



CFM Group

AOIC ANNEXURE D -
PROCUREMENT AND OUTSOURCING POLICY

(THE "POLICY")

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RESPONSIBLE PERSON	Head of Operations	APPROVED BY	CFM MB
POLICY CUSTODIAN	Head of Assurance		

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1. POLICY FRAMEWORK

- 1.1 All capitalised terms not otherwise defined shall have the meaning as reflected in Annexure A – Definitions unless defined in this Policy.
- 1.2 All references to Articles relate to the CFM BV Articles of Association and all references to Clauses refers to the CFM BV Shareholders' Agreement.

1.1 INTRODUCTION

- 1.1.1 CFM was established by FMO and InfraWorks to act as the initiator, developer and as manager of specialist climate focused investment vehicles.
- 1.1.2 For each of CFM, CFA, CFM SA, CFM NL (CFM Malaysia, CFM Argos, GAIA (and where relevant their subsidiaries) (jointly referred to as the "CFM Group"), FMO and InfraWorks (and the co-shareholders in the CFM subsidiaries), to successfully achieve their respective objectives it is essential that an operating environment exists to support the fulfilment of obligations of a statutory, contractual, and social nature, maintain a reputation for integrity and fair dealing, and which builds and maintains confidence of Investors, Shareholders and other stakeholders.
- 1.1.3 To this end, the CFM Board has implemented the CFM Policies (and each subsidiary that is not 100% held by CFM has a Managing the Business Policy), which include this Procurement and Outsourcing Policy (this "Policy"). This Policy (and its appendices) must be read in conjunction with the other CFM Policies in the CFM Policy Tree (and the policy tree of the respective subsidiary that is not 100% held by CFM), as well as any accompanying manuals, processes and procedures as listed in the CFM process register.

1.2 SCOPE AND PURPOSE OF THIS POLICY

SCOPE

- 1.2.1 The Policy framework is applicable as noted in the AOIC of the CFM Group. The CFM Group is committed to conducting its business in accordance with all applicable laws and regulations, and in a way that enhances its reputation and the reputation of the CFM Fund in the market.
- 1.2.2 This policy is applicable to all CFM Group entities and to all CFM's activities whether regulated or not and the requirements of this Policy must be implemented in the daily operations of the CFM Group. This Policy must be adhered to and applies to all CFM Staff (including the CFM MB and the CFM SB and the boards of the subsidiary that is not 100% held by CFM) and all CFM Funds.
- 1.2.3 The Policy does not apply to the recruitment of CFM Staff or the procurement of staff entertainment, training, or travel. These activities follow the authorisation matrix and are not in scope for this Policy. This Policy does not apply to Project Companies or Project Assets, as each will adopt its own procurement policy.

This Policy is supported by a Protocol which contains the forms for use and other salient process information.

PURPOSE

- 1.2.4 The purpose of this Policy is to ensure that:
 - 1.2.4.1 Procurement of goods from "Suppliers" and services from "Service Providers" is conducted in an open and competitive environment to deliver fair and reasonable prices and terms and conditions;
 - 1.2.4.2 The respective CFM group entities' responsibilities, obligations and liability towards the CFM Funds and their Investors are not affected or altered by any outsourcing, delegation or sub-delegation to Service Providers and that at all times the respective CFM group entity retains the authority to take decisions in key areas; and

1.2.4.3 CFM controls the risks of procurement, particularly outsourcing of activities, to ensure compliance with Annex I of Directive 2011/61/EU on alternative investment fund managers ("AIFMD") - refer to Annexure 1 of this Policy and the outsourcing of Core Services.

1.2.5 An outsourced activity broadly refers to an activity which has been contracted for with an external Service Provider, but which could have been performed by CFM itself by virtue of its licensing and authorisation.

1.3 RESPONSIBLE PERSONS

Primary responsibility for CFM's Policies and related processes rests with the CFM MB. The Board of the respective CFM group entity is responsible for ensuring the policy is adequate for its requirements.

1.4 NON-COMPLIANCE WITH THIS POLICY

The CFM Group holds CFM Staff accountable for their actions. It is the responsibility of each CFM Staff member to be informed about the requirements of this Policy and to ask questions if clarification is required. Failure to comply with this Policy is treated seriously and may result in disciplinary action, up to and including dismissal. A breach of this Policy must be reported per the incident reporting process outlined in the AOIC Annexure B - CFM Code of Conduct.

1.5 ADOPTION AND REVIEW OF THE POLICY

This Policy and other CFM policies and procedures will, as outlined in the AOIC, be reviewed every three years and updated where appropriate.

