

# Management contract 2024-2028 between BIO and the Belgian State

## Chapter 1 – General Terms

### Section 1. Definitions

#### Article 1.

§1. The following definitions shall apply in this Management Contract:

- 1° “the enterprise”: an enterprise as mentioned in the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises;
- 2° “The BIO Law”: the Law of 3 November 2001 establishing the Belgian Investment Company for Developing countries;
- 3° “the OECD”: the Organisation for Economic Co-operation and Development;
- 4° “the Law Development Cooperation”: the Law on Belgian Development Cooperation of 19 March 2013;
- 5° “the investment”: any financial asset, including participations, shares and interests equivalent to shares, and debt;
- 6° “target companies”: the companies mentioned in article 3, first paragraph 1° to 4° in the BIO Law;
- 7° “indirect investments”: investments where BIO does not provide financing directly to a target company, but through an intermediate structure which uses the financing to invest in target companies, or to companies that develop infrastructure projects in support of target companies;
- 8° “EDFI”: the Association of Bilateral European Development Finance Institutions;
- 9° “the Exclusion List”: the most recent list of excluded activities, as drawn up by EDFI;
- 10° “SDGs”: the 17 Development Goals adopted as part of the Agenda 2030 for Sustainable Development, ratified by the United Nations’ General Meeting in September 2015;
- 11° “DAC”: The OECD Development Assistance Committee;
- 12° “the portfolio company”: the company receiving BIO financing;
- 13° “the Paris Agreement”: the international treaty on climate change mitigation, adaptation, and finance adopted at the climate conference in Paris on 12 December 2015;
- 14° “the partner country”: the partner countries of the governmental collaboration as determined by a Royal Decree conferred with the cabinet regarding the determination of the partner countries of the governmental collaboration;
- 15° “The ILO”: the International Labour Organization;
- 16° “Enabel”: Enabel, Belgian Development Agency;
- 17° “the DGD”: the Federal Public Service Foreign Affairs, Foreign Trade and Development Cooperation’s Directorate-General for Development Cooperation and Humanitarian Aid;
- 18° “operational expenses”: the total of the following expenses:
  - a) employee expenses (for example wages, fees, social charges, insurance);
  - b) expenses for temporary employment;
  - c) rent of offices and associated charges and taxes;
  - d) telecommunication expenses;
  - e) fees;
  - f) expenses related to government bodies and committees;
  - g) travel expenses and travel insurance;
  - h) communication and public relations expenses;

- i) promotional expenses;
  - j) expenses for equipment leasing;
  - k) IT and office facilities expenses;
  - l) documentation expenses;
  - m) training expenses;
  - n) amortisations;
  - o) expenses related to BIO's liaison offices abroad;
- 19° "project expenses": the part of the operational expenses linked directly to the preparation and the follow-up of investment files, except for the employee expenses;
- 20° "the provision": the total amount of provisions for risks and charges (general and specific) and for the value reductions in the portfolio;
- 21° "the global portfolio": all loans and capital participations financed using the funds as mentioned in article 9, § 1, 1° and 2° in the BIO Law;
- 22° "the outstanding loan portfolio": the balance due (the principal) of the face value of the debts booked as financial assets financed using the funds mentioned in article 9, § 1, 1° and 2° of the BIO Law;
- 23° "the outstanding portfolio": the acquisition value of the capital participations financed using the funds mentioned in article 9, § 1, 1° and 2° of the BIO Law and the outstanding loan portfolio;
- 24° "the cost of risk": the sum of (i) the provisions, (ii) the recovery of provisions, and (iii) the depreciation on the amount of investments financed using the funds mentioned in article 9, § 1, 1° and 2° of the BIO Law for the relevant fiscal year;
- 25° "the gross portfolio": the total amount of loans and capital participations financed using the funds mentioned in article 9, § 1, 1° and 2° of the BIO Law on the 31<sup>st</sup> of December of the corresponding fiscal year, for provisions and for depreciations concluded in that fiscal year;
- 26° "the post": the Belgian diplomatic embassy or consulate;
- 27° "private equity": the sum of the following elements:
- a) the nominal capital, as mentioned in article 9 § 1, 1° of the BIO Law;
  - b) the contributions outside of capital, as mentioned in article 9 § 1, 2° of the BIO Law;
  - c) the capital subsidies, as mentioned in article 9 § 1, 3° of the BIO Law;
  - d) the legal and statutory reserves;
  - e) the retained earnings;
- 28° "Rio marker 1": the score attributed to development finance contributing significantly to biodiversity, climate change mitigation and desertification, as defined by the OECD;
- 29° "Rio marker 2": the score attributed to development finance contributing primarily to biodiversity, climate change mitigation and desertification, as defined by the OECD.
- §2. The definitions mentioned in article 1bis of the BIO Law apply to this Management Contract.

## Section 2. Policy Framework

### Art. 2.

This Management Contract falls within the objectives and principles of the Belgian development policy, as determined by law, regulation, the Belgian development cooperation's strategic documents and the international commitments the Belgian State has entered into regarding international collaboration and development cooperation.

## Chapter 2 – The particular rules and conditions according to which BIO executes its social objective

### Section 1. Mission and values

#### Art. 3.

BIO's mission is to contribute to sustainable human development in its intervention countries, by supporting a strong private sector through direct and indirect investments in the development of target companies.

#### Art. 4.

BIO takes the following values into consideration in its entire field of operation:

1. sustainability: BIO is future-oriented, aims at value creation benefiting its local partners and the local population, and executes interventions which positive consequences will be pursued after its intervention has come to an end. BIO's approach highlights companies' social and environmental responsibility;
2. responsibility: BIO is committed, results-oriented, responsible for the consequences of the interventions it achieves, and executes its mission in an honest and transparent way;
3. determination: BIO is ambitious, dynamic and proactive, stimulates entrepreneurship, and promotes initiative and innovation;
4. open-mindedness: BIO promotes diversity and puts respect for others at the heart of its operations, internally as well as externally.

### Section 2. Target companies – scope and exclusions

#### Art. 5.

§1. BIO invests exclusively, directly or indirectly, in the development of target companies as mentioned in article 3, first member of the BIO Law.

§2. BIO shall not invest in target companies performing any of the activities mentioned in the EDFI Exclusion List, the current version is added as Annex 1. BIO immediately notifies the Belgian State of any modification to this list.

§3. BIO shall not finance target companies:

1. who produce energy based on fossil fuels and first generation biofuels, except for:
  - a) projects producing energy based on gas if this improves the energy efficiency of current power plants; and
  - b) energy production based on biogas or by methane extraction;
2. that undermine universal access to affordable basic services such as education, healthcare, and drinking water;
3. that produce pesticides forbidden in the European Union.

### Section 3. Development Goals

#### Art. 6.

§1. Within the framework of realising the SDGs, BIO's interventions aim for a positive development impact for the intervention countries. In this regard, BIO has developed a Theory of Change giving a complete description of BIO's contribution to the SDGs.

BIO will adapt this Theory of Change based on the terms of this management contract and will submit the new version for approval to the Board of Directors within six months after this management contract coming into force.

§2. BIO aims its activities on three pillars for sustainable development, which are:

1. the economy;
2. the social aspect; and
3. the environment.

BIO also enters into partnerships to support these pillars.

Within this framework, where BIO uses an integrated approach of these pillars, BIO particularly focuses on its interventions contributing to the realisation of the SDGs and subgoals as mentioned in Annex 2.

§3. Throughout the term of the management contract, BIO will demonstrate its contribution to the realisation of the SDGs mentioned in paragraph 2 by meeting the following targets:

1. Target 1 – Projects contributing to a considerable increase in jobs or economic activity: BIO will realise at least 60% of the commitments it makes during the term of this management contract in projects that aim to achieve at least a 15% increase in number of jobs or in economic activity, within three years. Increase in economic activity is, however, only taken into consideration in the agricultural value chain.
2. Target 2 – Projects contributing to access to financing, and to bank, insurance and other financial services for SMEs: BIO will realise at least 50% of the commitments it makes during the term of this management contract in financing aimed at SMEs;
3. Target 3 – Projects contributing to access to financing, and to bank, insurance and other financial services for micro enterprises and private persons: BIO will realise at least 25% of the commitments it makes during the term of this management contract in microfinancing and/or in banking services in favour of private persons;
4. Target 4 – Projects contributing to reducing inequalities among countries: BIO will realise at least:
  - 50% of the commitments made during the term of this management contract and financed by capital subsidies as mentioned in article 9 §1, 3° of the BIO Law; and
  - 15% of the commitments made during the term of this management contract and financed with equity as mentioned in article 9 §1, 1° and 2° of the BIO Law, in least developed countries (as determined by the United Nations), low income countries (as determined by the World Bank Group), and so-called fragile and/or conflict-torn countries (as determined by the World Bank Group);
5. Target 5 – Projects contributing to reducing inequalities in countries: BIO will realise at least:
  - 50% of the commitments made during the term of this management contract and financed by capital subsidies as mentioned in article 9 §1, 3° of the BIO Law; and
  - 25% of the commitments made during the term of this management contract and financed by equity as mentioned in article 9 §1, 1° and 2° of the BIO Law, in inclusive activities;
6. Target 6 – Projects contributing to gender equality: at least 40% of the commitments made during the term of this management contract will be realised in projects eligible for the 2X Challenge;
7. Target 7 – Projects contributing to the fight against climate change and climate adaptation as main target: BIO will realise at least 20% of the commitments it makes during the term of this management contract in projects having climate mitigation and/or adaptation as main target (Rio marker 2), and BIO will make its best efforts to increase the percentage of investments in adaptation and resilience during the term of this management contract;
8. Target 8 – Projects contributing to climate adaptation as important goal: BIO will realise at least 20% of the commitments it makes during the term of this management contract in projects integrating measures for climate adaptation as a significant goal (Rio marker 1);
9. Target 9 – Projects contributing to maintaining biodiversity and sustainably managed natural resources: BIO will realise at least 10% of the commitments it makes during the term of this management contract in projects integrating measures to maintain biodiversity (in line with the Kunming-Montreal Global Biodiversity Framework) and to sustainably manage natural resources as a significant goal (Rio marker 1);

10. Target 10 – Projects to which BIO attributes technical assistance: BIO will attribute technical assistance through its Business Development Support Fund to at least 30% of the new investment projects it will finance during the term of this management contract.
- §4. The schematic summary of the development framework mentioned above is added in Annex 3 of this management contract.
- §5. The targets intended in this article will be assessed in the third year of this management contract and can be adapted in mutual consultation between BIO and the DGD, provided the government member responsible for Development Cooperation agrees.
- §6. Based on the goals and targets mentioned above, BIO will review its investment strategy and submit it for approval to the Board of Directors within six months of implementation of this management contract.

## **Section 4. Investments**

### *Sub-section 1. Intervention principles*

#### **Art. 7.**

§1. BIO carries out an ambitious ESG (Environmental, Social and Governance) policy in all its interventions:

1. In regards to environment, each intervention is assessed and followed up from the perspective of respect for protecting or maintaining the environment. Environmental risks and opportunities are systematically researched and, if necessary, action plans are established and followed up on to remedy possible shortcomings;
2. At a social level, BIO supervises the decent, productive, and sustainable character of employment in the companies it finances;
3. In regards to corporate governance, BIO promotes the principles of good governance in accordance with the national and international standards, considering the individuality of the implicated portfolio companies, and requires the portfolio companies to comply with the applicable accounting and fiscal legislation.

In this regard, BIO sees to it to limit the impact of its investments on the planet's limits.

§2. BIO strives to improve the performances of the target companies in the domains mentioned above during the term of its interventions, with the eventual goal to comply with the relevant international standards.

#### **Art. 8.**

BIO carries out an ambitious and systematic policy regarding gender and gender mainstreaming, and commits to contribute to realising the Belgian State's international commitments in that regard with gender equality as a goal.

#### **Art. 9.**

§1. BIO puts into practice an ambitious climate policy. Apart from investments in mitigation, BIO will increase its investments in adaptation and resilience.

BIO undertakes to calculate its contribution to greenhouse gas emissions (scope 1, 2, 3) and to work on reducing the CO<sub>2</sub> emissions of its investment portfolio to contribute to the transition of the global economy to net zero emissions by 2050, in line with the Paris Agreement.

BIO will not invest in carbon intensive activities that are inconsistent with the path to CO<sub>2</sub> reduction in line with the Paris Agreement's 1.5°C goal. BIO will take into account the recommendations of the Task Force on Climate-related Financial Disclosures.

BIO will apply a climate lens in all its investments. BIO endeavours to harmonize its policy, to the extent possible, with the EDFI climate policy.

§2. BIO will present updated policy guidelines regarding climate, further elaborating and operationalising previous principles, to the Board of Directors within six months of this management contract coming into force.

**Art. 10.**

BIO puts into practice an ambitious and systematic policy regarding decent work, taking into account local legislation, the International Finance Corporation Performance Standard 2 (IFC PS2), and the ILO's Fundamental Conventions, the ILO Declaration on Fundamental Principles and Rights at Work and the ILO's Core Labour Standards.

BIO promotes decent work through its investments by generating employment opportunities for persons in poverty, associated with rights, decent work conditions, representation, and social protection.

**Art. 11.**

BIO implements the principles of the duty of care regarding human rights in its operations, where duty of care is understood as a continuous process to identify the risks involved in view of ending, preventing or limiting these risks. BIO is guided by an approach with the objective to not cause any significant harm, and to maximise positive impact.

Within this framework, BIO will, within six months of the approval of this management contract, submit a proposal of a human rights approach for its investments to the Board of Directors, including the principles of stakeholder consultation, responsible exit, and methodology for determination of responsibility level to obtain access to remediation, in accordance with the UN Guiding Principles on Business and Human Rights, and the EDFI Principles for Responsible Financing of Sustainable Development.

**Art. 12.**

BIO will strive for its interventions in agriculture projects to increase food security in the involved intervention countries, and will, in any case, ensure that its investments have no negative impact on local food security.

**Art. 13.**

BIO disposes of an efficient and broadly accessible grievance mechanism, whereby any stakeholder can introduce a grievance to a contact point in case of an alleged violation of regulations regarding integrity in the large sense, in social and environmental matters or regarding human rights, as provided in article 8/1 of the Development Cooperation Law and whereby BIO guarantees an independent and impartial treatment of the grievances.

**Art. 14.**

BIO promotes fiscally responsible behaviour in its investment activity and takes appropriate measures to avoid its interventions being associated with tax fraud or tax evasion, or other fiscal malpractices:

1. BIO ensures that the terms of article 3quinquies of the BIO Law are at all times respected;
2. BIO assesses the appropriateness and relevance of an investment when it takes place through an intermediate structure, especially when it is not located in an involved intervention country;
3. BIO strives towards conformity of its interventions with the international standards regarding responsible fiscal behaviour and transparency, among which the principles developed by EDFI regarding responsible fiscal behaviour, the framework developed by the OECD with a view to tackle Base Erosion and Profit Shifting – BEPS, the Global Forum for Transparency and Exchange of Information for Tax Purposes' actions and the European Commission's initiatives, and the local fiscal legislation; and
4. BIO assesses and monitors the fiscal practices of the target companies, and BIO collects and reports relevant information regarding taxes paid in intervention countries.

Furthermore, and without prejudice to the terms of article 3quinquies of the BIO Law, BIO needs to observe the following rules when the target company is not established in a state mentioned in article 3quinquies of the BIO Law, but of which more than twenty-five percent of the shares are held directly or indirectly by persons established in a state mentioned in

article 3quinquies of the BIO Law. In such a case, BIO can only invest in said target company to the extent to which the following cumulative conditions are respected :

- a) the concerned states are committed to the automatic exchange of information in accordance with the OECD standard (Common Reporting Standard);
- b) upon careful research it was concluded that there is no risk of abusive profit shifting or other harmful fiscal practices, or that this risk can be managed by applying appropriate measures;
- c) BIO's investment committee has declared the investment admissible, where a special attention has been paid to its development impact.

**Art. 15.**

BIO executes its activities in accordance with applicable Belgian money laundering legislation, and identifies its clients as per this legislation up to the final beneficiaries in order to ensure that BIO only enters into relationships with parties not associated with money laundering or other illegal practices, and BIO respects the sanction regulation.

**Art. 16.**

BIO respects the DAC's principles of Official Development Assistance.

**Art. 17.**

BIO's investments take place on market terms. BIO's mission is not to replace the market, but to supplement it. Its interventions should not lead to a disruption in the market.

**Art. 18.**

§1. BIO's investments offer sufficient perspective on return. During an investment proposal's assessment, BIO strives for a balance between the intervention's development relevance and its financial return. The investments need to reasonably be able to generate sufficient financial return to ensure their viability and durability.

§2. For the investments financed with contributions in and outside of capital BIO strives for a return, meaning that the contributions within the government sector can always be classified as a participation in the government sector, as per the European regime of national and regional accounts.

§3. For the investments financed with capital subsidies, BIO strives for a break-even, as mentioned in article 24 §2.

**Art. 19.**

§1. Apart from the positive development impact BIO strives for, as mentioned in article 6, BIO's interventions need to be financially additional, which means that for each intervention BIO needs to prove that at least one of the following conditions has been complied with :

1. Lack of private investors;
2. The private investors' interventions do not suffice to meet the needs of the target companies;
3. The private investors only offer financing with modalities not adapted to the target company's needs;
4. The characteristics of BIO's interventions make that BIO fulfils a specific role, such as a catalytic role to mobilise supplementary financing.

