OUTLINE

Investment Policy BIOFUND Mozambique

Investment Policy of the Foundation BIOFUND

I. SCOPE OF THIS INVESTMENT POLICY

This statement of Investment Policy sets forth the policy, objectives, and restrictions that apply to the investment of all assets of the Foundation BIOFUND.

II. PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This statement of Investment Policy is adopted by BIOFUND's Board of Directors ("the Board") in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties of the goals and objectives of investing BIOFUND fund's assets.
3. Offer guidance and limitations to investment management professionals regarding the investment of BIOFUND's assets.
4. Establish a basis for evaluating investment results.
5. Manage BIOFUND's assets according to recognized fiduciary standards and principles of prudent investing.
6. Establish the relevant investment horizon for which BIOFUND fund's assets will be managed.

This Investment Policy is intended to be specific enough to be meaningful, yet flexible enough to be practical.

III. DELEGATION OF AUTHORITY

BIOFUND's Board is responsible for directing and monitoring the investment management of BIOFUND fund's assets.

According to BIOFUND's Articles of Incorporation[1], the Board is responsible for the overall investment of the foundation's assets, but may delegate certain of its responsibilities to committees, to its executive director, and to qualified investment professionals. The adoption of or revision to this investment policy and the hiring or firing of an investment management professional are non-delegable decisions of the Board.

For the purposes of carrying out this investment policy, the Board will employ and delegate responsibility to investment management professionals in accordance with the principles outlined in Section IV below, relevant investment guidelines that are incorporated into this policy and the terms and conditions of any professional services contract that will be signed between BIOFUND and the investment management professionals. The investment management professionals will be held responsible and accountable to make every effort to achieve the investment objectives stated in this policy.

The Board may also employ additional specialists such as tax attorneys, auditors, actuaries, and others to assist it in meeting its responsibilities and obligations to administer BIOFUND's assets prudently.

All expenses for investment management professionals and specialists must be customary and reasonable, and will be borne by BIOFUND once they are deemed appropriate and necessary.

[1]Version approved by the General Assembly on June 19, 2014.

IV. ASSIGNMENT OF RESPONSIBILITY

A. BIOFUND's Board of Directors

Consistent with its fiduciary responsibility, BIOFUND's Board will:

1. Deliberate on and approve any investment policy and investment guidelines.
2. Engage and terminate investment management professionals, including investment management consultants, investment managers or investment advisors. "Engage" means organizing competitive tenders when appropriate, and documenting the rationale for decisions to engage the selected investment management professionals.
3. Receive and review periodic reports on performance of investment management professionals, managed investments and unmanaged investments, if any.
4. Name an Investment Management Committee, consistent with Article 33 of BIOFUND's Articles of Incorporation that will inform and advise the Board in the exercise of its responsibilities. The detailed responsibilities of the Investment Management Committee and its relationship to the Board will be set out in the committee's terms of reference.
5. Approve any other investment related matters, including granting exceptions as permitted by this policy.

B. Investment Management Professional(s)

In line with the responsibility delegated to it, an investment management professional will:

1. Observe and operate within all policies, guidelines, constraints, and philosophies as outlined in this investment policy and in any investment guideline specifying permissible categories and allocations of assets.
2. Report investment performance results regularly and on a timely basis. Reports will be addressed to BIOFUND at least quarterly and more frequently when required by exceptional events in financial markets.
3. Communicate to the Board any major changes to economic outlook, investment strategy, or any other factors that affect achievement of the investment management professional's understanding of BIOFUND's investment objectives
4. Inform the Board of any significant qualitative changes to the investment management organization: Examples include changes in portfolio management personnel, ownership structure, or investment philosophy.

C. Responsibility of the Custodian

The custodian will physically maintain possession of securities owned by BIOFUND, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the BIOFUND accounts.

V. GENERAL PRINCIPLES

1. Investments shall be made solely in the interest of the beneficiaries of BIOFUND.

2. The Board subscribes to the principle that BIOFUND's assets will be invested in accordance with principles of informed and prudent investing. This means that investment strategies and decisions of the Board and Its Investment Management Committee will take the following into consideration:
   - General economic conditions
   - The effects of inflation and deflation
   - Exchange rate factors

- Expected tax consequences
- The role of an investment within the overall portfolio of BIOFUND's investments
- The expected total return from income and appreciation of investments
- An asset's special relationship or special value, if any, to BIOFUND's objectives of supporting sustainable natural resource and development activities

In considering the above factors, the Board or its Investment Management Committee may rely on information provided by its investment management professionals.

3. BIOFUND may accept contributions to be managed as an endowment fund or non-endowment contributions (sinking funds, revolving funds), and will ensure that separate and appropriate investment strategies and guidelines govern the different types of fund management.