1.6 TRAINING AND AWARENESS

The CFM MB, via the CFM Human Resources Team, will ensure that CFM Staff are made aware of and receive training on any material changes made to this Policy or the policies, procedures and any accompanying manuals referred to herein. Material changes to the Policy, as presented by CFM's Head of Risk or Head of Operations, will be reviewed and approved by the CFM MB and by the board of directors of the respective CFM group entity.

1.7 RECORD KEEPING

1.7.1 CFM Staff will maintain systems and records to ensure the ongoing integrity of this Policy and associated documentation. The AOIC Annexure B—CFM Code of Conduct further notes that CFM must record and securely retain all relevant information regarding its activities for the required minimum period.

1.7.2 All contracts for Suppliers and Service Providers must be signed and saved in the agreements/contracts folder unless the CFM Board agrees they can be saved in an alternative location due to confidentiality. This location is the consolidated repository for all Suppliers and Service Providers.

1.7.3 Where required as part of the pre-contracting process, all approved and completed procurement-related forms and supporting documents shall be saved and uploaded to the procurement tool in use at the time.

2. PROCUREMENT PROCESS OVERVIEW

2.1 CFM Staff who procure Suppliers or Service Providers are responsible for initiating the process and ensuring it is followed according to the Policy and any accompanying processes.

- 2.2 CFM Staff must ensure the procurement process is transparent and free of conflicts of interest. All potential and actual conflicts in respect of procurement must be reported to the Head of Risk as soon as they are identified and will be managed in terms of the AOIC Annexure J—CFM Conflicts of Interest Management Policy. Based on their roles at CFM, various teams play an integral role in the procurement process. The Compliance Team may monitor compliance with this Policy.
- 2.3 All approvals for procurement and outsourcing must be per the AOIC Annexure C - CFM Authorisation Policy.
- 2.4 The KYC (Know your Customer) Process may be followed for any procurement or outsourcing covered in this Policy based on the professional judgment and discretion of the procurer and/or CFM MB. If the KYC Process is to be conducted, it must be completed prior to contracting and regard must be had to tax avoidance considerations through this process against the principle of the European Union's Anti-Tax Avoidance Directive. This determination is to be made in conjunction with the AOIC Annexure H—CFM Anti-Corruption, AML and KYC.
- 2.5 CFM may develop and maintain a Preferred Supplier and Service Provider List ("Preferred Supplier List"). Entities on this list are preferred because they provide (a) AIFMD or Core Services, (b) have a long standing and existing relationship with CFM, (c) are outstanding in respect of the good or services.

Any procurement or outsourcing resulting in a liability of USD250,000 or more for any CFM entity requires approval per Annex 4 of the CFM Shareholders' Agreement.

3. PROCUREMENT PROCESS FOR SUPPLIERS

3.1 Office Supplies

Each office manager is authorised to purchase the standard pantry and stationery.

3.2 IT Equipment

CFM has approved specifications for laptops and other job-related computer accessories. With the approval of the Head of Operations, each office manager procures laptops and computer peripherals on a need-to-have basis.

3.4 Due Diligence and Quotations

Prior to procuring any other Suppliers (i.e., other than the above listed in 4.1 and 4.2) and where an existing Preferred Supplier is not being used, the procurement process involves a due diligence process appropriate to the nature and the value of the Supplier contract.

Where the spend with the Supplier will be greater than USD5,000, the procurement selection must include two quotations from two different Suppliers, and both may be subject to due diligence as per 3.5 below. For the avoidance of doubt, a request for proposal ("RFP") process is not required, but only the obtaining of two quotations.

3.5 Due Diligence Process for Supplier below USD5,000

The due diligence process must be appropriate to the nature and the value of the Supplier or contract and **must at a minimum include:**

- 3.5.1 bank confirmation;
- 3.5.2 sustainability assessment;
- 3.5.3 risk assessment (e.g. security, support, cyber and IT) and business impact assessment; and
- 3.5.4 reference checks.

The due diligence must include the following if the Supplier will be added to the Preferred Suppliers list:

- 3.5.5 conflict of interest declaration; and
- 3.5.5 KYC screening.

