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	FINANCIAL MANAGEMENT		

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Appendix 8 – BCA Fund Investment Policy

1. GLOSSARY

Operational definitions for the purposes of this policy:

- **Equities and equivalents**: Investments that represent ownership in companies or exposure to stock market performance (stocks, equity funds, ETFs, or index funds, and ADRs/GDRs), generally characterized by greater price volatility but with long-term growth potential.
- **Asset Allocation:** The percentage breakdown of the portfolio by asset class (cash, fixed income, equities, alternatives, real estate, etc.), which will be detailed in the quarterly and annual reports.
- **Benchmark:** An index or combination of indices against which the performance of the portfolio and/or each asset class is measured.
- **CFA (Conservation Funding Agreement):** The Conservation Funding Agreement governing, among other matters, the Endowment Account and the requirements of Sections 13.13 and 13.14.
- **Real Estate:** Investments linked to the real estate sector, usually through specialized vehicles, which can provide diversification and income potential.
- **Custodian:** A regulated financial institution that holds and safeguards the portfolio's assets.
- **Endowment Account Pledge:** The pledge arrangement over the Endowment Account established in favor of DFC under the CFA and applicable account documentation.
- **Cash Equivalents:** Highly secure, very short-term investments that allow the BCA Fund to have cash readily available for operational obligations and scheduled disbursements, with a low risk of loss.**ESG:** Environmental, social, and governance criteria considered in the selection, monitoring, and exclusion of investments.
- **Endowment Fund:** Long-term invested assets intended to generate returns to finance operations following the End Date, subject to the applicable contractual conditions.
- **End Date:** The later of (i) January 16, 2042 and (ii) the date on which all amounts due and payable under the Facility Agreement have been paid in full, as defined in the CFA
- **Investment Manager:** A specialized firm hired to propose and execute the investment strategy, manage the portfolio, and report on its performance.
- **Highly Polluting Industries:** For the purposes of this Investment Policy, these are activities or issuers whose primary operations generate material and significant environmental impacts (high GHG emissions, air/water/soil pollution, or significant harm to ecosystems and biodiversity), when such impacts constitute a substantial part of the business and are not managed through adequate controls and mitigation measures.
- **Fixed-income instruments:** Investments in issuers (government bonds, corporate bonds, and other high-quality debt securities) that pay interest and then return the principal on a specified date. They are used to provide stability to the portfolio and reduce volatility.
- **Alternative investments:** Investments other than traditional bonds and stocks, which can help diversify the portfolio but are typically more complex and, in some cases, less liquid (private debt, absolute return strategies).
- **KYC/AML/FATCA:** A set of due diligence and compliance obligations: Know Your Customer (KYC), Anti-Money Laundering (AML), and the Foreign Account Tax Compliance Act (FATCA).
- **PIA (Project Implementation Agreement):** The Project Implementation Agreement setting out the Fund's obligations to DFC, including governance, investment management and policy-change requirements.**Liquidity:** The ability to convert investments into cash without material loss to meet the needs of the BCA Fund (including the liquidity) requirements and restrictions applicable until the End Date).

  Investment portfolio: The Endowment's portfolio of financial assets, including equities, bonds, cash, and other investments.
- **PRI**: Internationally recognized Principles for Responsible Investment.
- **SACA (Securities Account Control Agreement):** The applicable securities account control arrangement governing control over the relevant Endowment securities account, where required.

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- **Rebalancing**: Periodic adjustment of the portfolio to return to the approved target asset allocation ranges.
- **Volatility**: A statistical measure of the variation in a portfolio's value over time.

2. OBJECTIVE

This Investment Policy establishes the principles, guidelines, and criteria for managing the financial resources of the BCA Fund, ensuring that investments contribute in a consistent and sustainable manner to the fulfillment of its institutional mission. The application of this Investment Policy seeks to **grow the** BCA Fund's **Endowment Fund** through returns and **risks similar to those of global capital markets**, incorporating environmental, social, and governance (ESG) criteria, and ensuring the long-term capacity, following the En Date, subject to the CFA and other applicable contractual provisions, to finance the BCA Fund's strategic initiatives, programs, and projects.