- Generally, BIOFUND‘s endowment funds will be deemed to exist in perpetuity, and to provide a stream of income for grant making in perpetuity. To attain that goal, the long-term objective of any endowment will be to maintain purchasing power, and when possible to increase principal in excess of inflation.

- Non-endowment funds will be invested, when appropriate, to ensure adequate liquidity to meet the short and medium-term objectives for which the funds were contributed. High security and low volatility are mandatory.

- Any contribution received in meticais, or any distribution from endowment or non-endowment funds that is awaiting transfer to beneficiaries and which can be invested, will be held in accounts or instruments that earn at least a positive real rate of interest and have guaranteed liquidity.

4. Investments shall be diversified so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to diversify.

5. Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide, safety, liquidity and return.

VI. ENDOWMENT FUND

A. Investment Management Policy

Preservation of Purchasing Power - The Board may employ one or more investment managers of varying styles and philosophies to attain the BIOFUND's objectives. Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities and that accounts in more volatile asset classes will fluctuate in value. Preservation of capital for this purpose means preserving principal plus achieving growth that is equal to or in excess of the rates of inflation in each of the currencies in which the BIOFUND‘s assets are invested.

Risk Aversion - The Board recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet BIOFUND's objectives. However, the Board expects its investment management professionals to make reasonable efforts to control risk, and to report regularly (i.e. at least quarterly) giving assurance that the risk assumed is commensurate with the agreed investment style and objectives. Investment of the endowment fund shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to diversify.

Adherence to Investment Discipline - Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will also report regularly (at least semi-annually) to the Board as to adherence to investment discipline.

Productive Employment of Cash - Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return.

B. Long-term Goal of the Endowment

BIOFUND's Endowment Fund is intended to exist in perpetuity, and therefore, should provide for a substantial, stable flow of resources to carry out its grant-making spending in perpetuity. To attain this goal, the long-term financial planning of BIOFUND will seek to maintain and, if possible, increase purchasing power by growing the endowment in excess of inflation plus spending. Therefore, the long-term financial goal may be expressed by the following equation:

Total Return ≥ Total Withdrawals

Where:
Total Return is the aggregate return from capital appreciation and dividend and interest income, and
Total Withdrawals = Grant Spending + Expenses + Inflation

New contributions in any given year will not be calculated in measuring performance.

C. Investment Objectives

The primary objective in the investment of BIOFUND's Endowment Fund shall be:

To balance the desire for long-term preservation of purchasing power with BIOFUND's near-term spending needs required to meet its program objectives.

To ensure that measures to preserve capital are not so restrictive that they prevent achievement of the long-term target return, BIOFUND will:

- Carefully consider risk/return tradeoffs with a long-term view to ensure that conservative asset allocations that might decrease the risk of market loss and depreciation of the endowment capital do not decrease the likelihood of achieving the return needed to meet program objectives.
- Require its investment management professionals to employ probability analysis to identify an appropriate balance between the two goals.
- Request when appropriate that its investment management professionals practice diversification that would select investments in different asset classes that are not highly correlated, resulting in a portfolio of collectively lower risk.

D. Specific Investment Goals

For the purposes of BIOFUND's Endowment Fund "investment horizon" shall be the time period over which the investment objectives, as set forth in Section VI of this policy, are expected to be met. The immediate investment horizon for the BIOFUND Endowment Fund's assets is 10 years, with a long-term horizon of perpetuity.

Over the investment horizon, using a five-year rolling average, it is BIOFUND's goal to exceed a total nominal return of 5.5% p.a. net of investment expenses. This is intended to result in a net return of 3% of the portfolio value once investment management expenses and inflation (based on US CPI) have been taken into account.

The investment goal above is the objective of the aggregate BIOFUND endowment portfolio, and is not meant to be imposed on each asset class. The goal of an investment manager, over the investment horizon, shall be to:

1. Meet or exceed the market index or blended market index agreed upon by the Board that most closely corresponds to the style of investment management.
2. Display an overall level of risk in the portfolio that is consistent with the risk associated with the benchmark specified above.

E. Definition of Risk

The Board realizes that there are many ways to define risk. It believes that any person or organization involved in the process of managing BIOFUND’s assets understands how it defines risk so that the assets are managed in a manner consistent with the BIOFUND's investment objectives and investment strategy.

The Board defines risk primarily as:

> Not achieving the target nominal rate of return that is intended to provide a steady stream of income and maintain purchasing power.

The Board defines risk secondarily as:

> Excessive fluctuation in the value of the BIOFUND fund’s assets during a one-year period. The board defines risk as volatility exceeding a value of 10% over a rolling 12 month time horizon, 10.6% over 5 years and 10.5% over 10 years." When the measure is triggered it will require at a minimum a review of the investment strategy with the relevant investment management professional.