3.6 Due Diligence Process for Supplier above USD5,000

The due diligence process must be appropriate to the nature and the value of the Supplier or contract and **must at a minimum include:**

3.6.1 bank confirmation;

3.6.2 sustainability assessment

3.6.4 risk assessment (e.g. security, support, cyber and IT) and business impact assessment;

3.6.5 reference checks;

The due diligence process must include the following if the Supplier will be added to the Preferred Suppliers list:

3.6.3 conflict of interest declaration; and

3.6.6 KYC screening.

4. CATEGORIES OF SERVICES OF SERVICE PROVIDERS

CFM may enter into a relationship with a Service Provider for various services, some of which may include outsourced services and AIFMD / Core Services. CFM shall not outsource activities if the outsourcing would affect its responsibilities or liabilities, the quality of its independent internal review, the performance of legal obligations (including the obligation to act in the best interests of Investors) and compliance with legal conditions to carry out its activities. In particular, as noted in the AOIC, CFM shall not outsource portfolio management or risk management activities.

Other general services (such as professional services) may also be contracted for.

The two categories of services:

4.1 AIFMD/Regulated Services and Core Business Services¹

CFM may delegate the execution of some of its functions on its behalf in accordance with the AIFMD (refer to the extract in Annexure 1 herein) or any local regulator.

CFM will not delegate any function if such delegation:

4.1.1 materially increases risk to any entity in the group;

4.1.2 materially impairs the quality of the governance framework of any entity in the group including the entity's ability to manage its risks and meet its legal and regulatory obligations;

4.1.3 impairs the ability of the regulator to monitor compliance with its regulatory obligations; or

4.1.3 compromises fair, continuous and/or satisfactory service to clients.

CFM Malaysia will, in addition to the above, not outsource or delegate the decision-making and client-facing functions in terms of the Malaysian Securities Commission requirements for Private Equity Management Corporations.

4.2 General services

This includes professional service specialists who (i) are subject area specialists that CFM engages for specific periods of time to handle specific deliverables and (ii) engage multiple clients simultaneously. These services are any activities provided by an external Service Provider that do not meet the requirements of the AIFMD and Wwft Act.

General Services may include:

- Services required by law to be executed by external parties;
- Services that are an integral part of CFM's activity, such as legal advice in the case of a law firm;
- Services that are not an integral part of CFM's activities (i.e. non-core services) such as, office maintenance, travel bookings, IT support, training; and

¹ These are material functions performed by CFM and which exclude non-core services for purposes of AIFMD namely, investment advice, safe keeping of assets and reception and transmission of orders of financial instruments (e.g. trading desk). Please refer to 5.1 for further detail.

- Standardised services generally available such as market information.

General Services includes SAAS applications.

5. KNOW YOUR SERVICE PROVIDER PROCESS

CFM has two procurement processes differentiated by the spend with the Service Provider including any AIFMD considerations. The two processes are:

A. LESS THAN OR EQUAL TO USD 5,000 AND NON AIFMD AND NON-CORE SERVICES (i.e. GENERAL SERVICES)

- A. Assess whether a Preferred Supplier can be used which is fit for purpose (i.e. still in use, appropriate for the services , capacity). Ensure the contracting is updated to the extent necessary.

If not:

B. SELECTION STAGE

- Perform due diligence appropriate to the nature and the value of the procurement contract. The due diligence process must be appropriate to the nature and the value of the contract and must at a minimum include:
 - bank confirmation;
 - risk assessment (e.g. security, support, cyber and IT) and business impact assessment; and
 - reference checks.

The due diligence process must include the following if the Supplier will be added to the Preferred Suppliers list:

 - conflict of interest declaration; and
 - KYC screening.
- Assess whether personal information will flow from CFM to the Service Provider and ensure that we understand the GDPR / POPI requirements to ensure sufficient legal contracting.
- Obtained two quotations from two parties.

C. PRE-CONTRACTUAL STAGE

- Once the Service Provider has been selected the following confirmations are required internally before contracting:
 - GDPR / POPIA;
 - Risk and Business Impact Assessment results in the case of procuring SAAS applications must pass the approval of the Operations Team;
 - Appropriate KYC results to the extent that KYC was performed;
 - Structuring and Valuations needs to:
 - confirm VAT and WHT treatment to ensure agreement clearly documents tax requirements.
 - Attach structuring notes or opinion to confirm treatment
 - Finance/Fund Admin Team to:
 - confirm VAT and withholding tax treatment per structuring note to ensure the agreement clearly documents tax requirements.

D. CONTRACTUAL STAGE

- Legal review of the agreement to the extent required;
- GDPR / POPI agreement if sharing of CFM information;
- Finance/Fund Admin needs to, on receipt of the approved KYC form and confirmation of banking details for CFM and Fund operating costs:
 - issue new Vendor Code and update accounting and expense management systems; or
 - issue new Vendor Code and update external administrator and expense management system.

