ensure that advances and reimbursed expenses are correctly recorded in the Fund's accounting books, in compliance with applicable accounting and auditing standards.
 - iii. Prepare periodic reports on advances and reimbursements processed, submitting them to the Executive Director and the Board of Directors to ensure transparency and accountability.



Limits and Approval

The Board of Directors may establish specific limits for certain types of expenses (e.g., accommodation, transportation) and require prior approval for expenses exceeding a certain amount.

In situations where expenses are expected to exceed the established limits, Directors and Committee members must obtain prior written approval from the Board of Directors.

Transparency and Compliance

All guidelines for remuneration, third-party payments, advances, and reimbursements shall comply with applicable law, and any exceptions or special circumstances that arise shall be reviewed and approved by the Board of Directors to ensure their legality and compliance with the Fund's Code of Ethics.

All advances and reimbursements processed and payments authorized shall be subject to internal and external audits to ensure transparency and proper accountability. In addition, the Executive Management shall be responsible for maintaining accurate and up-to-date records of all reimbursements and payments made under this policy.

Policy Review

This policy will be reviewed and updated annually by the Board of Directors, or more frequently if circumstances require, to ensure that it remains appropriate, fair, and in compliance with applicable laws and regulations. Any modifications must be approved by the Board and communicated to all Directors and Committee members by the Executive Management.



Annex 7 - BCA Conflict of Interest Policy

1. All directors, officers, and Organization Managers (as defined below) of the Fund shall receive a copy of this Policy and shall sign the Conflict of Interest Disclosure Statement ("**Disclosure Statement**") set forth in Annex A, attached hereto.
2. A conflict of interest is defined as follows:

A conflict of interest arises when you, as a director, officer, or Organization Manager, as applicable (a "Fund Party"), have an interest that conflicts (or could conflict, or could be perceived as a conflict) with the interests of the Fund.

"Officers of the Organization" refers to the persons defined in section 53.4958-3(c) and (e) of the Treasury Regulations. Generally, this includes the Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer or equivalent positions, regardless of title, or persons in a position to exercise substantial influence over the affairs of the Fund by virtue of their powers and responsibilities. It may also include other persons who have authority to control or determine a substantial portion of the capital expenditures, operating budget, or compensation of Fund employees, or who manage a discrete segment or activity of the Fund that represents a substantial portion of the Fund's activities, assets, revenues, or expenses.

A conflict of interest can take many forms. It can be financial or non-financial. It can be direct or indirect. It can be professional or familial.

*A conflict of interest may arise by virtue of the interests of a Related Party to any Party to the Fund. A "**Related Party**" means, with respect to any individual, (A) any parent, ancestor, spouse, or child or other descendant of such individual (including by adoption), (B) any person who employs such individual or any person listed in clause (A) above, (C) any person in whom such individuals have a controlling interest (for the purposes of this definition, "control," in relation to any person, means the ownership of more than 35% of the voting power or beneficial interest, or the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through ownership of voting securities, by agreement, or otherwise), (D) any trust in which such persons described in clause (A) collectively hold more than 35% of the beneficial interest, (E) any custodian or guardian of any property of such individual or any person described in clause (A) above in their capacity as custodian or guardian, or, (F) any other organization in which such individual or any person referred to in clause (A) above has a personal or economic interest of control, provided, however, that with respect to any Government Affiliated Director (as defined in the Bylaws), the Government or department of the Government that appointed such Government Affiliated Director shall not be considered a Related Party.*

*A conflict of interest may arise whenever there is a reasonably foreseeable possibility that a Party to the Fund or any Related Party to such Party to the Fund may benefit or suffer losses from any matter submitted to the Board of Directors of the Fund ("**Board of Directors**") relating to the activities of the Fund (a "**Financial Interest**").*



Therefore, a conflict of interest may arise from a management position or other employment; interests in commercial enterprises or professional practices; ownership of shares; beneficial interests in trusts; existing professional or personal associations with the Fund; professional associations or relationships with other organizations; personal associations with other groups or organizations; or family relationships.

3. A Disclosure Statement is attached as Appendix A to this Policy and must be completed:
 - a) By all new Fund Parties; and
 - b) By existing Fund Parties on an ongoing basis as soon as reasonably practicable after the Fund Party becomes aware of a new potential conflict of interest; and
 - c) By existing Fund Parties within one (1) calendar month of the start of each Fund fiscal year.
4. The Fund shall maintain a record of conflicts of interest of Fund Parties ("Record"), which shall be accessible to the Board of Directors. Appendix B contains a template for this Record.
5. At each meeting of the Board of Directors, the agenda shall include an item for the disclosure of conflicts of interest.
6. The following procedures shall apply to the review and resolution of any potential conflicts of interest.
 - a) **Duty of Disclosure.** Whenever there is a reasonably foreseeable possibility that any Fund Party or a Related Party of a Fund Party may have a conflict of interest in any matter before the Board of Directors relating to the activities of the Fund ("**Interested Party Transaction**"), the person disclosing the conflict of interest ("**Interested Party**") shall inform the Chairman of the Board of Directors of all material facts relating to the potential conflict of interest, including the nature and extent of the conflict and any other relevant affiliations or relationships. The Chair of the Board of Directors shall determine whether the disclosed information should be reviewed by the *Board of Directors* or the Committee (as defined below); provided that all Related Party Transactions involving a Financial Interest must be approved by the *Board of Directors* or the Committee in accordance with the Fund's bylaws ("**Bylaws**").
 - b) **Failure to disclose.** If the *Board of Directors* or the Committee has reasonable grounds to believe that a Party to the Fund has failed to disclose an actual or potential conflict of interest, it shall inform the person of the basis for such belief and give the person an opportunity to explain the alleged failure to disclose. If, after hearing the person's response and conducting such additional inquiries as the circumstances warrant, the *Board of Directors* or the Committee determines that the person has failed to disclose an actual or potential conflict of interest, it shall take appropriate corrective action.
 - c) **Compliance Committee.** The *Board of Directors* may, but is not required to, create a Compliance Committee authorized to review and approve any Related Party Transaction when the law and the Bylaws permit recourse to a committee ("**Committee**"). The members of such Committee shall consist exclusively of directors who are not related to or subject to the control of the Related Party disclosing the conflict of interest. If an Interested Party Transaction involves a Director, such Committee may only be used to review the Interested Party Transaction if (i) it is not reasonably practicable to obtain



the review and approval of the *Board of Directors* prior to entering into such Interested Party Transaction, and (ii) the *Board of Directors* reviews the Committee's analysis and determination and ratifies such Interested Party Transaction at its next meeting.