In applying this Investment Policy, the provisions of the Conservation Funding Agreement (CFA) and the Project Implementation Agreement (PIA), the applicable SACA and the Endowment Account Pledge shall prevail. Any questions regarding its application or interpretation shall be referred to the Finance Committee, which shall assess them and, where appropriate, submit recommendations to the Board of Directors for resolution.

3. PRINCIPLES

The principles upon which the Investment Policy is based are:

a) Transparency.
b) Diversification.
c) Return.
d) Risk management.
e) Sustainability.
f) Effectiveness.
g) Avoidance of conflicts of interest and the use of inside information, and
h) Compliance with the objectives established in the Fund's Bylaws.

4. ABOUT THE FINANCE COMMITTEE

The Finance Committee, established pursuant to Section 2.7.2 of the Operations Manual, is responsible for:

a) Overseeing compliance with the Investment Policy and the investment strategy approved by the Board of Directors.
b) Periodically reviewing the Investment Policy, including the strategic asset allocation, and recommending to the Board of Directors any modifications it deems appropriate.
c) With the assistance and upon the recommendation of the designated Investment Manager, establishing and reviewing an investment strategy consistent with the requirements, guidelines, and principles set forth in the Investment Policy.
d) Shortlisting investment managers and recommending to the Board of Directors the hiring of qualified managers.
e) Periodically reviewing the performance of the Investment Manager.

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f) Holding quarterly meetings with the Investment Manager to monitor the performance of the investments against the stated expected return target.
g) Regularly reporting to the Board of Directors on relevant information regarding the Fund´s performance, including the evolution of the investment portfolio, performance, exposure to specific asset classes, and other pertinent information.
h) Overseeing compliance with Sections 13.13 and 13.14 of the Conservation Funding Agreement (CFA), including the investment parameters, asset allocation, benchmarks, and environmental restrictions applicable to the Endowment Fund portfolio.

The Board of Directors is responsible for approving the investment strategy and making the final selection of the Investment Manager.

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, through a competitive and transparent process.

To ensure the continued relevance of this Investment Policy, the Finance Committee shall review the Investment Policy and least annually and recommend update (if applicable) where appropriate it at least annually. The Finance Committee shall meet quarterly, or more frequently whenever circumstances warrant, and in accordance with Finance Committee Charter and Section 2.7.2 of the Operations Manual to validate this Investment Policy and/or propose any amendments it deems appropriate, taking into account the objectives of the managed resources, market conditions, and all factors that may have a significant impact on the prudent management of the BCA Fund's assets.

Proposed amendments to this Investment Policy shall be processed in accordance with the approval and change-control procedure set out in Section 13 and formally communicated to the Investment Manager once they become effective.

5. ABOUT THE INVESTMENT MANAGER

The Investment Manager, in accordance with Section 2.7.2 of the Operating Manual, is responsible for:

Pursuant to Section 4.1(n)(iii)–(iv) of the PIA and Section 13.13 of the CFA, Fondo BCA shall appoint and maintain at all times an internationally established and recognized independent Investment Manager to manage the Endowment Fund, subject to the applicable selection and appointment requirements.

a) Implementing the investment strategy and guidelines set forth in this Investment Policy, ensuring compliance with the financial objectives, risk limits, and criteria established in this Investment Policy.
b) Proposing asset allocation objectives and ranges for review by the Executive Directorate and the Finance Committee and for approval by the Board of Directors, within the parameters established by the CFA and this Investment Policy.
c) Investing and reinvesting assets in accordance with the defined investment strategy.
d) Selecting and supervising portfolio managers.
e) Serving as the primary point of contact for all fund managers and the custodian.