F. Spending Policy

As noted above, the Board sets spending (exclusive of investment management fees and any allocation to capital intended to cover inflation) at up to 3.0% of the portfolio value determined by averaging the balance of the Endowment Fund capital value at the end of each of the past five financial years, to calculate a five-year rolling average balance.

From 2017 forward, the Board intends that the Endowment Fund provide an annual target distribution of $500,000 for qualifying expenses of eligible Conservation Areas.

Recognizing that its general spending policy is not aimed at achieving an annual goal, US$1,854,400[2] of the endowment fund will be allocated to a sub-account holding assets that can, if needed, be sold to cover any shortfall in Endowment Fund earnings so that the annual target distribution can be met

G. Liquidity

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Board will periodically provide the investment management professionals with its budget of expenditures required to be covered from the endowment. The

[2] EUR 1.4 million converted at the rate of EUR1 = USD 1.159.

Board will notify the investment management professionals of changes to such budget in a timely manner, to allow sufficient time to build up necessary liquid reserves.

To maintain the ability to deal with unplanned cash requirements that might arise, the Board requires that a minimum of 1% of the BIOFUND endowment fund assets shall be maintained in cash or cash equivalents, including money market funds.

H. Responsible Investing

As BIOFUND has the objective to promote the conservation of national parks and biosphere reserves in Mozambique (as stated in detail in the BIOFUND's Articles of Incorporation, Article 6), it fits its mission to take responsible investment strategies into account. Sustainable investment can be implemented in a portfolio strategy in many different ways depending on the asset class, risk and return expectations, time horizon and many other aspects. Therefore, from BIOFUND's view, it does not make sense to pre-select a specific responsible investment approach for the endowment fund but to develop a sustainable investment strategy for BIOFUND's fund assets in cooperation with its investment management professionals.

I. Investment Guidelines

Investment management of the assets of the BIOFUND fund shall be in accordance with the asset allocation guidelines set forth in Annex. It is intended that Annex 1 be reviewed annually and revised as required by new contributions to BIOFUND's endowment fund or financial market events. .

J. Investment Manager Performance Review and Evaluation

Performance reports generated by investment management professionals shall be compiled quarterly and communicated to the Board for review.

Any investment management professional must provide at least annually a report giving full cost disclosure of the cost of investment management and, if relevant, custodian fees, as well as any trading, administration and marketing costs paid to any investment management professional, including costs related to mutual or exchange-traded or other types of funds.

The investment performance of the endowment fund will take into consideration the actual return compared with the target nominal return stated in Section D above. Performance of asset class components, will be measured against the performance benchmarks as specified in the investment guidelines.

Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this policy statement and its annex. The Board intends to evaluate the portfolio over at least a three-year period, but reserves the right to terminate any investment manager for any reason including the following:

1. Investment performance that is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.

Investment management professionals shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

A substantive performance review will be considered once in every five-year period. The substantive review will be cover (i) an organization review, (ii) a documentation review and (iii) a performance review.

K. Investment Policy Review

To ensure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Board will review this investment policy at least bi-annually and promptly on an exceptional basis when warranted by major financial or institutional events.

This statement of investment policy was adopted by the Board of Directors of BIOFUND at its meeting on 17 November 2014.

ANNEX 1

Investment Guidelines for the management of the funds of BIOFUND Mozambique

Preamble

Within the overall context of the Investment Policy, the following investment guideline defines the rules set by the BIOFUND board for an investment manager.

The funds must be managed prudently in order not to compromise the financial targets of the foundation. General principles drawn in the investment guidelines are for orientation.

1. ***Real Capital Preservation*** *- Consistent with its investment styles and philosophy, the investment manager should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities and that investments in more volatile asset classes might fluctuate in value. Preservation of capital for this purpose means preserving principal plus achieving growth in excess of the rates of inflation.*

2. ***Risk Aversion*** *- Understanding that risk is present in all types of securities and investment styles, BIOFUND accepts that some risk is necessary to produce long-term investment results that are sufficient to meet the BIOFUND's objectives. However, the investment manager is responsible to make reasonable efforts to control risk, and will report regularly (not less than quarterly) to the Board to ensure that the risk assumed is commensurate with the given investment style and objectives.*

3. ***Adherence to Investment Discipline*** *- Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will also report regularly (not less than quarterly) to the Board as to adherence to investment discipline.*

4. ***Productive Employment of Cash*** *- Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity and return.*

I. SPECIFIC INVESTMENT GOALS

For the purposes of these guidelines, "investment horizon" shall be the time period over which the investment objectives, as set forth in these guidelines, are expected to be met. The immediate investment horizon for the assets under management is 10 years. Over the investment period, it is BIOFUND´s goal to exceed a total nominal return of 5.5% p.a. net of investment expenses.

