GRANT AGREEMENT

BETWEEN

THE NORWEGIAN MINISTRY OF CLIMATE AND ENVIRONMENT

AND

THE RAINFOREST ALLIANCE, INC.

REGARDING

17/578, THE ACCOUNTABILITY FRAMEWORK

***

PART I: SPECIFIC CONDITIONS
PART II: GENERAL CONDITIONS
PART III: PROCUREMENT PROVISIONS
ANNEX A: BUDGET
ANNEX B: RESULTS FRAMEWORK
<table>
<thead>
<tr>
<th></th>
<th>TABLE OF CONTENTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SCOPE AND BACKGROUND</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>OBJECTIVES OF THE PROJECT</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>IMPLEMENTATION OF THE PROJECT</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>THE GRANT</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>DISBURSEMENT</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>REPORTING AND OTHER DOCUMENTATION</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>AUDIT</td>
<td>6</td>
</tr>
<tr>
<td>8</td>
<td>FORMAL MEETINGS</td>
<td>6</td>
</tr>
<tr>
<td>9</td>
<td>REVIEWS AND OTHER FOLLOW-UP MEASURES</td>
<td>6</td>
</tr>
<tr>
<td>10</td>
<td>PROCUREMENT</td>
<td>6</td>
</tr>
<tr>
<td>11</td>
<td>REPAYMENT OF INTEREST AND UNUSED FUNDS</td>
<td>7</td>
</tr>
<tr>
<td>12</td>
<td>SPECIAL PROVISIONS</td>
<td>7</td>
</tr>
<tr>
<td>13</td>
<td>NOTICES</td>
<td>7</td>
</tr>
<tr>
<td>14</td>
<td>SIGNATURES</td>
<td>7</td>
</tr>
</tbody>
</table>
PART I: SPECIFIC CONDITIONS

This grant agreement (the Agreement) has been entered into between:

(1) The Norwegian Ministry of Climate and Environment (KLD), and

(2) The Rainforest Alliance, Inc., a not-for-profit corporation duly established in The United States of America under registration number 13-3377893 (the Grant Recipient),

jointly referred to as the Parties.

1 SCOPE AND BACKGROUND

1.1 The Grant Recipient has submitted an application to KLD dated December 2017 regarding financial support to the project titled The Accountability Framework (the Project). The estimated costs of the Project are indicated in the budget attached as Annex A to this Agreement.

1.2 KLD has decided to award a grant to be used exclusively for the implementation of the Project (the Grant). The Parties expect the Project to be implemented during the period from February 2018 to December 2019 (the Support Period).

1.3 The Parties have agreed to enter into an Agreement, consisting of this part I; Specific Conditions, part II; General Conditions, and part III; Procurement Provisions, all of which form an integral part of this Agreement. In the event of discrepancies between the Specific Conditions and the General Conditions or Procurement Provisions, the Specific Conditions shall prevail.

2 OBJECTIVES OF THE PROJECT

2.1 The expected results of the Project are as follows:

To develop and mainstream a set of norms and guidelines to translate supply chain commitments into demonstrated progress on the ground, by forestering effective implementation, credible monitoring and verification, as well as consistent and accurate reporting of impacts.

2.2 The planned effects for the target group of the Project (Outcomes) are

1. Development of the Accountability Framework through an inclusive, consultative process.

2. Acceptance, adoption, and endorsement of the Accountability Framework by key actors engaged in managing or assessing progress toward responsible supply chain commitments

3. A scoping process has been completed to clarify the most critical implementation gaps in relation to labor rights and other human rights dimensions of company supply chain commitments, and to specify appropriate intervention(s) for the Accountability Framework initiative in this regard

2.3 The full results framework is included as Annex B to this Agreement.
3 IMPLEMENTATION OF THE PROJECT

3.1 The Project shall be implemented in accordance with the Agreement, including all annexes, and the latest approved Application, including implementation plan and budget.

3.2 During the implementation of the Project, the Grant Recipient shall exercise the necessary diligence, efficiency and transparency in line with sound financial management and best practise principles.

3.3 The Grant Recipient shall identify, assess and mitigate any relevant risks associated with the implementation of the Project, including the risk of corruption and other financial irregularities, and any potential negative effects that the Project may have on the environment and climate, gender equality and human rights.

4 THE GRANT

4.1 The Grant shall amount to maximum NOK 16 500 000 (Sixteen million five hundred thousand Norwegian Kroner), (approximately USD 1 950 000). Exchange rate is further detailed in the General Conditions' Article 8.

4.2 Disbursement after the current calendar year is subject to Norwegian Parliamentary appropriations.

4.3 The Grant, including accrued interest, shall be used exclusively to finance the actual costs of the implementation of the Project during the Support Period.

4.4 The Grant may be used to cover overheads/indirect costs up to a maximum of 7 % of KLD’s pro rata share of the actual costs of the Project.

4.5 The Grant Recipient is responsible for obtaining any additional resources which may be required to duly implement the Project.

5 DISBURSEMENT

5.1 The Grant shall be disbursed in advance instalments based on the financial need of the Project for the upcoming period, which shall not exceed six months. The disbursements shall be made upon KLD’s receipt of written disbursement requests in USD from the Grant Recipient, describing the financial need for the period in question. The first disbursement shall be made upon signature of this Agreement, and shall include approved Project Expenses incurred prior to the signing of this Agreement.