Without prejudice to the requirement of the first paragraph, the additional character of BIO's investments increases if this investment in the intervention country encourages respecting international environmental, social, governance, and climate standards, generally not respected by actors who perform activities comparable to or linked to those of the target company.

§2. BIO strives to play a catalytic role and to mobilise private capital to finance target companies. It does so by:

1. Attributing financing to target companies and clearing the way for private investors;

2. Setting up special initiatives where private investors take part in investments in target companies;
3. Taking initiatives and actively contributing to third parties' initiatives to encourage this kind of private financing.

**Art. 20.**

§1. In view of an efficient and effective use of its funds, BIO concentrates its ongoing investments for at least 85 percent in thirty eligible intervention countries as mentioned in article 1bis, 2° of the BIO Law. BIO determines, in consultation with its Board of Directors, and in function of the goals to be obtained as described in article 6, what thirty countries best qualify for this.

§2. BIO strives to at least:

1. realise 45 percent of the total number of new interventions (in volume) in Africa; and
2. realise 30 percent of the total number of new interventions (in volume) in Least Developed Countries and in fragile states.

§3. When elaborating its country strategy, BIO prioritises a regional approach involving the partner countries of the different Belgian governments in developing regions as much as possible .

§4. In line with article 13 §1 of the Law Development Cooperation, BIO pays particular attention in all its interventions to the complementarity and the synergy with other organisations financed by the Belgian Development Cooperation, such as civil society organisations and Enabel.

**Art. 21.**

§1. BIO applies an investment process that guarantees an objective and detailed analysis of the different aspects of each investment, with adequate measures for managing the corresponding risks.

§2. BIO conducts an effective risk policy, based on the risk appetite determined by the Board of Directors. This policy takes into account requirements regarding risk and return linked to BIO's financial means and its impact objectives, where BIO strives for a balance between these elements. BIO assesses this risk policy annually and will adjust where necessary.

**Art. 22.**

In the light of the development framework provided in article 6, BIO systematically measures the development contribution of its interventions using indicators included in Annex 3, to analyse the development impacts of its activities, to follow up on them and assess them, and annually draws up a report with the most important results.

*Sub-section 2. Modalities of intervention*

**Art. 23.**

§1. BIO realises its social goal by performing the acts mentioned in article 3bis of the BIO Law, as illustrated in this article.

§2. When BIO sets up foreign companies as provided in article 3bis, 1° of the BIO Law, it is generally a minority stakeholder and it does not take on an active role in daily operational management. However, BIO can also set up a foreign company on its own with a view to structure an intervention in a target company, when this is justified by reasons that are not of a purely fiscal nature.

§3. Pursuant to article 3bis, 5° of the BIO Law and paragraph 5, if BIO sets up an investment fund and manages it, pursuant to article 3bis, 2° of the BIO Law, it can organise this management through a separate management company under Belgian law established to that end, when this is desirable for reasons that are not of a purely fiscal nature.

§4. Pursuant to article 3bis, 3° of the BIO Law, in case of capital participation in existing companies BIO is a minority shareholder and does not take on an active role in daily operational management, unless expressly stated otherwise in the initial or follow-on investment decision.

§5. Pursuant to article 3bis, 5° of the BIO Law, BIO's participation in a fund, a company, or a holding does not exceed twenty-five percent, unless expressly motivated otherwise in the initial or



follow-on investment decision. In any event, BIO always has a minority stake in such a structure, subject to the possibility for BIO to set up the structure alone when this is necessary for practical or regulatory reasons, with the aim that other investors join the structure as soon as possible, and at least before the start of any investment activity, as a result of which BIO's share falls below majority threshold.

Pursuant to article 3bis, 5° of the BIO Law, at any new initiative, submitted for approval to the Board of Directors, BIO will prove that the additionality and complementarity towards private initiatives were adequately investigated and that the lessons learnt from previous initiatives are taken into account. Furthermore, BIO ensures that the investment policy provided in the contractual documents is in line with BIO's assignments and modalities of intervention pursuant to the BIO Law and the management contract.

§6. Pursuant to article 3bis, 6°/1 of the BIO Law, BIO can manage third-party funds in order to realise investments in the intervention countries, or advise third parties regarding investments in the intervention countries.

For each individual assignment, BIO and the third party concerned conclude an agreement, wherein at least the following will be determined:

1. a description of the services to be delivered by BIO and more detailed rules according to which the assignment will be executed;
2. the fee BIO receives, which has to be at market level.

BIO makes efforts to mobilise and manage funds from the European Union in support of its mission.

§7. Pursuant to article 3bis, 7° of the BIO Law, BIO can grant guarantees:

1. to facilitate attracting funds from target companies on the local market, when BIO cannot grant a loan directly or only under inadequate conditions;
2. as part of its operational and financial management.

§8. BIO sets the actions pursuant to article 3bis, 8° in order to optimally valorise and protect its interventions' interests.

When this is justified in the interest of BIO and of the concerned company, BIO is represented in the portfolio companies' management and supervisory bodies.

§9. The actions pursuant to article 3bis, 10° of the BIO Law relate to the usual day-to-day actions BIO sets in order to realise its social goal.

## Section 5. Further rules for investments financed with capital subsidies

### Art. 24.

§ 1. The terms in section 4 apply to investments financed with capital subsidies, as mentioned in article 9 §1, 3° of the BIO Law, subject to the conditions in this section.

The capital subsidies are used to finance investments with a significant development relevance and a strong potential for financial sustainability, but insufficiently profitable or too risky to, globally, comply with the return objective mentioned in article 9, §2 of the BIO Law.

Within BIO's investment strategy, which it will review and submit to the Board of Directors pursuant to article 6 § 6, BIO determines the specifics linked to the investments financed with capital subsidies.

§2. As a return target, BIO aims at break-even for the portfolio financed with capital subsidies, without taking into account the share of capital subsidies used to finance operational costs pursuant to article 58 §2.

BIO follows up on the provision level of the portfolio financed through capital subsidies and reports this to the DGD in the annual report pursuant to article 64.

### Art. 25.

BIO's interventions financed through capital subsidies take on the form of capital participations or loans.

**Art. 26.**

BIO can realise investments with capital subsidies in currencies other than euro, without hedging the exchange rate risk whereby possible exchange rate gains or losses are added to, respectively charged on, the available capital subsidies.

**Art. 27.**

The interventions financed through capital subsidies are subject to the following restrictions:

1. the investment sum amounts to at least 500.000 euro and at most 5.000.000 euro. BIO can execute investments up to 7.000.000 euro in thematic investment funds and in projects that contribute to the fight against climate change;
2. at most twenty percent of the overall amount of capital subsidies can be used in the same country.

**Art. 28.**

BIO's Investment Committee decides on the eligibility of any intervention BIO considers to finance with capital subsidies. The Investment Committee can pass on the proposal to the Board of Directors, which will then decide on the eligibility.

**Section 6. Further rules for allocating subsidies (article 3ter of the BIO Law)****Art. 29.**

- §1 A subsidy is always linked to an investment or a potential investment. The subsidy must aim to contribute to achieving the objectives of the investment it is linked to.
- §2. BIO's subsidies are additional in the sense that the intervention would not take place, or not in the same way or without the same quality conditions or standards, without BIO's funds.
- §3. BIO selects interventions based on their expected impact, and possible synergy and complementarity with the development policy organisations.
- §4. The allocation of subsidies happens in accordance with the procedure and policies approved by the Board of Directors.

**Section 7. Further rules regarding the directly subsidised programmes (article 3quater of the BIO Law)****Art. 30.**

The terms of article 29 apply to the interventions mentioned in article 3quater of the BIO Law. BIO executes these interventions itself through experts it appoints, or outsources them to another specialist institution.

**Section 8. Further rules of the collaboration between the Belgian State and BIO with regards to the assignments mentioned in article 3sexies of the BIO Law****Art. 31.**

- §1. The Minister addresses a request for execution of an assignment pursuant to article 3sexies of the BIO Law to BIO, accompanied by the Terms of Reference of the assignment that needs to be executed and the response time.
- §2. Within the agreed upon timeframe, BIO delivers a proposal agreement to the Minister. In case of refusal, BIO transfers a formally motivated refusal decision to the Minister within 120 days.
- §3. If necessary, the Minister negotiates the proposal with BIO. Within the agreed upon time, they signify agreement with the proposal, or their formally motivated decision for refusal to BIO.
- §4. Any approved assignment is subject to an agreement between the Belgian State and BIO. This agreement determines the market-based fee BIO receives for this assignment, the Terms of Reference, the budget, the further rules to prolong and modify the assignment, as well as the further rules for reporting.