- viii. In most cases, the banking details will be reflected on the Supplier / Service Provider's invoice, and if Finance has no concerns about the integrity of the information, no further formal documentation regarding bank information is required.

GREATER USD 5,000 TO USD 250,000 AND / OR AIFMD AND CORE SERVICES

- A. Assess whether a Preferred Supplier can be used which is fit for purpose (i.e. still in use, appropriate for the services , capacity). If the Preferred Supplier can be used ensure notification to AFM or other regulatory body is done by notifying the Compliance Team.

If not:

B. SELECTION STAGE

- i. RFP which has been approved by the Head of Department and MB Member and send to at least three responding parties;
- ii. Perform a due diligence appropriate to the nature and the value of the procurement contract on the successful party to the RFP. Please refer to the Protocol which includes guidance on what to include in a RFP;
- iii. Determine, based on the experience of the contract owner whether KYC should be performed. For AIFMD and Core Suppliers, KYC to be performed. The due diligence process must be appropriate to the nature and the value of the contract and must at a minimum include:
 - bank confirmation;
 - conflict of interest declaration;
 - risk assessment (e.g. security, support, cyber and IT) and business impact assessment;
 - reference checks; and
 - KYC screening.
- iv. Assess whether personal information will flow from CFM to the Service Provider and if technology is being procured, perform a risk and business impact assessment.

C. PRE-CONTRACTUAL STAGE

- v. Once the Service Provider or Supplier has been selected the following confirmations are required internally before contracting:
- GDPR / POPIA assessment and contract;
 - Risk and Business Impact Assessment results in the case of procuring SAAS applications must pass the approval of the operations team;
 - Appropriate KYC results to the extent that KYC was performed;
 - Finance/Fund Admin Team to:
 - confirm VAT and withholding tax treatment to ensure agreement clearly documents tax requirements.
 - confirm Expense Category;
 - Structuring and Valuations needs to:
 - confirm VAT and WHT treatment to ensure agreement clearly documents tax requirements.
 - Attach structuring notes or opinion to confirm treatment.
 - Fund Administration needs to, on receipt of the approved KYC form:
 - confirm Expense Category;
 - Notification to AFM or other Regulatory body.

D. CONTRACTUAL STAGE

- vi. Legal review of the agreement to the extent required;
- vii. GDPR / POPI agreement if sharing of CFM information;
- viii. Finance needs to, on receipt of the approved KYC form and for CFM and Fund operating costs:
 - issue new Vendor Code and update accounting and expense management system; or
 - issue new Vendor Code and update external administrator and expense management system

- ix. CFM Staff responsible for procurement must confirm bank details to allow Finance to timeously make settlement.
- x. The new Service Provider must complete the Confirmation of Banking Details Form obtained from Finance.
- xi. The procurer needs to consider location of the bank compared to the tax residency of the Service Provider to ensure tax integrity.

6. CONTRACTING

6.1 Where CFM moves to the contracting stage, CFM will record the mutual rights and obligations for each appointment in an engagement letter or services agreement. The material terms of the agreement will include:

- Service details, quality standards and delivery timelines
- Appropriate controls, particularly to ensure adherence to the AOIC Annexure J – CFM Conflict of Interest Policy, which requires the service provider to have processes in place to:
 - a. identify, manage and monitor potential conflicts of interest that may arise between itself and CFM, the Fund(s) or the Investors in the Fund(s); and
 - b. disclose and manage actual conflicts of interest;
- Business continuity requirements including maintenance of a contingency plan and periodic checks on stored data and backup facilities;
- Amendment rights to allow CFM to give further instructions as appropriate (e.g., changes in regulation);
- Dispute resolution;
- Confidentiality and privacy requirements – a Manager from the CFM Risk Team to confirm requirements for the agreement;
- Obligations to inform CFM of any development that could have a material impact on the Supplier/Service Provider's ability to efficiently carry out the outsourced activities (in accordance with the legal requirements);
- Limiting any sub-delegation and at all times requiring CFM prior written consent to ensure all the regulatory requirements remain met;
- Termination clauses (and the right to withdraw the delegation with immediate effect when this is in the interest of Investors);
- Regulatory compliance mandates that apply;
- Requirement to comply with statutes, laws, regulation (including details of regulatory compliance mandates), corruption prevention and with CFM policies;
- Review and monitoring processes;
- Defining the sub-delegation rights; and
- Clear and transparent fee details including settlement terms.