- d) **Determination by the *Board of Directors* or the Committee.** Each Related Party Transaction, and any compensation decision with respect to a Fund Party, shall be reviewed by the *Board of Directors* or the Compliance Committee following these procedures to determine whether there is an excessive benefit under Section 4958 of the Internal Revenue Code of 1986 (as amended, the "Code") or a conflict of interest under Section 144 of the Delaware General Corporation Law. Any determination regarding the existence of an excessive benefit or conflict of interest shall be made by a majority vote of the disinterested directors participating in the decision-making, subject to any other approval requirements set forth in the Bylaws.
- e) **Review of Disclosures and Material Facts.** The Board of Directors or the Committee shall review all material facts relating to the potential conflict of interest disclosed by the Interested Party, including the nature and extent of the conflict and any other relevant affiliations or relationships. Such Interested Party may be invited to attend meetings of the *Board of Directors* or Committee solely to answer questions, but if not invited, shall refrain from attending such meetings and shall not be present during the discussion and voting on such matter, unless otherwise required by the Bylaws. After any presentation by an Interested Party, the Interested Party shall leave the meeting and shall not be present during the *Board of Directors'* or Committee's discussion or vote on whether the Interested Party Transaction involves an undue excessive benefit or conflict of interest, and the Interested Party shall not attempt to exert influence in connection with the matter. A Party to the Fund who is employed by or affiliated with an entity that would be affected by an action taken or position taken by the Fund shall not be disqualified from participating in the discussion or voting on that action or position, unless he or she has a conflict of interest that would be affected by the action or position, provided that the facts of such Fund Party's employment or affiliation have been disclosed to the *Board of Directors*, unless the *Board of Directors* or the Committee determines that a disqualifying conflict of interest exists.
- f) **Required Findings - Review of Excessive Benefits under Federal Law.** The *Board of Directors* or the Committee must investigate whether an Interested Party Transaction or Transaction provides an "excessive benefit," as defined in Section 4958 of the Code. An "excessive benefit" exists when the value of an economic benefit provided by the Fund directly or indirectly to or for the use of any Interested Party exceeds the value of the consideration (including the provision of services) received by the Fund from the Interested Party for providing such benefit. The *Board of Directors'* review of the Committee must follow the excessive benefit review procedures in Section 53.4958-6 of the Treasury Regulations, including (1) investigating and gathering information, including obtaining and relying on appropriate data regarding comparability or fair market value before making its decision, and (2) adequately and contemporaneously document the basis for its decision at the same time it makes such decision. In making such decision, the *Board of Directors* or the Committee may rely on a reasoned opinion from an appropriate professional, including, but not limited to, legal counsel, valuation experts, or compensation consultants. The *Board of Directors* or the Committee may approve an Interested Party Transaction only if it determines,



after reviewing the facts and results of its investigation, that the value of the economic benefit provided to the Interested Party does not exceed the value of the consideration received by the Fund.

- g) **Additional findings required for related party transactions involving a director or officer --- Conflict of interest under Delaware law.** In order for any contract or transaction in which a director or officer of the Fund (or any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers of the Fund) has a Financial Interest not to be declared void or voidable, the following procedures and additional findings are required by Delaware law in connection with the approval of such contract or transaction by the *Board of Directors* or the Committee:
- The material facts regarding the director or officer's relationship or interest and regarding the contract or transaction are disclosed to or known by the Board or the Committee; and
 - The *Board of Directors* or the Committee determines in good faith that the contract or transaction is fair to the Fund at the time it is authorized, approved, or ratified by the *Board of Directors* or the Committee, which must include consideration of both (A) the fair process or course of negotiations with respect to such transaction and (B) the fair price or economic and financial terms of the transaction.
- h) **Compensation of Fund Parties.** All compensation of any Fund Party must be reviewed in accordance with these procedures to determine whether it constitutes excessive benefit under Section 6(g) described above. The *Board of Directors* or the Committee may not approve compensation that constitutes an excessive benefit. A director who receives compensation, directly or indirectly, from the Fund for his or her services may not vote on matters related to the compensation of that director.
- i) **Minutes.** The minutes of the meetings of the Board of Directors or the Committee shall reflect: (1) that the existence of a conflict of interest has been disclosed; (2) the nature of the conflict of interest; (3) the documentation supporting the determination of the *Board of Directors* or the Committee, including the comparability data or fair market value data on which it was based and any reports prepared for the purpose of deliberation and voting on the matter; (4) any steps taken to determine whether a conflict of interest or excessive benefit existed and to approve such transaction or compensation agreement between interested parties; (5) the names of all persons present at the deliberations or voting on the matter; (6) the content of the deliberation, including any alternatives to the proposed transaction or related-party compensation agreement; (7) a record of all actions taken in connection with the procedure; and (8) abstentions from voting. The minutes shall be drafted prior to the next meeting of the *Board of Directors* or Committee or 60 days after the final decision of the *Board of Directors* or Committee regarding the related-party transaction or compensation agreement, whichever is later. The minutes shall be approved or ratified by the *Board of Directors* or Committee within a reasonable time.



Annex A

CONFLICT OF INTEREST DISCLOSURE

In accordance with Section 12.1 of the Bylaws (the "Bylaws") of the BCA Fund Inc. ("Fund") and the Fund's Conflict of Interest Policy, directors, officers, and managers of the Fund's organization⁴ must disclose potential and actual conflicts of interest.

This Conflict of Interest Disclosure Statement ("Disclosure Statement") must be completed as a condition precedent to their appointment as a Director of the Fund's *Board of Directors* ("*Board of Directors*") or as an officer or Organization Manager of the Fund. In addition, it is a continuing requirement to update this Disclosure Statement while serving as a director, officer, or organizational manager of the Fund.

Conflict of Interest

A conflict of interest arises when you, as a Director, officer, or Organization Manager, as applicable (a "Fund Party"), have an interest that conflicts (or could conflict, or could be perceived as a conflict) with the interests of the Fund.

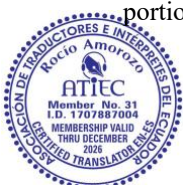
A conflict of interest can take many forms. It can be financial or non-financial. It can be direct or indirect. It can be professional or familial.