## Chapter 3. Terms regarding organisation and management

### Section 1. Organisation

#### Art. 32.

§1. The management capacity mentioned in article 2quinquies of the BIO Law, for BIO consists of disposing of the adequate strategies, processes and procedures to guarantee high-quality execution of its social goal and the awarded assignments.

The management capacity groups around four criteria:

1. strategic management;
2. operational and administrative management, and internal audit;
3. expertise management;
4. management of monitoring and evaluation.

§2. The capacity for strategic management is assessed through:

1. the annual business plan mentioned in article 36;
2. the accountability on the goals mentioned in the business plan via the corresponding annual report by management to the Board of Directors.

§3. The capacity for operational and administrative management, and for internal audit is assessed through obtaining accreditation as mentioned in article 2quinquies, §5 of the BIO Law or, if such accreditation does not exist, through a verification by an independent organism.

§4. The capacity for expertise management is being assessed, for the entire duration of this management contract, through a verification by an independent organism of the system for the mobilisation and development of the expertise necessary to properly execute its activities.

§5. The capacity to manage monitoring and evaluation is established, for the duration of this management contract, through the certification of evaluation management by the Belgian Development cooperation's Special Evaluation Office. If such a certification has already taken place, the SEO will assess the evolution of the practices regarding evaluation in the last year of the management contract.

§6. In case a Government Commissioner, in the course of this management contract, observes that BIO can no longer fully comply with the criteria regarding management capacity, they notify the Board of Directors.

If, after investigating, the Board of Directors comes to the same conclusion, it will ensure that BIO's management proposes a remedial plan, with the implementation deadlines, within two months of notification.

If it turns out that the remedy plan did not achieve the desired results, the Government Commissioner can, after discussion by the Board of Directors, suggest to the Minister to verify whether BIO still disposes of the necessary management capacity. The Minister takes a formal motivated decision within fourteen days after the notification of the proposal of one or both of the Government Commissioners.

§7. During the preparation of a new management contract, it is verified whether BIO meets the criteria regarding management capacity.

#### Art. 33.

Within the limits of the BIO Law, the applicable laws and regulations, this management contract and the articles of association, BIO is free to develop any activities necessary or useful to realise its social goal.

The Belgian State undertakes to respect BIO's management autonomy and not to interfere with the company's management, which is the responsibility of the Board of Directors. In that regard, BIO decides on the human and financial resources it deploys in order to realise its social goal and reach the goals determined in this management contract.

**Art. 34.**

BIO makes sure its staff is aware of the values, the assignments and the principles of the Belgian Development Cooperation, as mentioned in chapters 2 and 3 of the Law Development Cooperation. Furthermore, BIO shall provide sufficient internal expertise regarding sustainable human development in order to optimise the relevance and the effectiveness of its interventions.

**Art. 35.**

§1. BIO will develop an evaluation plan which aims to evaluate BIO's approach and performance regarding development and sustainability, on a strategic level as well as on the level of investment projects. The evaluation plan is submitted for approval to the Board of Directors, after having consulted the DGD and the Belgian Development Cooperation's Special Evaluation Office.

To this end, BIO's evaluation plan needs to integrate the following characteristics:

1. concentrate on the evaluation of commitments and objectives as defined in this management contract;
2. stretch over the entire duration of this management contract, providing annual update;
3. lean on a combination of internal and external instruments for follow-up and evaluation;
4. include the evaluation of strategic objectives and of investment project case studies; and
5. ensure that these evaluations and especially the case studies are representative of BIO's activities.

§2. The external evaluations are executed by a Steering Committee, consisting of representatives of BIO, the DGD and the Belgian Development Cooperation's Special Evaluation Office. The Committee has the following authorities:

1. validate the sample of strategic goals and investment project case studies to be evaluated;
2. approve the Terms of Reference of the assignment of the experts in charge of the evaluations;
3. follow up on and, if necessary, redirect the experts' work; and
4. assess the results of the evaluation.

The results of the evaluation are submitted to the Board of Directors.

## Section 2. Management

**Art. 36.**

The Board of Directors approves the business plan as per article 4septies of the BIO Law each year for the next year before the 31<sup>st</sup> of December.

**Art. 37.**

BIO executes its activities in compliance with the applicable good governance principles, as displayed in the charter of BIO's Directors, attached as Annex 4. The charter is signed by all members of BIO's Board of Directors.

**Art. 38.**

§1. The Board of Directors composes the Audit Committee, which counts at least one member knowledgeable in internal audit and at least one other member knowledgeable in development cooperation. The Board of Directors drafts the charter of the Audit Committee.

§2. The internal audit service at BIO reports to the Board of Directors. This independent service respects the terms of the charter for Internal Audit, approved by the Board of Directors.

**Art. 39.**

§1. BIO ensures the implementation of the measures agreed upon in the Belgian Development Cooperation's Integrity Charter it signed.

§2. BIO has an ethical code signed by all employees and all members of BIO's Board of Directors.

§3. BIO maintains a Whistleblowing policy in accordance with applicable legislation which it appropriately communicates to all employees, through accessible and confidential reporting channels which adequately protect whistle blowers against retaliation.

**Art. 40.**

BIO assures transparency of its activities by respecting the standards of the International Aid Transparency Initiative, as per the modalities determined in consultation with the DGD.

### Section 3. Operational objectives

**Art. 41.**

BIO's obligation to reach the operational objectives is subject to the following prior conditions:

1. the actual attribution of the funds as determined in this management contract;
2. not questioning or dramatically changing, in the course of this management contract, the applicable rules that determine BIO's interventions and BIO's investment strategy;
3. the absence of unforeseen circumstances that would significantly influence BIO's operations.

**Art. 42.**

§1. The volume of the net commitments on the 31<sup>st</sup> of December of each year must correspond to at least seventy-five percent of the total investment funds.

§2. BIO will invest at least 25 million euro a year in climate action (Rio Marker 1 or 2).

§3. The cost of risk for the past twelve months does not exceed 3.5 percent of the gross portfolio.

§4. If one of these objectives has not been reached, BIO will submit an action plan to the Board of Directors within three months of the date on which non-conformity was ascertained.

**Art. 43.**

In the course of the management contract, BIO will make efforts to reduce the level of provisions on the outstanding portfolio, which amounted to 13% on the 30<sup>th</sup> of June 2023, to at most 10%.

BIO follows up on the provisions level on the outstanding portfolio, and annually reports to the Board of Directors and to the DGD in the financial report mentioned in article 64, 3°.

BIO annually draws up a management plan with measures it puts in place with a view to respect the terms of this article.

## Chapter 4. Collaboration and communication

### Section 1. General

**Art. 44.**

§1. The Belgian State facilitates the dialogue, through the DGD, and ensures coherence and optimal synergies between the different parties when executing the Belgian development policy.

The Belgian State confirms BIO's role as key player in the Belgian Development Cooperation in support of private sector development and acknowledges BIO as privileged partner for investments in the private sector in the intervention countries.

§2. The Belgian State supports BIO and takes all necessary political actions in the intervention countries in order for BIO's activities to be executed in an adequate legal and regulatory framework.

§3. The Belgian State takes all necessary political actions in the intervention countries to solve problems that could come into existence in connection with BIO's activities.

§4. The Belgian State does its utmost, including the necessary measures with its partners, to guarantee the same evacuation and repatriation conditions for security reasons to all of BIO's expat staff and their families as those applicable for its own expat staff. The Belgian State can recover possible costs from BIO.

In that case, BIO communicates the names of its expat employees and their families to the authorised diplomatic post.

**Art. 45.**

BIO strives for complementarity and synergies with the Belgian development policy's parties.

**Section 2. The diplomatic posts****Art. 46.**

§1. BIO applies the procedure mentioned in this article to each intervention with a (potential) counterparty.

§2. The Director-General of the DGD shares BIO's mission and the investment strategy approved by BIO with the posts, and coordinates BIO's relationships with the posts.

The DGD ensures that the posts respect the confidential nature of the information communicated by BIO.

If an intervention concerns different intervention countries, the DGD will appoint the post to be consulted.

§3. During the analysis of financing applications, BIO will consult the post regarding:

1. the local circumstances;
2. the coherence of the intervention with the local development policy and with the interventions of the other development policy's parties;
3. the local partner's reputation.

BIO's mission and investment strategy are not challenged by the posts.

The post passes on its opinion to BIO within fourteen business days after the date on which it has received BIO's question. Furthermore, the post has the possibility to give no opinion, when it deems it is unable to give any, for any reason.

BIO will take into account comments formulated by the post in the analysis of the financing application.

BIO informs the post and the DGD of the further treatment of the financing applications whenever the post was consulted.