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f) Providing support, information, and recommendations to the Finance Committee regarding its functions and responsibilities.
g) Reporting regularly to the Finance Committee and/or the Board of Directors, as well as to the Fund´s designated senior officials, on its activities and on the investment, value, and performance of the portfolio, including relative performance compared to appropriate benchmarks.
h) Submitting monthly, quarterly, and annual reports on the performance of the investment portfolio, in accordance with the requirements of the Operating Manual (Art. 5.2.2 “Investment Account”) and the BCA Fund Bylaws (Art. 10.3 “Investment Accounts”).
i) Conducting quarterly monitoring meetings with the Executive Management of the BCA Fund.
j) Requesting meetings with the Finance Committee and/or the Board of Directors in the event that the markets exhibit significant deviations or risks, (as further described below).

6. INVESTMENT GUIDELINES

The funds, under the supervision of the Finance Committee, must be managed as long-term assets.

The Endowment Fund must be invested using a growth strategy for the period 2026–2042, maintaining a risk level similar to that of global capital markets as a whole. These funds will help finance the BCA Fund’s strategic initiatives, programs, and projects following the End Date, in accordance with the CFA. Endowment Payment Amounts shall remain in the Endowment Account until the End Date, subject only to transfers expressly permitted by the CFA, including Sections 13.13.5 and 13.13.6. Withdrawals and transfers shall comply with the CFA, the Endowment Account Pledge and the applicable account-control and notice procedures.

In compliance with Section 13.14(c) of the CFA, the Endowment portfolio shall maintain an allocation to equities (shares and equity equivalents) of between 60% and 75% of the value of the Endowment Account. The Investment Manager shall be responsible for managing the portfolio within this range and monitoring this requirement and, reporting compliance to the Executive Directorate and the Finance Committee.

The BCA Fund Board of Directors does not expect the expected long-term return objective to be achievable every year and, as a result, will typically measure investment performance over rolling three- and five-year periods.

The BCA Fund’s Board of Directors recognizes that investments involve market risks, liquidity risks, and risks specific to each asset class—risks that must be measured, minimized, and accepted in order to achieve the Institution’s long-term investment objectives. When developing and implementing the Institution’s investment program, the Finance Committee will consider the risks associated with each investment strategy and asset class; therefore, projections are illustrative in nature and **do not constitute guarantees** of future results, and the Committee will bring these risks to the attention of the Board of Directors.

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In accordance with Section 13.14(b) of the CFA, the Endowment's investment objectives include an inflation objective of at least 5% and an income objective of approximately 7%, unless alternative objectives are agreed upon between Fondo BCA and the Investment Manager.

The Fund's long-term investment strategy establishes an expected annual nominal total return of approximately 8.5%, with estimated annual volatility of 13.4%. This return objective is intended to preserve the Endowment's purchasing power and support sustainable long-term growth.

For illustrative purposes, nominal return is approximately equal to real return plus inflation. Accordingly, an 8.5% nominal return would correspond to an estimated real return of approximately 3.5% at 5% inflation. These figures are planning assumptions and do not guarantee future performance.

The performance of the BCA Fund's Endowment Fund will be periodically compared against the MSCI World ESG Enhanced Focus CTB Index **for equities** and the Bloomberg Global Aggregate ESG Grade-Weighted Index Hedged to USD **for Fixed Income** (liquid benchmark) to evaluate the asset manager's performance. These evaluations may be conducted monthly or quarterly if the Endowment Fund's return falls short of the benchmark by more than 150 basis points below the benchmark. These indices serve as international benchmarks for equities and fixed income, respectively, in accordance with Section 13.14(a) of the CFA.

These indices have had average historical returns of 11.17% since their inception in January 2015, with a volatility of 14.79% (MSCI World ESG Enhanced Focus CTB Index for Equities), and average historical returns of 2.12% since their inception in August 2018, with a volatility of 5.60% (Bloomberg Global Aggregate ESG Grade-Weighted Index Hedged to USD for fixed income).

The Finance Committee will periodically monitor the portfolio's performance and compliance with established objectives, and will report to the Board on any significant deviations from the benchmarks or the risk parameters defined in this Investment Policy.