A conflict of interest may arise by virtue of the interests of a Related Party to any Party to the Fund. A "**Related Party**" means, with respect to any individual, (A) any parent, ancestor, spouse, or child or other descendant of such individual (including by adoption), (B) any person who employs such individual or any person listed in clause (A) above, (C) any person in whom such individuals have a controlling interest (for the purposes of this definition, "control," in relation to any person, means the ownership of more than 35% of the voting power or beneficial interest, or the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through ownership of voting securities, by agreement, or otherwise), (D) any trust in which such persons described in clause (A) collectively hold more than 35% of the beneficial interest, (E) any custodian or guardian of any property of such individual or any person described in clause (A) above in their capacity as custodian or guardian, or, (F) any other organization in which such individual or any person referred to in clause (A) above has a personal or economic interest of control, provided, however, that with respect to any Government Affiliated Director (as defined in the Bylaws), the government or department of government that appointed such Government Affiliated Director shall not be considered a Related Party.

A conflict of interest may arise whenever there is a reasonably foreseeable possibility that a Party to the Fund or any Related Party to such Party to the Fund may benefit or suffer loss from any matter relating to the activities of the Fund.

Therefore, a conflict of interest may arise from a management position or other employment; interests in commercial enterprises or professional practices; ownership of shares; beneficial interests in trusts; existing professional or personal associations with the Fund; professional

⁴ "Organization Managers" refers to the persons defined in section 53.4958-3(c) and (e) of the Treasury Regulations. Generally, this includes the Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer or equivalent positions, regardless of title, or persons in a position to exercise substantial influence over the affairs of the Fund by virtue of their powers and responsibilities. It may also include other persons who have authority to control or determine a substantial portion of the capital expenditures, operating budget, or employee compensation of the Fund, or who manage a discrete segment or activity of the Fund that represents a substantial portion of the Fund's activities, assets, revenues, or expenses.



associations or relationships with other organizations; personal associations with other groups or organizations; or family relationships.

Disclosure

1. A direct or indirect conflict may arise with my duty as a director, officer, or Fund Organization Manager because:

a) I, or persons related to me as a Related Party, hold the following positions (appointed or elected):

b) I, my Related Persons, or any trustee or any person designated on my behalf, directly or indirectly own or hold the following interests (including, but not limited to: shares, businesses, or properties):

c) I, or my Related Parties (as defined in the glossary of the Bylaws), have the following interests in existing or potential transactions with the Fund:

2. A real or perceived conflict of interest may arise with my duty as a director, officer, or manager of the Fund Organization because I receive financial compensation (whether for services rendered by me, as an owner or co-owner, trustee, or employee, or otherwise) from the following sources:



3. The following is a list of each subsidiary⁵ or affiliate⁶ of a company listed in section 1(b) or 2 of this Disclosure Statement:

Company listed in Section 1(b) or 2	Name of subsidiary or affiliate	Type of usual activity of the subsidiary or affiliate

4. Other than as disclosed above, do you have any relationship or interest that could compromise, or give the appearance of compromising, your judgment in the best interests of the Fund?

Yes: ___ No: ___

If yes, please describe:

Declaration and Signature

I, [name in block letters]

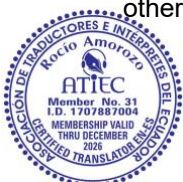
1. attest to the accuracy of the information provided in this Disclosure Statement and;
2. acknowledge my obligations under Section 12.1 of the Bylaws and the Conflict of Interest Policy and agree that I will fully and promptly disclose the nature and extent of the interest to the Board of Directors.

Signature:

Date:

⁵ For the purposes of this Disclosure Statement, a company is a subsidiary of another company when it is controlled by that other company or by that other company and one or more other companies, each of which is controlled by that other company or by two or more other companies, each of which is controlled by that other company or is a subsidiary or affiliate of that other company.

⁶ For the purposes hereof, a company is affiliated with another when one of them is a subsidiary of the other, or both are subsidiaries of the same company, or each of them is controlled by the same person.



Annex B

CONFLICT OF INTEREST REGISTRY

Name of Director, Officer, or Manager of the Organization	Description of the Conflict of Interest	Date of Notification	Is the conflict of interest ongoing?

This Register can be used either to record all conflicts of interest chronologically as they are disclosed, or to have separate pages for each Director, officer, or Manager of the Fund Organization with their interests recorded chronologically.

This Register is based on a model developed by the Institute of Chartered Secretaries and Administrators and is reproduced with their kind permission.



Annex 8 - BCA Fund Investment Policy

Purpose

The purpose of the Investment Policy is to present the objectives, mission, and investment philosophy and to establish general guidelines for the management, control, monitoring, and evaluation of the Fund's assets.

The Fund's assets include equity resources and exhaustible resources, as well as others that may be incorporated in the future with the prior knowledge and approval of the Board of Directors, and are an instrument for the sustainable and long-term financing of the Fund.

The Investment Policy seeks to:

- a) Preserve the long-term value of the resources managed by the Fund;
- b) Generate surpluses for the operational financing of the Fund and its programs and projects;
- c) Ensure an adequate level of liquidity for the Fund in the long term;
- d) Seek growth in equity resources; and
- e) Mitigate financial risks.

Principles

The principles on which the Investment Policy is based are:

- a) Transparency;
- b) Diversification;
- c) Profitability;
- d) Sustainability;
- e) Liquidity;
- f) Risk management;
- g) Effectiveness;
- h) Avoidance of conflicts of interest and insider trading; and
- i) Compliance with the objectives set forth in the Fund's Bylaws.

Risk Management

Risk is defined as the potential losses that may arise in the Fund's assets due to:

- a) Unexpected changes in market variables (market risk);
- b) Failure by a counterparty to fulfill an obligation (credit risk);
- c) Inability to meet payment obligations or inability to sell a financial asset or only being able to do so at a significant discount (liquidity risk);
- d) Deficiencies in control systems and procedures or information systems (operational risk); and
- e) Inability to enforce contractual obligations and/or incomplete documentation (legal risk).

Risk management is the process of identifying, analyzing, evaluating, and addressing exposures to loss and monitoring risk controls and financial resources to mitigate the adverse effects of losses.



The Fund's investment portfolio must have a moderate risk profile, i.e., it will contemplate a strategy that balances the security and potential growth of the Fund's assets. This should be achieved through portfolio diversification, by investing in fixed-income financial assets, equities, and alternative investment instruments, as well as through the composition of managers, issuers, sectors, terms, and varied characteristics of the investment instruments. It will also consider moderate risk but limit exposure to highly volatile assets.