**Art. 47.**

§1. BIO informs the post and the DGD of each visit it plans in an intervention country, also outside of the consulting procedure mentioned in article 46.

BIO and the post determine in mutual consultation whether a visit by BIO's representatives to the post is advised.

§2. The DGD informs the posts of BIO's activities and portfolio in the concerned countries based on key elements of BIO's annual report and other relevant reports or studies.

BIO, the DGD and the posts share all relevant information on important developments that occur within BIO's interventions and in the intervention countries.

**Art. 48.**

The posts contribute to the publication of BIO's activities and strive for BIO's visibility in the intervention countries.

**Section 3. Collaboration with DGD****Art. 49.**

§1. BIO aligns its investment strategy and priorities with the Belgian Development Cooperation's global framework, especially regarding initiatives directly or indirectly connected to the development of the private sector.

§2. At the request of the DGD, BIO contributes to the programming cycle for government collaboration, as well as to the strategic reflections and reflections regarding specific files. BIO's contribution takes place in accordance with specific mutually agreed upon rules.

§3. The DGD and BIO periodically engage in consultation regarding the terms of this management contract. In principle, this consultation takes place biannually, based on an agenda alternately prepared by the DGD and by BIO.

## Section 4. Collaboration with Enabel and FINEXPO

### Art. 50.

§1. The Director-General of the DGD convenes a work group, consisting of BIO and Enabel, actively trying to identify and develop synergies and harness complementarities and solve possible differences.

This work group, presided over by the DGD, meets up at least twice a year. If relevant, FINEXPO is invited to take part in the discussions.

§2. At the request of Enabel, BIO can give advice regarding private sector support.

§3. In consultation with Enabel, BIO makes efforts to identify opportunities for interventions complementary to Enabel's activities.

§4. BIO lends assistance in developing collaboration programmes to develop synergies, as the case may be.

## Section 5. Dialogue with Civil Society Organisations

### Art. 51.

§1. BIO takes initiatives for a constructive and structural dialogue with the relevant Belgian Civil Society Organisations regarding sectoral and strategic themes and BIO's approach in that regard.

§2. BIO can consult local civil society organisations in the context of the analysis of certain risks in investment files, when this can contribute to a better understanding of the local context and the stakeholders' situation, including the local population.

§3. BIO also sets up special initiatives on the subject of certain themes, such as conferences and workshops, with the aim to strengthen the dialogue with the civil society organisations.

## Section 6. Communication

### Art. 52.

§1. The Belgian State communicates through the DGD and its posts in the intervention countries about BIO's mandate and mission, its main intervention axes and its investment strategy, as well as the key elements of the annual report that BIO distributes about its activities in the involved countries. DGD coordinates BIO's relationships with the posts.

§2. The Belgian State will support BIO's strategy and interventions in its external communications.

### Art. 53.

§1. BIO emphasizes in its communications activities that it is part of the Belgian Development Cooperation, and also makes it known to the beneficiaries of its interventions.

This obligation does not apply when this communication could be harmful to BIO's mandate or the safety of BIO's or its partners' staff, or for the safety of the local community.

§2. BIO allows the Belgian State to reproduce and use all its informational documents for the public at large, except for illustrations that are copyrighted.

### Art. 54.

Subject to the confidentiality of certain commercial data, the Belgian State and BIO respond to each other's requests for information regarding their activities or within their field of expertise, in particular regarding private sector development in the intervention countries and the local situation.



## Chapter 5. Financial terms

### Section 1. General Provisions

#### Art. 55.

- §1. BIO manages the funds attributed to it with respect for the principles of suitability, efficiency, and economy.
- §2. The fee for the assignments mentioned in article 3bis, 6°/1 of the BIO Law is determined in the agreement with the concerned clients.  
The funds of the Belgian State can in no circumstance be used to finance the assignments mentioned in article 3bis, 6°/1 of the BIO Law.
- §3. The fee for the assignments mentioned in article 3sexies of the BIO Law is determined in the agreement with the Belgian State mentioned in article 31 §4.
- §4. BIO respects the specific guidelines imposed on the entities classified under the central government by the Belgian Institute for National Accounts.
- §5. The method to determine BIO's ESR-balance of claims is determined in coordination with the Federal Public Service Policy and Support.

### Section 2. Injections inside and outside of capital

#### Art. 56.

On the date of entry into force of this management contract, BIO's company capital amounts to 4,957,873 euro, represented by 2,000 shares. Furthermore, BIO has 415,487 profit participation certificates, as mentioned in article 9, §1, 2° of the BIO Law, issued for a total amount of 1,037,895,974.66 euro, of which an amount of 145 million euro is earmarked for climate finance. All shares and profit participation certificates are fully paid and are property of the Belgian State.

The injections inside and outside of capital are meant to finance BIO's investments and are subject to the return target mentioned in article 9, §2 of the BIO Law.

#### Art. 57.

- §1. During the course of this management contract, the Belgian State can realise injections outside of capital, as mentioned in article 9, §1, 2° of the BIO Law, by signing up for profit participation certificates, which are called development certificates. This happens through a royal decree discussed by the federal council of ministers, from the date determined in this decree.
- §2. The Belgian State can determine that the funds subject to the injections mentioned in paragraph 1 need to be used for a specific goal, in which case the Belgian State and BIO need to agree on further rules to use these funds, as well as BIO's specific reporting requirements.
- §3. The payment of the injections outside of capital mentioned in paragraphs 1 and 2 happens on a moment to be agreed upon between the Belgian State and BIO, and after receipt of a debt collection.

### Section 3. Capital grants

#### Art. 58.

- §1. During the course of this management contract, the Belgian State will attribute capital grants to BIO as mentioned in article 9, §1, 3° of the BIO Law for a total amount of 67.5 million euro, with an annual limit of 13.5 million euro, for investments mentioned in article 9, §4 of the BIO Law.  
The annual amount of the capital grants will be determined in the general expenditure budget.
- §2. During the course of this management contract, the Belgian State will attribute a total amount of 7.5 million euro for the operational costs of the investments mentioned in article 9, §4 of the BIO Law. The annual amount of these funds will be determined in the annual expenditure budget.



§3. The total operational costs for investments mentioned in article 9, §4 of the BIO Law should amount to a maximum of 11 million euro for the duration of this management contract.

§4. The capital subsidies are called at most twice a year by BIO to obtain the cash funds necessary to be able to execute the investments and to cover the costs incurred, and this after at least seventy-five percent of the previous instalment has been committed in the form of an investment decision by the competent authority at BIO.

BIO can use its cash funds, as determined on the 31<sup>st</sup> of December of the previous year, to grant loans that fall under the investments mentioned in article 9, §4 of the BIO Law, insofar:

1. the cash funds are always above the required minimum, determined by the Board of Directors; and
2. the loan deposits are covered by a future capital subsidy.

§5. BIO provides a specific internal accounting procedure to charge the transactions linked to the capital subsidies and this in accordance with the advice of the Belgian Institute for National Accounts.

#### Section 4. Subsidies

##### Art. 59.

§1. During the course of this management contract, the Belgian State will, for the activities mentioned in articles 3ter and 3quater of the BIO Law, attribute subsidies to BIO for a total amount of 10 million euro.

The annual amount of these subsidies will be determined in the global expenditure budget.

§2. The operational costs for the activities mentioned in articles 3ter and 3quater of the BIO Law can be charged on the subsidies for up to 12 percent of the received subsidies in the course of this management contract, which BIO can charge at reception of the subsidies.

§3. The funds mentioned in this article are disbursed to BIO in instalments agreed upon between the Belgian State and BIO.

An instalment can be paid by the Belgian State after BIO has received a debt claim and proof evidencing that the previous instalment has been committed for seventy-five percent in the form of a decision to attribute the subsidy by the competent authority at BIO.

#### Section 5. Third funds

##### Art. 60.

BIO will endeavour to mobilise funds from third parties, more specifically in the context of European Union initiatives, including guarantee portfolios and EFSD+ program funds.

#### Section 6. Operational costs

##### Art. 61.

§1. The operational costs, excluding project costs, general provisions and value reductions, should annually not exceed the sum of:

1. 1.5 percent in 2024, 1.55 percent in 2025, 1.6 percent in 2026, 1.65 percent in 2027 and 1.7 percent in 2028 of the equity capital, as determined at the end of the previous fiscal year, reduced with the capital subsidies and, as the case may be, increased with the amount of injections other than capital in the concerned fiscal year;
2. the operational costs incurred to manage capital subsidies, within the limit determined in article 58 §3;
3. the operational costs charged to the subsidies as mentioned in article 59 §2;
4. the sum of the fees BIO receives for the assignments mentioned in articles 3sexies and 3bis, 6°/1 of the BIO Law.

§2. BIO's operational costs may not exceed 1.7 percent annually of the gross portfolio by the end of the duration of the management contract.