7. PERMITTED ASSET CLASSES

Financial transactions may be conducted in various reserve currencies, adhering to a policy that promotes asset diversification and reduced concentration to mitigate risks, provided that all provisions of this Investment Policy are complied with, and in particular with the environmental, social, and governance (ESG) criteria defined in this Investment Policy, as well as with the exclusion of companies, funds, individuals, and/or countries designated by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, HM Treasury (United Kingdom), Switzerland, or any other relevant sanctioning authority with jurisdiction over the BCA Fund.

The Investment Manager may invest in the following asset:

a) Cash equivalents
b) Fixed-income instruments
c) Equities and equity equivalents
d) Alternative investments in private capital
e) Real estate

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Investments made by the BCA Fund must have a minimum ESG rating of 60/100 or 6/10, or the equivalent on internationally recognized scales. The Finance Committee will select the standard to be used.

Private third-party contributions to the Endowment Account shall originate from private, non-governmental third-party capital and shall be accompanied by the required acknowledgment, agreement and acceptance of the PIA, CFA and Endowment Account Pledge, including provisions concerning DFC Clawback Events. The required documentation shall be provided to the Insured Party and DFC before the contribution, in accordance with Section 4.1(r) of the PIA.

8. INVESTMENT RESTRICTIONS AND EXCLUDED SECTORS

The exclusions established in this Section apply specifically to the selection, management and monitoring of financial investments under this Investment Policy, in accordance with Section 13.14(d) of the CFA. These restrictions shall be applied in conjunction with the ESG criteria established in Sections 7 and 9, ensuring that investment decisions remain consistent with the Fund's conservation objectives.

The following is strictly prohibited: any transaction or investment that runs counter to the purpose of the BCA Fund as described in its Bylaws. Without prejudice to the Board's decision, these prohibited investments also include the following sectors:

a) Fossil fuel industries, large-scale mining and other extractive industries that contribute to increased deforestation and loss of biodiversity.
b) Industries employing child labor or forced labor, or violating the rights of Indigenous communities.
c) Conventional and non-conventional weapons industries, including military technology.
d) Tobacco.
e) Alcohol.
f) Gambling.
g) Pornography or adult entertainment.
h) Highly polluting industries.

Exceptions to this restriction include investments that the Investment Manager proposes to make in exchange-traded funds (ETFs) that track broad indices representative of stock markets, with priority given to indices incorporating ESG screening criteria (for example, ESG-screened indices based on the Standard & Poor's 500 Index, which represents leading companies listed on the U.S. stock market). The Investment Manager will prioritize the selection of initiatives that comply with the Fund's exclusion policy guidelines.

For diversified exchange-traded funds (ETFs), ESG criteria shall be assessed at the fund and index level, without requiring each underlying holding to individually meet all sectoral exclusions. The Investment Manager shall prioritize ETFs incorporating ESG screening and ratings aligned with or above the annual market average of comparable funds.

The Investment Manager shall recommend appropriate ESG indicators, evaluation methodologies and verifiable sources, such as MSCI ESG Fund Ratings or equivalent internationally recognized providers. These criteria and the relevant

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market reference shall be reviewed annually and reported to the Finance Committee, while maintaining the minimum ESG rating of 6/10 established in Section 7, the general ESG principles in Section 9, and all applicable legal and sanctions restrictions.

9. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CRITERIA

The BCA Fund recognizes that integrating environmental, social, and governance (ESG) criteria into investment decisions helps align its portfolio management with the Fund's institutional mission and strengthen the long-term sustainability of its investments.

In this regard, the BCA Fund will seek to ensure that investment decisions explicitly and systematically consider relevant ESG factors, alongside traditional financial criteria of risk and return.

In the process of selecting the Investment Manager, the Finance Committee will evaluate, among other attributes, whether the Investment Manager can demonstrate its stated ESG commitments and a verifiable track record of incorporating ESG factors into its investment analysis and decision-making processes, as well as the expected level of compliance aligned with the BCA Fund's transparency standards and conservation objectives.