The balance will avoid short-term objectives and minimize the risk of significant losses in short periods of time. In addition, a degree of liquidity in the assets must be ensured so that the resources can be used when required, in accordance with the Fund's cash flow needs.

In other words, before **[loan maturity date]**, the Fund is not expected to require the use of its assets to finance its activities and, therefore, will accept lower liquidity until that date in order to maximize returns, taking into account a balanced risk profile.

Without prejudice to the decisions of the Board of Directors, the balance between risk and return parameters should be approached based on the following main aspects:

- a) Adequate establishment of liquidity needs;
- b) Relationship between fixed-income securities, equities, and alternative investments;
- c) Relationship between fixed-rate and variable-rate securities;
- d) Investment horizon;
- e) Maturity profile of investments;
- f) Diversification with respect to issuers; and
- g) Need for risk hedging.

Roles and Responsibilities

The Finance Committee, formed in accordance with section 2.7.2 of the Operating Manual, is responsible for overseeing the Fund's investments, including defining the investment strategy, pre-selecting investment managers, and periodically reviewing, monitoring, and adjusting the performance of the investment portfolio. The Board of Directors is responsible for approving the investment strategy and the final selection of investment managers.

The Board of Directors' selection of qualified investment managers must be based on prudent due diligence procedures. A qualified investment manager will be selected based on terms of reference approved by the Board of Directors, in a competitive and transparent process.

The investment manager(s) shall make every reasonable effort to preserve the initial invested capital. However, losses or devaluations may occur at different times due to variations in interest rates, exchange rates, stock prices, and, in general, the financial assets in which the investment is made. The percentages of moderate tolerable losses will be established in the investment strategy. Regardless of the scheme selected to support the management of invested assets, the utmost prudence and the best controls must be ensured.

To ensure the continued relevance of this Investment Policy, it shall be reviewed and updated periodically. The Finance Committee shall meet at least once a year, when circumstances warrant or as established in the Finance Committee's guidelines, to validate it and/or propose any modifications it deems appropriate, taking into account the objectives



of the resources managed, market conditions, and all factors that may have a significant impact on the management of the Fund's assets.

Any proposed amendment shall be submitted to the Board of Directors for approval, and this information shall be formally and promptly communicated to all Investment Managers.

Conflict of interest

All persons responsible for investment decisions must disclose in writing to the Board of Directors any conflict of interest or relationship that could result in a benefit with respect to investments under discussion. These persons must be excluded from the decision-making process in accordance with the Fund's Conflict of Interest Policy.

All members of the Board of Directors, the Financial Committee, and the Fund's Technical Secretariat must waive any remuneration, commission, gift, service, or benefit that could influence decision-making regarding the management of the Fund's assets, in accordance with the provisions of section 12.1 of the Fund's Bylaws.

Allowed Operations

Without prejudice to the decisions of the Board of Directors, financial transactions may be carried out in different currencies, maintaining a strict policy of liquidity, non-concentration, and risk diversification, provided that the provisions of this Investment Policy are complied with, and in particular the criteria of environmental, social, and governance (ESG) responsibility, as well as the exclusion of companies, funds, individuals, and/or countries determined by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury of the United Kingdom, Switzerland, or other relevant sanctioning authority with jurisdiction over the Fund.

1. Cash equivalents:
 - a) Short-term US Treasury securities;
 - b) Short-term investment funds;
 - c) Commercial securities;
 - d) Bankers' acceptances;
 - e) REPOS;
 - f) Term certificates of deposit; and
 - g) Any other short-term asset that, in the opinion of the Board, has reasonable levels of risk.
2. Fixed income instruments:
 - a) Fixed income instruments issued by non-domestic governments and municipalities;
 - b) Corporate notes and bonds;
 - c) Agency securities; and
 - d) Securitizations on portfolios.
3. Equities and equivalents:
 - a) Preferred shares;
 - b) Common shares; and
 - c) ADRs (financial instruments that allow US investors to trade shares of foreign companies without having to buy and sell on a foreign stock exchange).
4. Alternative investments:
 - a) Hedge funds;



- b) Private equity; and
 - c) ETFs.
5. Real assets
- a) Commodities;
 - b) Related investments;
 - c) Real estate; and
 - d) Infrastructure.

The allocation by type and class of financial instrument will be defined in collaboration with the Finance Committee and the Investment Managers duly selected by the Board.

Prohibited Transactions

Any transaction or investment that is contrary to the purpose of the Fund as described in the Fund's Bylaws is prohibited. Without prejudice to what the Board may decide, these prohibited investments are also found in the following sectors:

1. Fossil fuel industries and other extractive industries that contribute to increased deforestation and biodiversity loss;
2. Industries that employ child labor;
3. Conventional and unconventional weapons industries;
4. Tobacco;
5. Alcoholic beverages;
6. Gambling;
7. Pornography or adult entertainment; and
8. Highly polluting industries.

ESG Criteria

Investment managers shall perform their duties in a coordinated manner; that is, not in isolation but within the institutional context of the Fund and as part of the Fund's overall investment strategy. The Board of Directors and the Finance Committee shall exercise reasonable care, skill, and prudence in investments that reasonably conform to the moderate risk profile defined in this Investment Policy and the purpose of the Fund defined in the Fund's Bylaws.

Investment managers shall seek to integrate ESG performance considerations into investment decisions; this implies the explicit and systematic inclusion of ESG criteria in investment analysis and decisions. To ensure a 100% sustainable portfolio in the Fund's investments, they must eliminate all types of non-permitted investments and include investments in instruments that are characterized by ESG criteria.

Ongoing Reporting

The selection criteria for Investment Managers will include the requirement to provide and maintain timely reports describing, at a minimum, the Fund's financial performance, asset allocation, and expenses, and to provide periodic updates of such information to the Board of Directors and/or the Finance Committee. Such updates shall be submitted at least each quarter and/or as often as determined by the Board of Directors and/or the Finance Committee. **Annex 9 - BCA Fund Anti-Money Laundering Policy**



Purpose

The BCA Fund (the "BCA Fund"), committed to transparency and integrity in all its operations, establishes this "Anti-Money Laundering and Counter-Terrorist Financing and Know Your Customer Policy" (the "AML/KYC Policy"), in order to prevent, detect, and report risks associated with any illegal activity related to money laundering, terrorist financing, and other illegal activities that may compromise the BCA Fund's personnel and resources. To this end, due diligence processes, "Know Your Customer" (KYC) procedures, and internal controls have been developed and adopted for the continuous monitoring of the BCA Fund's operations.