For the calculation of the operational costs pursuant to the previous paragraph following elements are not taken into account:

1. the project costs;
2. general costs and value reductions;
3. the operational costs incurred to manage capital subsidies, within the limit determined in article 58 §3;
4. the operational costs charged to the subsidies pursuant to the conditions in 59 §2; and
5. operational costs covered by fees BIO receives for the assignments mentioned in articles 3sexies and 3bis, 6°/1 of the BIO Law.

## Chapter 6. Reporting

### Section 1. Annual draft and approval of BIO's pluriannual budget

#### Art. 62.

§1. Before the 15<sup>th</sup> of April of every year preceding the fiscal year to be financed, BIO will share its pluriannual budget with the Belgian State.

Before the 15<sup>th</sup> of September of every year preceding the fiscal year to be financed, BIO will deliver to the Belgian State, if necessary, a correction of the budget submitted in accordance with the first paragraph.

§2. The pluriannual budget includes:

1. the planned spread of capital subsidies and subsidies, and, as the case may be, of the subscription to profit participation certificates if additional funds as mentioned in article 9, §1, 2° are attributed to BIO, as well as a motivation for this spread;
2. the planned ESR budget balance and its calculation.

§3. The Minister validates the amount of the capital subsidies, of the subsidies, and of the injections outside of capital foreseen for BIO in the budget, as well as the planned ESR budget balance, and foresees, under reservation of parliamentary approval and governmental budgetary decisions, the necessary credits in the general Development Cooperation expenditure budget.

§4. BIO also provides the Belgian State with its budget in accordance with the instructions enforced by the Minister of Budget.

### Section 2. Reporting to the Minister of Budget

#### Art. 63.

BIO respects the reporting obligations prescribed by the government member responsible for Budget.

### Section 3. Reporting to the DGD

#### Art. 64.

Before the 31<sup>st</sup> of May of each year, BIO shares an annual report with the DGD, consisting of:

1. an activities report of the previous fiscal year, the form and contents of which are determined by agreement between BIO and the DGD;
2. a report regarding the progress of the achievement of the targets mentioned in article 6 and possible corrective actions;
3. a financial report, containing the following information and documents:
  - a) the annual account of the previous fiscal year, approved by the general assembly;
  - b) the accountability report mentioned in article 7, second paragraph of the BIO Law;
  - c) the achievement compared to the financial pluriannual plan.

#### Art. 65.

Before the 30<sup>th</sup> June of each year, BIO presents the DGD with the information necessary to comply with the reporting duties stemming from the Belgian State's international commitments in accordance with the applicable rules:

1. BIO's portfolio situation on the 31<sup>st</sup> of December of the previous year with all information required for the reporting of the Private Sector Instruments to the OECD's DAC;
2. the investments made in climate action on the 31<sup>st</sup> of December of the previous year with all information necessary for Belgium's reporting as part of the UN climate convention in accordance with the relevant EU regulations.

#### Section 4. Report pursuant to article 7, first paragraph of the BIO Law

##### Art. 66.

BIO hands over the report mentioned in article 7, first paragraph of the BIO Law to the Minister before the 30<sup>th</sup> of June of each year. This report contains an overview of BIO's activities and achievements in the previous year and of that year's financial results.

### Chapter 7. Final provisions

##### Art. 67.

§1. The management contract is reviewed each year by the Board of Directors and by the Minister.

The objective parameters for this review are:

1. the elements arising from a change in:
  - a) legislation and regulation applicable to BIO;
  - b) the development of the sector BIO operates in;
2. the elements arising from changed circumstances, such as serious events or global developments, significantly influencing BIO's activities and disproportionately increasing BIO's duties pursuant to this management contract;
3. the analysis of the objectives and results achieved by BIO;
4. the evaluation of the communication and consultations between the Belgian State and BIO;
5. the attribution of additional funds to BIO;
6. an appropriate balance between human resources and BIO's profitability.

§2. In response to the review mentioned in paragraph 1, the Belgian State and BIO can agree upon changes to the management contract. These changes only take effect after approval by the King, by decree discussed by the federal council of ministers, as from the date determined in this decree.

##### Art. 68.

This management contract is concluded for a duration of five years.

##### Art. 69.

§1. In case of defective execution by one party of one or more of the obligations it bears pursuant to this management contract, the party who considers to be adversely affected notifies the other party of the non-compliance with this management contract.

§2. The parties discuss in good faith with a goal to settle the dispute amicably.

§3. If the annual review mentioned in article 67 §2 reveals that BIO does not comply with part of the obligations foreseen in this management contract for reasons other than force majeure or changed circumstances that are not reasonably foreseeable or attributable to BIO, BIO's General Director and the DGD's Director-General will meet to discuss in good faith to determine adequate measures to resolve the situation.

The proposed measures that arise from this require approval by the Board of Directors and the government member responsible for Development Cooperation.

These measures also include possible sanctions applicable as described in paragraph 4 of this article.

§4. If the following year, the annual review mentioned in article 67 §2 reveals that BIO does not comply with the same obligations for reasons other than force majeure or changed

circumstances that are not reasonably foreseeable or attributable to BIO, the procedure mentioned in paragraph 3 is again applied and the sanctions mentioned in paragraph 3 take effect.

**Art. 70.**

If the annual report reveals that the ESR budget balance diverges significantly in a negative sense from what was recorded in the approved budget, BIO's management will submit an action plan to the Board of Directors within one month after the formal closing of the fiscal year.

**Art. 71.**

Each party will abstain from sharing the information it receives in the context of the execution of this management contract with third parties without prior written consent of the other party, unless such communication is necessary in the context of the execution of this management contract or is required by reason of a legal obligation.

**Art. 72.**

All interventions ongoing at the moment of entry into force of this management contract are pursued and finished pursuant to the conditions of the management contract under which they were started, except if they are subject to an explicit agreement between BIO and the Belgian State to be continued and finished pursuant to the conditions of this management contract.

## Annex 1: EDFI Exclusion List

### Harmonized EDFI Exclusion List

According to the European Development Finance Institutions' (EDFI) "Principles for Responsible Financing", EDFI members have mutually agreed on the following Harmonized EDFI Exclusion List. Exclusions 1 to 8 are applicable for all EDFI co-financed projects, exclusions 9 to 17 are considered as a minimum common requirement by all EDFI members for all new direct financing (debt or equity), for indirect equity through new commitments to investment funds, and new dedicated lending<sup>1</sup> via financial institutions. The Belgian Investment Company for Developing Countries (BIO) has decided to adopt exclusions 1 to 8 for all investments and 9 to 17 for all new direct financing (debt or equity), for indirect equity or debt through new commitments in investment funds, and new dedicated lending via financial institutions.

EDFI Members will not finance any activity, production, use, distribution, business or trade involving:

1. Forced labour<sup>2</sup> or child labour<sup>3</sup>.
2. Activities or materials deemed illegal under host country laws or regulations, or international conventions and agreements, or subject to international phase-outs or bans, such as:
  - ozone depleting substances, PCBs (Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals;
  - wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES); or
  - unsustainable fishing methods (e.g. blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length).
3. Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations.
4. Destruction<sup>4</sup> of High Conservation Value areas<sup>5</sup>.
5. Radioactive materials<sup>6</sup>.
6. Pornography and/or prostitution.
7. Racist and/or anti-democratic media.
8. In the event any of the following products form a substantial part of a project's primary financed business activities<sup>7</sup>:
  - a) alcoholic beverages (except for beer and wine);
  - b) tobacco;

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<sup>1</sup> "Dedicated lending" is defined for these purposes as loans conditioned by a use of funds specifying that such financing will be used for one or more of the purposes described.

<sup>2</sup> Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

<sup>3</sup> Persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

<sup>4</sup> Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use, or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

<sup>5</sup> High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (see <http://www.hcvnetwork.org>).

<sup>6</sup> This does not apply to the purchase of medical equipment, quality control (measurement) equipment or any other equipment where the radioactive source is understood to be trivial or adequately shielded.

<sup>7</sup> For companies, "substantial" means more than 10% of their consolidated balance sheets or earnings. For financial institutions and investment funds, substantial means more than 10% of their underlying portfolio volumes.

- c) weapons and munition; or
- d) gambling, casinos and equivalent enterprises.

### Harmonized EDFI Fossil Fuel Exclusion List

The following investment exclusions are considered as a minimum common requirement by all EDFI members for all new direct financing (debt or equity), for indirect equity through new commitments to investment funds, and new dedicated lending via financial institutions.