The BCA Fund's Investment Manager must integrate ESG performance considerations into investment decisions; this entails the explicit and systematic inclusion of ESG criteria in analyses and investment decisions.

10. PERFORMANCE EVALUATION AND BENCHMARKS

Performance objectives for each asset class or subcategory are outlined in the asset allocation policy referred to above. The purpose of these objectives is to establish specific, clear, consistent, fair and rigorous parameters for regular and ongoing portfolio oversight. Although performance is monitored over both short and long periods, evaluation focuses primarily on longer horizons, generally three to five years (once the investment strategy is fully implemented), or a market cycle, whichever is longer. With the assistance of the appointed Investment Manager, the Finance Committee shall continuously oversee the portfolio managers to ensure consistency of investment philosophy, effective implementation, organizational structure and performance.

11. CONFLICTS OF INTEREST

All individuals 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 consideration. These individuals must be excluded from the investment decision-making process in accordance with the BCA Fund's Conflict of Interest Policy.

12. OVERSIGHT AND REPORTING

a. Oversight Channel and Recipients:
    - Oversight of the Investment Manager's services is the responsibility of the BCA Fund's Finance Committee.

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- Operational coordination of the Investment Manager will be carried out by the Executive Management.

Reports and deliverables must be submitted to the Finance Committee in accordance with the frequency established in this Investment Policy.

b. Reporting, Meetings and Reporting Lines

- The Investment Manager will report to the Finance Committee, in coordination with the Executive Management.
- The Finance Committee will submit relevant reports and recommendations to the Board of Directors for its information and decision-making (e.g., strategic adjustments, policy changes, risk events).
- Minimum reporting frequency for the Investment Manager: (i) monthly: valuation, returns, positions, and significant changes; (ii) quarterly: performance analysis versus the composite benchmark, portfolio allocation, risks and mitigating measures, breakdown of expenses and fees, tax considerations, status of compliance with the investment policy, and other relevant matters; (iii) annually: consolidated annual report, strategy evaluation and recommendations, and supporting documentation for external audit processes.
- Minimum meeting frequency: quarterly meetings between the Investment Manager and the Finance Committee to review results and market trends; special meetings when there are significant deviations, risk events, or breaches of limits.
- Reports must be consistent, comparable, and traceable (time series, assumptions, measurement methodology, verifiable sources, and supporting documentation).
- **Escalation to the Board**: The Finance Committee will present the Board of Directors with an executive summary of the portfolio's performance based on the Investment Manager's quarterly and annual reports, including key risks, compliance with limits, and recommendations. When material events or significant deviations occur, the Executive Management and the Finance Committee will report and escalate the matter to the Board of Directors in a timely manner.
- The Investment Manager will provide, in a timely manner, all information required by the BCA Fund's auditors.

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13. GOVERNANCE, APPROVAL AND CHANGE CONTROL

The Board of Directors is the highest internal authority for approving this Investment Policy, the investment strategy and any amendments thereto, following a recommendation from the Finance Committee. Under Section 4.1(j)(ii) of the PIA, DFC's prior written consent is required for amendments that are inconsistent with a Project Agreement or affect provisions expressly designated by DFC as requiring such consent. As an additional internal control adopted for this Investment Policy, all other substantive amendments, material exceptions to investment limits and additions of new asset classes shall also be submitted to DFC for prior written consent before the Board of Directors grants its approval. No change shall be implemented before all applicable approvals are obtained. The Executive Directorate shall promptly provide DFC with the approved policy and communicate effective changes to the Investment Manager. Routine rebalancing within approved limits and asset classes shall not, in itself, constitute an amendment to this Investment Policy. Any change to CFA requirements must follow the applicable contractual amendment procedure and may not be effected unilaterally through this Investment Policy.

CERTIFICATE OF TRANSLATION

I hereby certify that this is a faithful and accurate translation of the original document from Spanish into English.

Quito, November 18, 2026

M.A. Silvana del Rocío Amorozo Coba
Certified Translator – Member No. 31
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