Principles

The principles on which the AML/KYC Policy is based are:

- a) Transparency;
- b) Strict legal compliance;
- c) Ethical commitment; and
- d) Confidentiality.

It is the policy of the BCA Fund to comply with national and international laws relating to the prevention of money laundering and terrorist financing, economic sanctions, among others applicable to the BCA Fund, particularly:

- the Bank Secrecy Act of 1970, Pub. L. No. 91-508, 84 Stat. 1114 to 1124 (codified as amended in scattered sections of 12 U.S.C., 15 U.S.C., and 31 U.S.C.), as amended, among others, by the USA PATRIOT Act of 2001, Pub. L. No. 107-56 (codified as amended in various sections of the U.S.C.), the Money Laundering Control Act of 1986, 18 U.S.C. §§ 1956 and 1957),
- International standards established by the Financial Action Task Force (FATF), especially the 40 FATF Recommendations;
- the Ecuadorian Organic Law on the Prevention, Detection, and Combating of Money Laundering and the Financing of Other Crimes, its Regulations, and other applicable regulations in accordance with the provisions of the Financial and Economic Analysis Unit (UAFE).
- Likewise, that its operations do not engage in any conduct classified as a crime in the Ecuadorian Comprehensive Organic Criminal Code.

Compliance with these laws (collectively, the "AML Laws") will ensure that the BCA Fund does not engage with any Counterparty or potential Counterparty that may seek to use legitimate business activities with the BCA Fund as a means to facilitate money laundering or terrorist financing activities or otherwise engage in transactions with the BCA Fund involving proceeds of crime.

As such, the policies, procedures, and internal controls contained in this AML/KYC Policy are designed to:

- i. Comply with the requirements of applicable law, including AML Laws and the laws of relevant jurisdictions, and
- ii. Ensure that none of (1) the senior management of the BCA Fund, any member of the Board of Directors, or any other person with control or substantial influence over the



BCA Fund, or (2) the Counterparties, or (3) any natural or legal person, including partnerships, joint ventures, corporations, trusts, and unincorporated organizations, or any government or department or agency thereof (each, a "Person") who holds a significant management position or has significant responsibility for financial decision-making at any Counterparty, or (4) Person who directly or indirectly owns ten percent (10%) or more of a Counterparty (collectively, the "AML/KYC Parties") is owned or controlled by, or is a Person who (a) has been convicted of fraud, corruption, or violations of securities law, (b) has a possible involvement in terrorism, (c) has been disqualified or suspended from contracting with the U.S. government or any agency or instrumentality thereof, or (d) is a sanctioned Person or violates sanctions or AML Laws, as set forth throughout this AML/KYC Policy.

For the purposes of this AML/KYC Policy, "Counterparty" shall mean any Person, beneficiary, donor, grantee, grantor, concessionaire, entity, agency, or organization that receives from the BCA Fund or grants it a subsidy, donation, contribution of funds, loan, guarantee, or any other type of financial or in-kind support.

Economic sanctions imposed by the United States of America and other jurisdictions (e.g., the European Union and the United Kingdom) often restrict certain transactions with persons, entities, or jurisdictions that have been identified as targets of sanctions. The government of the United States of America has imposed comprehensive embargoes on the following jurisdictions: Iran, Syria, Cuba, North Korea, the Ukrainian region of Crimea, and the Ukrainian regions known as the Donetsk People's Republic and the Luhansk People's Republic. It is therefore a violation of US law for US persons to engage in any commercial transaction involving these jurisdictions without specific authorization.

Money laundering is generally defined as the performance of acts intended to conceal or disguise the true origin of the proceeds of criminal activities, so that such proceeds appear to have a legitimate origin or constitute legitimate assets. Money laundering generally occurs in three stages: placement, layering, and integration.

- i. First, the money enters the financial system in the "placement" phase, in which cash generated by criminal activities is converted into monetary instruments, such as money orders or traveler's checks, or deposited into accounts at financial institutions.
- ii. Next, in the "layering" phase, the funds are transferred or moved to other accounts or other financial institutions to further separate the money from its criminal origin.
- iii. Finally, in the "integration" phase, the funds are reintroduced into the economy and used to acquire legal assets or to finance other criminal activities or legal businesses.

Potential involvement in the "integration" phase as a recipient of the proceeds of criminal activity exposes the BCA Fund (and its employees) to potential liability under AML Laws when the BCA Fund knows, or should have known, that a party with whom it is transacting has engaged in illegal activity and is using the proceeds of that activity to make a payment to the BCA Fund.

Furthermore, in light of the intensified scrutiny of financial institutions by regulatory and law enforcement authorities in the area of AML Laws compliance, it is essential that the BCA Fund does not engage with third parties that could cause the financial institutions with which the BCA Fund works to question the integrity and legality of the transactional activity in the



BCA Fund's accounts, thereby jeopardizing the BCA Fund's relationships with such financial institutions and other government and private entities.

Scope and Applicability

The AML/KYC Policies detailed in this document are applicable to all operations and activities of the BCA Fund, as well as to all persons and organizations that participate in the processes or receive or grant the BCA Fund a grant, donation, contribution of funds, contribution in kind, payment of goods or services, loan, guarantee, or any other type of financial or in-kind support (each, a "Project Implementation Support"), including:

1. Beneficiaries;
2. Donors;
3. Contractors and subcontractors;
4. Staff, officers, and members of the Executive Management, Committees, and Board of Directors of the BCA Fund; or any other person with control or substantial influence over the BCA Fund; and
5. AML/KYC Parties.