1. Coal prospection, exploration, mining or processing.
2. Oil exploration or production.
3. Standalone fossil gas exploration and/or production<sup>8</sup>.
4. Transport and related infrastructure primarily<sup>9</sup> used for coal for power generation.
5. Crude oil pipelines.
6. Oil refineries.
7. Construction of new or refurbishment of any existing coal-fired power plant (including dual).
8. Construction of new or refurbishment of any existing HFO-only or diesel-only power plant<sup>10</sup> producing energy for the public grid and leading to an increase of absolute CO<sub>2</sub> emissions<sup>11</sup>.
9. Any business with planned expansion of captive coal used for power and/or heat generation<sup>12</sup>.

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<sup>8</sup> Gas extraction from limnically active lakes is excepted from this exclusion.

<sup>9</sup> "Primarily" means more than 50% of the infrastructure's handled tonnage.

<sup>10</sup> For indirect equity through investment funds, investments (up to a maximum of 20% of the fund) in new or existing HFO-only or diesel-only power plants are allowed in countries that face challenges in terms of access to energy and under the condition that there is no economically and technically viable gas or renewable energy alternative.

<sup>11</sup> i.e. where energy efficiency measures do not compensate any capacity or load factor increase.

<sup>12</sup> This does not apply to coal used to initiate chemical reactions (e.g. metallurgical coal mixed with iron ore to produce iron and steel) or as an ingredient mixed with other materials, given the lack of feasible and commercially viable alternatives.

## Annex 2: SDGs and Targets

PILLAR	SDGS	TARGETS
The Economy	SDG 8 – Decent work Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all	8.1. Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries
		8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors
		8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
		8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
		8.6. By 2020, substantially reduce the proportion of youth not in employment, education or training
		8.7. Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
		8.8. Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
		8.10. Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

	<p>SDG 9 – Industry, innovation and infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation</p>	<p>9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p> <p>9.2. Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry’s share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries</p> <p>9.3. Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets</p> <p>9.b. Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities</p> <p>9.c. Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020</p>
<p>The Social aspect</p>	<p>SDG 1 – No poverty End poverty in all its forms everywhere</p>	<p>1.1. By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day</p> <p>1.4. By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p> <p>1.5. By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters</p>
	<p>SDG 2 – Zero hunger End hunger, achieve food security and improved nutrition, and promote sustainable agriculture</p>	<p>2.1. By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round</p> <p>2.3. By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment</p>



		2.4. By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality
		2.a. Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development, and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries
SDG 3 – Good health and well-being Ensure healthy lives and promote well-being for all at all ages		3.b. Support the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration on the TRIPS Agreement and Public Health, which affirms the right of developing countries to use to the full the provisions in the Agreement on Trade-Related Aspects of Intellectual Property Rights regarding flexibilities to protect public health, and, in particular, provide access to medicines for all
SDG 5 – Gender equality Achieve gender equality and empower all women and girls		5.1. End all forms of discrimination against all women and girls everywhere
		5.5. Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
		5.a. Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws
		5.b. Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women

	SDG 10 – Reduce inequalities Reduce inequality within and among countries	10.2. By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, so-called race, ethnicity, origin, religion or economic or other status
		10.3. Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices, and promoting appropriate legislation, policies and action in this regard
		10.4. Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality
		10.b. Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes
The Environment	SDG 6 – Clean water and sanitation Ensure availability and sustainable management of water and sanitation for all	6.3. By 2030, improve water quality by reducing pollution, eliminating dumping, and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
		6.4. By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
	SDG 7 – Affordable and clean energy Ensure access to affordable, reliable, sustainable and modern energy for all	7.1. By 2030, ensure universal access to affordable, reliable and modern energy services
		7.2. By 2030, increase substantially the share of renewable energy in the global energy mix
		7.b. By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support

	SDG 12 – Responsible consumption and production Ensure sustainable consumption and production patterns	12.2. By 2030, achieve the sustainable management and efficient use of natural resources
		12.4. By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
		12.5. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
		12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle
	SDG 13 – Climate action Take urgent action to combat climate change and its impacts	13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
		13.a. Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly \$100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible
	SDG 15 – Life on land Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation, and halt biodiversity loss	15.2. By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests, and substantially increase afforestation and reforestation globally

Partnerships	SDG 17 – Partnerships for the goals Strengthen the means of implementation and revitalize the global partnership for sustainable development	17.1. Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection
		17.3. Mobilize additional financial resources for developing countries from multiple sources
		17.11. Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020
		17.16. Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries
		17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

## Annex 3: Schematic representation of BIO's development framework

Strategic Impact Framework 2024-2028						
Pillars	SDGs	Transversal commitments	Targets for 2024-28 investment projects			KPIs portfolio monitoring
			Description	Indicator	Target	
<b>Economic</b>	SDG 8 8.1 8.2 8.3 8.5 8.6 8.7 8.8 8.10	All projects subject to BIO Decent Work policy, including systematic assessment and requirements, possible actions plan, awareness raising and identification of opportunities for improvement on decent work.	<b>Target 1: Projects targeting a significant increase in jobs or, within the agricultural value chain, in economic activity</b>	Percentage of 2024-2028 new commitments targeting at least 15% increase within 3 years in jobs (as proxied by the value of outstanding loans for FI) or, within the agricultural value chain, in economic activity	> 60%	- Number of jobs supported - EDFI Harmonized job quality indicators (injuries, fatalities, employees under CBA, incidents, permanent employee ratio, turnover, lowest wage)
			<b>Target 2: Projects contributing to access to funding, banking, insurance and other financial services for SMEs</b>	Percentage of 2024-2028 new commitments in SME finance	> 50%	- Number of SMEs provided with access to financial services
			<b>Target 3: Projects contributing to access to funding, banking, insurance and other financial services for microenterprises and individuals</b>	Percentage of 2024-2028 new commitments in microfinance and retail banking	> 25%	- Number of microenterprises and individuals provided with access to financial services
<b>Social</b>	SDG 1 1.1 1.4 1.5 SDG 2 2.1 2.3 2.4 2.A SDG 3 3.B SDG 5 5.1 5.5 5.A 5.8 SDG 10 10.2 10.3 10.4 10.B	All projects subject to BIO Gender Strategy, including systematic assessment and requirements, possible actions plan, awareness raising and identification of opportunities for improvement on gender equality.	<b>Target 4: Projects contributing to reducing inequalities among countries</b>	Percentage of 2024-2028 new commitments in LDCs, LICs or FCAS	> 50% Code 5  > 15% Code 8	- Share of outstanding investments in LDC, LIC and/or FCS
			<b>Target 5: Projects contributing to reducing inequalities within countries</b>	Percentage of 2024-2028 new commitments in inclusive businesses	> 50% Code 5  > 25% Code 8	- Number of un(d)er(s)erved (vulnerable) individuals reached i.e. low-income, rural, smallholder, youth, refugees, etc.
			<b>Target 6: Projects contributing to gender equality</b>	Percentage of 2024-2028 new commitments 2X eligible	> 40%	- Share of women jobs/clients supported
			<b>Target 7: Projects contributing to climate change mitigation and climate change adaptation as principal objective</b>	Percentage of 2024-2028 new commitments qualifying as climate mitigation and/or adaptation finance	> 20%	- Share of outstanding investments qualifying as mitigation finance - Share of outstanding investments qualifying as adaptation finance - Tons of CO2eq emissions avoided - Energy production supported (in GWh)
<b>Environment</b>	SDG 6 6.3 6.4 SDG 7 7.1 7.2 7.8 SDG 12 12.2 12.4 12.5 12.6 SDG 13 13.1 13.A SDG 15 15.2	All projects subject to BIO Climate Strategy, including systematic assessment and requirements, possible actions plan, awareness raising and identification of opportunities for improvement on climate impact.	<b>Target 8: Projects contributing to climate change adaptation as significant objective</b>	Percentage of 2024-2028 new commitments including climate change adaptation action	> 20%	- Share of outstanding investments contributing to mainstreaming of climate adaptation
			<b>Target 9: Projects contributing to biodiversity conservation and sustainable management of natural resources</b>	Percentage of 2024-2028 new commitments including biodiversity conservation and sustainable management of natural resources action	> 10%	- Share of outstanding investments contributing to mainstreaming of biodiversity conservation and sustainable management of natural resources
			<b>Target 10: Projects benefitting from technical assistance</b>	Percentage of 2024-2028 new projects supported with BDSF	> 30%	- Total commitments to BDSF projects

## Annex 4: BIO's Administrator Charter

Principle 1. – Respect prior conditions when accepting the mandate

- 1° The administrator has obtained thorough knowledge before accepting the mandate.
- 2° The administrator disposes of the necessary skills and experience for the adequate execution of the administrator mandate. They know and respect the legal framework, the relevant governance code(s), BIO's bylaws and the management contract. They've read the annual report thoroughly.
- 3° The administrator takes due note of the Belgian development policy and strives for the Board of Directors to use this policy as touchstone when developing its strategy.
- 4° As member of the Board of Directors, the administrator has to ensure that each opening for an administrator mandate is accompanied by the proper function profile, aligned with the (future) needs of the Board of Directors, as resulted from the Board of Directors' assessment.
- 5° An administrator mandate takes time and needs to be executed with the necessary level of professionalism. The candidate-administrator therefore only takes on mandates to which they can fully commit themselves.
- 6° Before accepting any possible renewal of their mandate, the administrator assesses whether they are still an added value to BIO, with particular attention to the results of the Board of Directors' assessment. They need to acknowledge that the renewal of their mandate shall not be automatic.