BIOFUND will monitor the manager's performance by benchmarking. In measuring success in achieving the overall goal, monitoring will assess whether the investment manager, over the investment horizon:

1. *Meets or exceeds the benchmark index agreed upon by the Board that most closely corresponds to the style of investment management.*

2. *Displays an overall level of risk in the portfolio that is consistent with the risk associated with the benchmark.*

II. SOCIAL AND ENVIRONMENTAL PRINCIPLES

As BIOFUNDis a charitable foundation dedicated to environmental conservation, the investments realized by the investment manager may not be inconsistent to the objectives of the foundation. The investment of the funds, inclusive of all investment instruments, will be subject to SRI (Socially Responsible Investing) sectoral filtering. The totality of direct investments in corporate stocks and bonds will be subject to SRI sectoral filtering. Therefore investments in securities from companies which have their main business focus or business volume in the following industry are prohibited:

- *manufacture of weapons and military equipment,*
- *production and packaging of tobacco*
- *gambling*
- *pornography*
- *production and packaging of alcoholic beverages*

III. STRATEGIC ASSET ALLOCATION

A. General Principles. *Opportunistic investments as referred to (1) below may not exceed 60% of assets under management. Taken together with other investment categories as outlined below that are also be counted as opportunistic investments, the portion of opportunistic investments may not exceed 70% of assets under management.*

1. *Opportunistic investments in particular are equity investments (equities, mutual equity funds and all securities which reflect the performance of equity oriented strategies), convertible- or index linked notes. Other investments which imply an equity oriented risk profile will be considered as opportunistic investments. The minimum allocation to equity investments is 30%.*
   Mutual investment funds and investment certificates which don´t imply a full capital guaranty will be considered as opportunistic.
2. *Raw materials, precious metals and soft commodities (real assets) will be considered as opportunistic investments and can only be used to readjust the risk-return-ratio of assets under management. The overall portion of these investments may not exceed 10% of assets under management. Investment in real assets via future contracts is not allowed.*
3. *The portion of bond investments (bonds, mutual bond funds and securities, which reflect bond linked strategies), may not exceed 70% of assets under management.*
4. *The portion of liquidity (account balance, fixed term deposits, money market funds and others) may not exceed 10% of assets under management.*
5. *Real estate investments via mutual real estate funds are not allowed.*
6. *Alternative investments such as hedge funds and investment certificates which reflect hedge fund strategies are not allowed.*
7. *Not more than 15% of the overall assets under management should be invested in any one industry.*

8. *The overall portion of investments from financial issuers (equities, bonds, investment certificates, SWAP based exchange traded funds) may not exceed 30% of assets under management. Forward contracts and derivatives are only being allowed as investments to cover market risks and as covered- call and put- writing strategies on available equity-, foreign currency- or cash positions.*
9. *Base currency for the mandate is USD. Foreign currency risks can be hedged.*
10. *Liquid investments are to be selected, whose market price are fixed regularly at least once per week and that either (a) are traded on a recognized exchange or (b) whose redemption by the issuer is possible daily on trading days. Investments in any type of closed end fund are not allowed.*

B. Bond Investments

1. *The portion of bond investments should consist of bonds that at the time of purchase are rated „BBB-"or better (Standard & Poor's) respectively „Baa3"or better (Moody's) or are rated similar by other rating agencies (Investment Grade).*
2. *Furthermore single bonds with a lower rating but not below „B" (Standard & Poor's) respectively „B2" (Moody's) can be purchased. The overall portion of these bonds may not exceed 15% of assets under management. This portion will be added to the opportunistic investment portion.*
3. *If there is no particular bond rating available, the issuer- or group rating can be used as reference.*
4. *The portion of bonds without any rating may not exceed 10% of assets under management.*
5. *In case a single bond investment is being downgraded below the in B./1. defined level („BBB-" or similar), the position has to be sold or will otherwise be added to the opportunistic investment portion.*
6. *One single bond issued by governments or corporations may not represent more than 5% of the assets under management.*
7. *The total allocation to treasury bonds and notes of any single country´s issue may represent up to 20% of assets under management.*
8. *The maximum average portfolio maturity may not exceed 7 years.*
9. *The portion of bond investments with a maturity over 15 years may not exceed 10% of the bond portfolio.*

C. Equity Investments

1. *An investment in a single equity position or single securities that reflects the development of a single equity position may not exceed 5% of assets under management.*
2. *Emerging Market (Latin America, Middle East, Africa, Eastern Europe incl. EU accession candidates and Asia ex. Japan) equity investments may not exceed 15% of assets under management.*