In order to mitigate the risk of money laundering and economic sanctions, the BCA Fund shall observe and comply with the following policies (collectively, the "AML/KYC Policies") in its various activities:

1. Conduct rigorous due diligence with respect to all AML/KYC Parties and potential AML/KYC Parties with whom the BCA Fund has a relationship or conducts transactions, in order to identify potential AML/KYC Parties and potential AML/KYC Parties that may be involved in illegal activities or otherwise expose the BCA Fund to an increased risk of money laundering, or that may be subject to sanctions, including implementing AML/KYC Party identification procedures, enhanced due diligence for higher-risk AML/KYC Parties, including Politically Exposed Persons (PEPs);
2. Monitor monetary transactions between the BCA Fund and AML/KYC Parties to identify transactions that may pose an increased risk of money laundering or sanctions;
3. Ensure that none of the "AML/KYC Parties" is owned or controlled by, or is, (a) a Person who has been convicted of fraud, corruption, or violation of securities law, (b) a Person who has a possible involvement in terrorism, (c) a Person who has been disqualified or suspended from contracting with the government of the United States of America or any agency or instrumentality thereof; or, (d) a sanctioned Person, understood as any Person (i) designated on the list of Specially Designated Nationals and Blocked Persons of the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury, or on any list of sanctioned persons issued pursuant to sanctions by any agency or instrumentality of the United States government, (ii) that has been disqualified or suspended from contracting with the United States government or any agency or instrumentality thereof, (iii) is, or is part of, a government of a Sanctioned Territory, (iv) is owned or controlled by any of the foregoing, or acts on their behalf, (v) is located in or operates from a Sanctioned Territory, or (vi) is subject to or the target of any other type of sanction, understood as any economic, administrative, or financial sanction, or trade embargo or restrictive measure, applied, administered, or enforced by OFAC, the U.S. Department of State,



the U.S. Department of Commerce, the United Nations Security Council, the European Union, or any other agency or instrument of the government or any other relevant sanctioning authority with jurisdiction over the BCA Fund. For its part, "Sanctioned Territory" shall mean any country, territory, or geographical region that is the subject or target of any sanction (currently, the sanctioned territories are Iran, Cuba, North Korea, Syria, the Ukrainian region of Crimea, and the so-called Donetsk People's Republic and Luhansk People's Republic of Ukraine).

Due Diligence

This BCA Fund AML/KYC Policy provides for a rigorous due diligence process with respect to AML/KYC Parties and potential AML/KYC Parties with which the BCA Fund operates, which shall include: (i) identification and verification of the beneficial owner; (ii) checking for matches with relevant government lists; and (iii) assessing possible red flags associated with AML/KYC Parties and/or the beneficial owner. AML/KYC Parties and potential AML/KYC Parties subject to the due diligence process under this AML/KYC Policy also include suppliers, vendors, and any other Person or entity with whom the BCA Fund establishes a contractual relationship in connection with the operation and activity of the BCA Fund.

Due diligence procedures must be tailored to the risk profile of each AML/KYC Party or transaction contemplated. The risk profile will depend on factors such as, but not limited to, the country of origin, the nature of the activities, and the absence or presence of factors suggesting a higher or lower risk of money laundering, such as:

- a) Transactions in jurisdictions with a high risk of money laundering or terrorist financing;
- b) Relationships with persons or entities on international sanctions lists;
- c) Unusual or complex transactions.

In the case of AML/KYC Parties whose profile is considered low risk, the BCA Fund must perform due diligence prior to the commencement of the business relationship, which is sufficient to:

- a) comply with the AML/KYC Policies and verify that no AML/KYC Party is in breach of them;
- b) assess the legal representatives, shareholders, partners, and/or beneficial owner of the AML/KYC Party, for which the latter must provide verifiable information related thereto;
- c) understand the normal and expected activity of activities or business operations of the AML/KYC Party.

For higher-risk AML/KYC Parties, the BCA Fund will need to employ enhanced due diligence ("EDD") to develop a comprehensive profile of the AML/KYC Party and the intended transaction activity. EDD, and what the AML/KYC Party must provide to demonstrate reliable activity, may include the following:

- a) Verification of the origin and use of funds, which requires the AML/KYC Party to provide financial information on its assets and liabilities, the place of dispatch and/or receipt of the funds, and their destination;



- b) Assessing the legal representatives, shareholders, partners, and/or beneficial owner of the AML/KYC Party, for which the latter must provide verifiable information related thereto;
- c) Obtaining and reviewing financial statements and audits, if necessary;
- d) Assessing the AML/KYC Party's large customers, contributors, or suppliers, which will include checking the background of all persons involved in the chain; and
- e) Carrying out reference checks.

Special measures must be established when a Politically Exposed Person ("PEP") proposes to become an AML/KYC Party or when an AML/KYC Party becomes a PEP, as well as to continuously check whether AML/KYC Parties have become PEPs. Politically Exposed Persons (PEPs) shall be understood to be persons who hold or have held senior public office in Ecuador or in a foreign country, such as heads of state or government, senior politicians, senior government, judicial, or military officials, senior executives of state-owned enterprises, or leaders of political parties; as well as persons who hold or have been entrusted with prominent functions in an international organization, i.e., senior management, directors, deputy directors, or equivalent functions.

As part of due diligence, the "Know Your Counterparty" process must be carried out, as detailed in the following sections.

Know Your Counterparty

The Know Your Counterparty process is essential for understanding AML/KYC Parties, preventing money laundering, and ensuring that the BCA Fund grants or receives and enters into Project Implementation Support contracts with AML/KYC Parties that do not violate AML/KYC Policies and that act in a legal and transparent manner.

- Procedure

The BCA Fund must carry out the Know Your Counterparty process for all AML/KYC Parties in any of the following situations:

1. Before establishing a contractual relationship with any AML/KYC Party;
2. Before hiring personnel
3. Before appointing a person as a member of the Board of Directors or a Committee
4. Before providing or receiving Project Implementation Support; or
5. During the renewal of contracts, appointments, or agreements with existing AML/KYC Parties.

- Required Information

To carry out the Know Your Counterparty process, the BCA Fund has implemented the "Know Your Counterparty Form and Declaration of Lawful Origin of Funds," which is included as Appendix 1 to this Policy. This form must be completed by AML/KYC Parties and potential AML/KYC Parties and shall contain at least the following information:

- I. Natural Persons:
 - a. Valid identification document (ID card, passport);



- b. Home address;
 - c. Declaration of sources of income or economic activity.
- II. Legal entities:
- a. Company name and articles of association.
 - b. Identification of legal representatives;
 - c. Certificate of legal existence (issued by the relevant regulatory body);
 - d. Single Taxpayer Registry;
 - e. Information on beneficiaries (persons who directly or indirectly own more than 10% of the AML/KYC Party);
 - f. Audited financial statements (if applicable);
 - g. Certification of compliance with obligations issued by the Financial and Economic Analysis Unit (UAFE).

Supervision of AML/KYC Parties and Transactions.

It is the policy of the BCA Fund regarding compliance for all its employees or officers to alert the Compliance Officer at any time when they observe or become aware of conduct by an AML/KYC Party that suggests it is involved in illegal activity, including observations of payment-related activities that appear suspicious or raise a red flag.