Principle 2. – Concentrate on the tasks specific to the administrator

- 1° The administrator ensures the efficient functioning of the Board of Directors and of the specialised committees. If they feel like the legal obligations are not respected, they have a duty to react immediately, and fulfil their civil and criminal legal responsibility.
- 2° The administrator ensures that the Board of Directors supervises daily management and monitors the company.
- 3° The administrator ensures that the Board of Directors determines the strategic goals (aligned with the management contract) and that they are reflected in the business plan. They provide the necessary structures and funds to reach the goals.
- 4° In case the administrator takes part in a specialised committee :
  - (i) they commit to employ the same standards of involvement, integrity and professionalism as those mentioned in this charter for their membership of the Board of Directors;
  - (ii) they make sure the committee regularly meets and focuses on the attributed subjects;
  - (iii) they ensure that the specialised committee does not make decisions without the approval of the Board of Directors as a whole; they commit to adequately report to the Board of Directors, as the latter bears final responsibility.
- 5° On top of the missions specific to the administrator, the Chair of the Board of Directors also performs the duties specific to their role :
  - (i) they are responsible for the proper functioning of the Board of Directors. They take the necessary measures to develop a climate of trust within the Board of Directors by ensuring open discussions, a constructive approach to differing points of view and the respect of decisions made by the Board of Directors;
  - (ii) they ensure an efficient and constructive collaboration between the Board of Directors and the Executive Committee. They maintain a close relationship with the CEO, and offer them support and advice, all the while respecting the executive responsibilities of the CEO;
  - (iii) they ensure that the administrators receive adequate and precise information before the meetings, and if necessary in between the meetings;

- (iv) they ensure that all administrators can contribute to the Board of Directors' discussions and that the Board takes enough time for reflection and discussion before taking a decision;
- (v) they ensure that the time to talk is evenly distributed among all members of the Board of Directors;
- (vi) they ensure that the new administrators receive and participate in an adequate introduction, which will allow them to quickly contribute to the discussions within the Board of Directors;
- (vii) they take the initiative to establish rules regarding communication to the outside world;
- (viii) they ensure that everyone's role (administrators, members of the Executive Committee, etc.) is clearly recorded.

Principle 3. – Defend BIO's interests in line with its specific character

- 1° The administrator maintains their independence in all circumstances (from analysis, to decision-making, to action), and does not give in to pressure. They always defend BIO's interests. In case a decision is made by the Board of Directors which would harm the company, the administrator raises their objections and fully commits to convince the others of their idea.
- 2° The administrator ensures that conflicts of interest are handled in a professional manner by the Board of Directors in accordance with the procedure mentioned in principle 4, 2°.

Principle 4. – Strive for an independent position

- 1° All administrators constantly strive for an independent attitude. The administrator does not let their analyses or decisions be influenced by personal interests or by possible relationships with the shareholder or stakeholders.
- 2° A conflict of interest occurs when the administrator who holds different functions, has distinct interests in one function that are (or can be) different from and contrary to the other function.
- 3° If the administrator, directly or indirectly, has an interest of an economic nature which is contrary to a decision or a transaction which falls under the Board of Directors' authority, they must communicate this to the other administrators before the Board of Directors takes a decision. Their declaration, as well as the justifications regarding aforementioned conflict of interest, must be recorded in the Board of Directors' meeting minutes when the decision has to be made.

Principle 5. – Respect high standards of integrity

- 1° The administrator acts with integrity. It is important that the administrator ventures to not only act to the letter, but also to the spirit of the law. Integrity is more than just the literal terms of the law and needs to be interpreted as such by the administrator.
- 2° The administrator disposes of personal and professional qualities meeting the highest standards of honesty and loyalty.
- 3° The administrator is transparent about advantages they receive and which could be perceived as possible manipulation of their integrity or their judgement.
- 4° Concepts such as ethics and integrity are hard to comprehend or quantify. However, when an administrator wonders whether a certain kind of behaviour could be perceived as unethical, that already means vigilance is necessary.
- 5° The administrator advocates for BIO to develop a framework or an ethical code to reach an agreement on what constitutes unethical behaviour.

Principle 6. – Behave appropriately in decision-making

- 1° BIO's administrators regularly attend the Board of Directors' meetings and, when they are a member, those of the specialist committees. They actively participate in the meetings, debates and decision-making. They are punctual and they stay from the beginning until the end of the meeting.

- 2° The administrator strives for consensus. If, exceptionally, no consensus can be reached, the administrator ensures their diverging opinion is registered in the minutes. However, the administrator will communicate to the outside world that the decision has been made collectively, regardless of their personal opinion.
- 3° As a college, the Board of Directors makes collegiate decisions, binding all administrators. Each administrator is, however, individually and severally liable for the decisions made.

Principle 7. – Learn more about and respect confidential information

- 1° The administrator needs to be properly and fully informed in a timely manner. In consultation with the Chair of the Board of Directors, the administrator will look for the information allowing them to debate and take decisions in a substantiated manner.
- 2° The administrator spends sufficient time to check the received information.
- 3° The administrator handles confidential information discretely in all circumstances. The administrator treats the information regarding the company which they know or can suspect is confidential as such and only uses this information to execute their mandate.
- 4° The administrator ensures that all information communicated externally has been approved beforehand by the Board of Directors' Chair.
- 5° The administrator does not abuse the information they receive through their mandate as administrator, regardless whether they will personally benefit, and regardless whether this will harm the company.
- 6° The administrator respects the confidentiality of the information, even after their mandate as administrator has come to an end.
- 7° Given BIO's public character, it is important to find the right balance between confidentiality and active disclosure of the administration. The administrator has every interest in BIO taking the time beforehand to define this balance depending on the company's proper features.

Principle 8. – Maintain expertise

- 1° The administrator should always dispose of the necessary capacities and sufficient knowledge regarding the sector and the company.
- 2° The administrator maintains and strengthens expertise, all the while taking into account the ever changing context BIO operates in. They can count on BIO's support and help.
- 3° The administrator ensures that training plans are developed for the current and the newly appointed administrators, based on the results of the Board of Directors' assessment.

Principle 9. – Maintain adequate and constructive relationships with the Executive Committee, the shareholder and other stakeholders

- 1° The administrator cares about a good, respectful collaboration between the Board of Directors (and especially the Chair), the Executive Committee, the shareholder, and other stakeholders.
- 2° The administrator ensures adequate powers of delegation and is aware of the Board of Directors' powers of delegation with regards to the Executive Committee.
- 3° In consultation with the Board of Directors' Chair, the administrator collaborates with the Executive Committee, but they ensure that they do not engage in operational business.
- 4° The Board of Directors decides who takes charge of the communication with the shareholder and of contact with the stakeholders. It is then important to regularly report to the Board of Directors on such contact.
- 5° The administrator needs to be transparent about substantial contacts with stakeholders: they inform the Chair.
- 6° The Board of Directors' Chair ensures there is a procedure to govern such contact and its reporting. In any case, the Chair always needs to be aware when contact has been taken with the shareholder or their representatives.



- 7° The administrator ensures that the Board of Directors draws up a policy for the shareholder and other stakeholders, in order for the Executive Committee to take account of the shareholder's and other stakeholders' legitimate expectations.
- 8° The term "stakeholder" can comprehend different realities. It is therefore necessary for the company to carefully identify who the key stakeholders are. The administrator ensures that BIO clearly identifies its stakeholders and develops a good dialogue with them.

Principle 10. – Encourage assessment culture.

- 1° The administrator ensures that, under supervision of the Chair, the functioning and the composition of the Board of Directors is regularly and structurally assessed.
- 2° The administrator ensures this process runs objectively, if necessary with the help of an external party.
- 3° The administrator actively participates in this assessment process.
- 4° The administrator encourages discussion of the assessment's results by the Board of Directors and drawing up a plan for continuous improvement.

Drawn up in Brussels, on the 22<sup>nd</sup> of December 2023, in two originals, where each party explicitly declares having received their copy.

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On behalf of the Belgian  
State,  
The Minister for  
Development  
Cooperation,  
C. GENNEZ

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On behalf of BIO,  
The Chair of the Board of  
Directors,  
G. GEORGES

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On behalf of BIO,  
The CEO,  
L. ZONNEVELD