6.2 ADDITIONAL REQUIREMENTS FOR AIFMD/REGULATED AND CORE BUSINESS SERVICES

In the EU, for AIFMD Services (as defined in the regulations) and core business services, the following must additionally be included:

- a. Obligation of the Supplier/Service Provider to cooperate with the competent authorities and to at all times co-operate with them and provide the information requested;
- b. Right for CFM to disclose the agreement to the AFM, DNB and the CFM Control Functions (including the Depositary) and the Investors in the CFM Managed Vehicle;
- c. Right to information, right to inspection and access to the books and business premises for CFM including the CFM Control Functions (including the Depositary) and Investors in the CFM Managed Vehicle, as well as the AFM and DNB.

In South Africa: In accordance with the requirements of the regulations, the SA-H2 Fund may only delegate any of its duties or responsibilities regarding the management of the Fund to a discretionary FSP or a representative of a discretionary FSP.

Prior to executing the agreement, a manager from the CFM Risk Team will confirm that the necessary AFM/local regulatory approval has been obtained. The responsibility for timely reporting to the AFM/local Regulator lies with the Head of Risk but is dependent on the business or contract owner timeously informing the Head of Risk of such agreement.

6.3 ONGOING REPORTING TO THE AFM/LOCAL REGULATOR

Outsourcing of activities described in Annex I of the AIFMD (contained in Annexure 1 herein) must be reported annually to the AFM in line with the required template 2. The notification to the AFM describes, explains and substantiates the objective reasons for outsourcing. Further, CFM will provide the initial assessment, proposal process, proposal evaluation and assessment and negotiations of contract terms to demonstrate that CFM has acted with the utmost care in appointment of the Supplier/Service Provider and that the relationship is monitored and reviewed regularly.

7. CONTRACTUAL AND PERFORMANCE REVIEW OF SUPPLIER/SERVICE PROVIDERS

The relevant CFM Staff member (i.e., the procurer) is responsible for ensuring the outsourced functions are effectively supervised and that any associated risks are managed. A CFM Staff member or "CFM Representative" will be confirmed, at time of engagement, as being responsible for supervising the external service provider.

The responsible CFM Staff member shall continuously monitor the Supplier/Service Provider and conduct periodic reviews at least annually or more frequently as required.

Periodic reviews shall determine whether the Supplier/Service Provider:

- a. Has achieved the agreed deliverables in accordance with the agreed quality standards;
- b. Complies with applicable law and regulatory requirements;
- c. Has met and continued to meet the agreed fee agreements;
- d. Provides accurate communications, including information and reports, per the agreed frequency;
- e. Identifies and manages conflicts of interest; and
- f. Ensures reliability and continuity of business operations.

If the performance monitoring and review reveals that the Supplier/Service Provider has not met the requirements or risk not meeting the requirements, the CFM MB shall decide on next steps, which may include:

- a. Holding meetings with the Supplier/Service Provider to discuss improvements, minute and monitor matters and actions arising; and
- b. Terminating and replacing the Supplier/Service Provider (either appointing a new Supplier/Service Provider or performing the activities inhouse). Throughout this process CFM will ensure that the continuity and quality of service delivery is not interrupted.

² <https://www.afm.nl/nl-nl/professionals/onderwerpen/uitbesteding-fd>

ANNEXURE 1 – FUNCTIONS OF AN ALTERNATIVE INVESTMENT FUND MANAGER

Annex I of Directive 2011/61/EU on AIFMD (modified as relevant for CFM)

1. Investment management functions which CFM shall at least perform when managing a Fund:
 - 1.1 portfolio management;
 - 1.2 risk management.
2. Other functions that CFM may additionally perform in the course of the collective management of a Fund:
 - 2.1 Administration:
 - 2.1.1 legal and fund management accounting services;
 - 2.1.2 investor queries;
 - 2.1.3 valuation and pricing, including tax returns;
 - 2.1.4 regulatory compliance monitoring;
 - 2.1.5 maintenance of unit-/shareholder register;
 - 2.1.6 distribution of income;
 - 2.1.7 unit/shares issues and redemptions;
 - 2.1.8 contract settlements, including certificate dispatch;
 - 2.1.9 record keeping;
 - 2.2 Marketing; and
 - 2.3 Activities related to the assets of Funds, namely services necessary to meet the fiduciary duties of CFM, facilities management, advice and services relating to the purchase of project assets and General Services connected to the management of the Fund and the companies and other assets in which it has invested.