- Continuous Monitoring

In addition to the initial Know Your Counterparty process, the BCA Fund will implement ongoing monitoring of relationships with AML/KYC Parties, including, but not limited to, the following:

- a) Periodic review of the information provided.
- b) Updating risk profiles;
- c) Monitoring of unusual or suspicious financial transactions; and
- d) Evaluation of compliance with the conditions established in the Project Implementation Support agreements.

The Compliance Officer shall conduct oversight of each AML/KYC Party. Oversight includes maintaining due diligence (through trigger events and periodic reviews), conducting regular analyses (e.g., against known PEP lists and sanctions lists published by relevant authorities), and monitoring transactions to identify potentially suspicious activities.

When behavior by an AML/KYC Party is observed that is indicative of possible illegal activity (e.g., negative news suggesting the AML/KYC Party's involvement in illegal activity), the Compliance Officer will work with the BCA Fund employee who manages the relationship with the AML/KYC Party in question to obtain the necessary information from the AML/KYC Party to justify such behavior in order to determine an appropriate course of action. If the AML/KYC Party in question is unable to adequately explain the information or activity observed, an appropriate measure could be to terminate the BCA Fund's relationship with that AML/KYC Party, without prejudice to the obligation to immediately report to the competent authorities, in accordance with applicable AML Laws and regulations.

In the event of detecting an activity by the AML/KYC Party related to a payment that suggests the existence of money laundering and that gives rise to the intervention of



the Compliance Officer, the BCA Fund employee managing the relationship with the AML/KYC Party will collaborate with the Compliance Officer to obtain an explanation from the AML/KYC Party regarding the justification for the payment in question. If the AML/KYC Party is unable to provide satisfactory justification and, if the BCA Fund has not received any payment from this AML/KYC Party into a BCA Fund account, the BCA Fund may refuse to accept the payment and require the AML/KYC Party to make the payment in a manner satisfactory to the BCA Fund in compliance with the provisions of this AML/KYC Policy.

Under no circumstances will the BCA Fund accept a payment from, or make a payment to, a party other than the Counterparty with whom the BCA Fund has a business relationship, without acceptable justification for such a situation. Such justification must be documented and retained in accordance with the BCA Fund's document and record management policy.

The following is a non-exhaustive list of red flags related to payment activities that may be considered suspicious of money laundering activity. Any such activity (or other suspicious activity) must be escalated and reported to the Compliance Officer for further review and analysis, as set forth in this AML/KYC Policy.

Red flags for payment activity

- a) unexplained payment to the BCA Fund from a third party other than the Counterparty;
- b) request by the Counterparty for an unusual transaction structure that does not have a commercial or economic purpose consistent with its activity or domicile of origin;
- c) request by a Counterparty to whom the BCA Fund must make payment that the funds be transferred to an account with no apparent connection to the Counterparty;
- d) multiple payments from a Counterparty through multiple entities in connection with the same transaction;
- e) receipt of funds or payments from a Counterparty originating from a financial institution located in a jurisdiction other than the Counterparty's head office;
- f) payments related to jurisdictions considered high risk for money laundering (e.g., jurisdictions included in the Financial Action Task Force's "gray list" or "black list") or subject to general sanctions;
- g) payments related to jurisdictions that have a low Corruption Perceptions Index (CPI) rating, according to Transparency International;
- h) significant overpayment of a transaction followed by a request from the Counterparty for a refund of the excess portion of the payment;
- i) payments involving parties known to have engaged in corrupt activities; and
- j) cash payments.

• Restrictions and Relationship Termination

The BCA Fund reserves the right to:

- a) Reject any appointment to the Board of Directors or any Committee if the individuals do not meet the requirements of the Know Your Counterparty process or any of the unusual or suspicious activities detailed in this AML/KYC Policy are detected;



- b) Reject any request for Project Implementation Support if the AML/KYC Party violates the AML/KYC Policies or does not comply with the requirements of the Know Your Counterparty process or any of the unusual or suspicious activities detailed in this AML/KYC Policy are detected; and,
- c) Terminate any contractual relationship if unmitigable risks are identified or if the AML/KYC Party is found to be involved in illegal activities.

Penalties for Non-Compliance

Failure to comply with this AML/KYC Policy by any of the AML/KYC Parties or BCA Fund personnel may result in penalties including:

1. Termination of employment contract or membership on the Board of Directors or Committee;
2. Immediate termination of the Project Implementation Support contract;
3. Disqualification from future Project Implementation Support; and/or,
4. Notification to the relevant authorities.

Contractual Provisions

It is the policy of the BCA Fund to require all Counterparties with whom it enters into an agreement or contract to make at least the following declarations:

- a) that the Counterparty complies with the laws and regulations applicable to it in the prevention of money laundering in the jurisdiction or jurisdictions in which it operates; and
- b) that the payments made by the Counterparty to the BCA Fund do not originate from or are not derived from illegal activities or activities related to the production, consumption, or sale of narcotic and psychotropic substances, terrorist financing, or any other criminal activity.

BCA Fund employees who manage relationships with Counterparties, in collaboration with the Compliance Officer, shall be responsible for ensuring that the above statements are included in all agreements or contracts with Counterparties.

Staff Training

It is the policy of the BCA Fund to provide ongoing training to all its staff, committee members, and Board of Directors on the risks of money laundering and terrorist financing associated with the BCA Fund's activities, as well as on the implementation and responsibilities described in this AML/KYC Policy.

The Compliance Officer or a delegate qualified by the BCA Fund's Compliance Officer shall provide training on a regular basis, at a minimum, to employees who manage relationships with AML/KYC Parties and to employees who manage the receipt of payments.



This will ensure that all employees, representatives, and members of the BCA Fund's Board of Directors understand their responsibilities in the prevention of money laundering and terrorist financing.

Compliance Officer

The BCA Fund will appoint a Compliance Officer who will be primarily responsible for the following matters: (i) the implementation of the AML/KYC Policies, procedures, guidelines, and other policies set forth in this AML/KYC Policy in relation to all activities of the BCA Fund; (ii) establishing the necessary procedures to ensure the implementation of all AML/KYC Policies and continuously verifying that no AML/KYC Party violates the AML/KYC Policies; and (iii) ensuring that the BCA Fund maintains the resources necessary for the proper compliance with the AML/KYC Policies and other policies and procedures set forth in this AML/KYC Policy.

In addition, it must establish procedures to ensure compliance with AML Laws and other anti-money laundering legislation, including measures (i) to prevent the risk of money laundering that may arise from technological advances and (ii) that allow the BCA Fund to terminate relationships with AML/KYC Parties when they refuse to provide information for due diligence processes or fail to provide it.

Review and Update of the AML/KYC Policy

This AML/KYC Policy and the "Know Your Counterparty" process will be reviewed periodically to ensure its effectiveness and compliance with AML Laws and other applicable regulations. Any modifications will be approved by the BCA Fund's Board of Directors.

To this end, the Compliance Officer will (i) review the terms of this AML/KYC Policy at least once a year to ensure that the requirements and procedures are adequate to mitigate the risk of money laundering and terrorist financing inherent in the BCA Fund's activities, and (ii) as a result of the above, propose any appropriate modifications and updates to this AML/KYC Policy. Such reviews and suggested modifications will be reviewed by the Board of Directors.

In addition, the BCA Fund Compliance Officer shall arrange for a periodic independent review (at least every three years) by an external auditor of compliance with this AML/KYC Policy, which may be performed by the external auditor selected by the Board of Directors to prepare the audits of the BCA Fund's books, accounts, and records in accordance with its bylaws and internal procedures.



Annex 10 - Sworn Statement Directors (Indemnification Letter)

BCA Fund Inc.

[Date]

[Address]

Subject: Director Indemnification/Compensation

Dear [Director's name],

I am writing to notify you that you have been appointed as Director of the BCA Fund Inc. ("the Fund"). This letter of agreement confirms certain of your obligations and duties in this position and other related matters. Reference is made to the certificate of incorporation and bylaws of the Fund (collectively, the "Fund's Constitutive Documents").

1. You agree to diligently perform your duties as Director in accordance with all relevant operating procedures of the Fund, its bylaws, and applicable regulations. You are expected, at a minimum, to attend and prepare for meetings of the Fund's Board of Directors and to review any matters submitted to the Board.

2. By accepting this appointment, you have confirmed that you can devote sufficient time to meet the expectations of your position. You also acknowledge that you may be removed from the Board of Directors in accordance with the provisions of the bylaws.

3. You will not receive any remuneration for serving as a Director. You may receive advances or reimbursements from the Fund for reasonable expenses incurred in the performance of your duties in accordance with the Fund's bylaws and operating procedures, the Constitutive Documents, and applicable law.

4. You are required to disclose any conflicts of interest to the Fund and agree to comply with the relevant conflict of interest policy in effect at all times.

5. Any confidential information that may come to your knowledge in the performance of your duties as Director of the Fund shall not be disclosed, unless:

- (a) it is necessary for the proper performance of your duties to the Fund;
- (b) it is occasionally authorized by the Fund; however, you shall take all necessary precautions to maintain the confidentiality and secrecy of all confidential information of the Fund, beyond your authorization; or
- (c) it is required by law.



6. The Fund undertakes to indemnify and hold you harmless, to the fullest extent permitted by the applicable bylaws and laws in each case, as amended or modified from time to time, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, judgments, suits, costs, expenses, or disbursements of any kind or nature (collectively, "Liabilities") that are attributed to you or incurred by you in the performance of your duties as a Director of the Fund, provided that you acted in good faith and in a manner that you believed was reasonably consistent with and not contrary to the best interests of the Fund, and, with respect to any criminal proceeding, you had no reasonable cause to believe that your conduct was unlawful. Notwithstanding anything to the contrary, the Fund will not indemnify you for any Liability that (A) results from your conduct (i) taken or omitted in bad faith, (ii) that constituted gross negligence, fraud, or willful misconduct, or (iii) from which you or any Related Party (as defined in the Fund's bylaws) has obtained an improper personal benefit, (B) for any excise tax imposed by the Internal Revenue Service (IRS) due to your participation in an "excessively profitable transaction," as that term is defined in Section 4958 of the Internal Revenue Code of 1986, as amended (the "Code") (an "Excessive Benefit Transaction") or, (C) for any period during which the Fund is a private foundation, in a self-dealing transaction, as defined in Section 4941 of the Code (a "Self-Dealing Transaction"). To obtain indemnification under this agreement, you must (a) immediately notify the Fund in writing of any threat or notice of subpoena, summons, subpoena, complaint, indictment, information, or other document relating to any proceeding or matter for which you may seek indemnification or expect to be held harmless, (b) submit to the Fund a written request for indemnification, including such documentation and information as is reasonably necessary to determine whether and to what extent you are entitled to indemnification, (c) be considered by the Fund's Board of Directors to be entitled to indemnification in accordance with the relevant section of the bylaws; and (d) cooperate with the Fund in its determination of whether you are entitled to indemnification, including providing any documentation or information that is not privileged or protected from disclosure, that is available to you and reasonably necessary to determine your entitlement to indemnification.

With respect to any proceeding for which indemnification is sought, the Fund shall have the right to participate at its own expense and, to the extent it wishes, the Fund may assume the defense thereof with counsel reasonably satisfactory to you. Upon notification to you by the Fund of its election to assume the defense of a proceeding, the Fund shall not be liable to you under this agreement for any expenses you incur thereafter in connection with actions taken voluntarily at your sole discretion. The Fund will require your prior written consent, which may not be unreasonably withheld or delayed, to enter into any settlement or compromise of, or consent to the entry of any judgment with respect to, any claim for which indemnification may be sought hereunder if such settlement, compromise, or judgment (i) does not include an unconditional release of you from all liability arising out of such claim, action, suit, or proceeding and/or (ii) includes a statement by or on your behalf that provides for an admission of fault, guilt, or omission.

7. Subject to the terms and conditions set forth herein, you agree to use your best efforts to take or cause to be taken all necessary steps, to do or cause to be done, and to execute such additional instruments as may be necessary to assist and cooperate with the Fund in doing all things necessary, appropriate, or advisable under applicable law or otherwise to enforce the rights and obligations hereunder.

8. This letter shall be governed by the laws of the State of Delaware, without giving effect to the principles of conflicts of law.



Please confirm your acceptance by signing where indicated below.

Sincerely,

By:

Name:

Title: [Executive]

I accept the terms of this letter and confirm that I have received a copy of it.

By:

Name: [Director]

Date:



Annex 11 - Terms of Reference of Executive Director

https://fondobiocorredoramazonico.org/wp-content/uploads/2025/06/TdR_Director_Ejecutivo_FBCA.pdf

CERTIFICATE

I, hereby certify that this is a faithful translation from the original in SPANISH into ENGLISH

Quito, April 1, 2026



M.A. Silvana del Rocío Amorozo Cobra
Certified Translator - Member No. 31
ATIEC – Ecuadorian Association of Translators and Interpreters