5.2 Subsequent disbursements are conditional upon KLD’s receipt and approval of the interim reports described in Article 6.1 a), and shall tentatively take place on 1st September 2018, 1st March 2019 and 1st September 2019.

5.3 Financial need refers to the budgeted expenditure for the upcoming period, less any funds available to the Project from all other sources during the same period.
5.4 The financial need shall be documented through an updated financial statement for the Project and a reference to the latest approved implementation plan and budget.

5.5 The disbursement requests shall be signed by an authorised representative of the Grant Recipient. A confirmation that the Project is being implemented in accordance with the Agreement shall be included in the disbursement request.

5.6 All disbursements are conditional upon the Grant Recipient's continued compliance with the requirements of the Agreement, including the timely fulfilment of reporting obligations. KLD may withhold disbursements in accordance with article 17 of the General Conditions if it finds that the requirements of the Agreement have not been met.

5.7 The Grant Recipient shall have a separate bank account exclusively for grants from KLD. All disbursements will be made to the following bank account:

- Name of the account: RAINFOREST ALLIANCE INC (MM-NIFC1)
- Account no.: 979-0008-2920
- IBAN no.: (no IBAN)
- Name and address of the bank: First Republic Bank, 101 Pine Street, San Francisco, CA 94111, USA
- Swift/BIC code: FRBBUS6S ; ABA/Routing number: 321 081 669
- Currency of the account: USD

5.8 The Grant Recipient shall immediately acknowledge receipt of the funds in writing. The amount received shall be stated, as well as the date of receipt.

6 REPORTING AND OTHER DOCUMENTATION

6.1 The following shall be submitted by the Grant Recipient to KLD:

a) An interim 2-page narrative report covering January to June, and July to December, respectively, shall be submitted to KLD three weeks prior to each semi-annual disbursement. The report shall include an outcome table update and financial report update, and include annexes describing progress. One report each year could be replaced with the progress report described in 6.1b).

b) A progress report (annual report) covering the period from January to December shall be submitted to KLD by January 30th each year. The progress report shall include the content specified in article 2 of the General Conditions.

c) A financial report covering the period from January to December shall be submitted to KLD by January 30th each year. The financial report shall include the content specified in article 3 of the General Conditions. The final financial report shall cover the entire Support Period and shall be submitted along with the final report referred to in article 6.1 e) of the Specific Conditions.

d) An audit report covering the annual financial statements of the Project shall be submitted to KLD by April 30 each year. The audit report shall comply with the requirements set out in article 7 of the Specific Conditions and article 5 of the General Conditions. The management letter (matters for governance attention) shall be attached to the audit report.
e) A final report for the Support Period shall be submitted to KLD no later than six months after the end of the Support Period. The final report shall include the content listed in article 4 of the General Conditions.

6.2 If the Grant Recipient is unable to meet the deadlines set out above, KLD shall be informed immediately.

6.3 All implementation plans, budgets and reports shall be approved in writing by KLD unless otherwise agreed by the Parties.

7 AUDIT

7.1 The financial statements of the Project shall be audited in accordance with Generally Accepted Accounting Standards (US GAAS). Additional requirements applicable to the auditor and the audit report are included in article 5 of the General Conditions.

7.2 The Grant Recipient is responsible for submitting the audit report to KLD within the deadline indicated in article 6 of the Specific Conditions.

8 FORMAL MEETINGS

8.1 The Parties shall hold formal meetings once per year, in order to discuss i.a. the results achieved by the Project during the Support Period. The meetings shall be called and chaired by the Grant Recipient.

8.2 Unless otherwise agreed, the Parties shall discuss the latest progress report and financial report, as well as the implementation plan and budget for the upcoming period. In the event that such reports have not been received at least two weeks before the meeting, the Parties shall agree upon a new date to hold the meeting. The Grant Recipient shall provide minutes from the meetings to KLD no later than two weeks after the meeting for comments and approval. Details regarding agenda and procedures will be agreed upon by the parties.

8.3 The Parties shall hold other formal meetings if when requested by KLD. Details regarding agenda and procedures will be agreed upon by the Parties.

9 REVIEWS AND OTHER FOLLOW-UP MEASURES

9.1 Any control measure undertaken in accordance with the General Conditions Section 6.1, shall be covered by KLD over and above the Grant.

9.2 If the Grant Recipient or another interested party initiates a review or evaluation of activities wholly or partly funded by the Grant, KLD shall be informed. The Grant Recipient shall forward a copy of the report of any such review or evaluation to KLD without undue delay.

10 PROCUREMENT

10.1 All procurement under the Project shall be completed in accordance with the Procurement Provisions in Part III of this Agreement.
11 REPAYMENT OF INTEREST AND UNUSED FUNDS

11.1 Upon the end of the Support Period or upon termination of this Agreement, any unused funds that total more than NOK 500 shall be repaid to KLD as soon as possible and at the latest within 6 months. The repayment shall include any interest which have not been used for Project purposes, and other financial gain accrued on the Grant.

11.2 Repayments shall be made to the following bank account:

<table>
<thead>
<tr>
<th>Name of the account:</th>
<th>Klima- og miljødepartementet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account no.:</td>
<td>NO1176940500334</td>
</tr>
<tr>
<td>IBAN no.:</td>
<td>NO1176940500334</td>
</tr>
<tr>
<td>Name and address of the bank:</td>
<td>DNB, Dronning Eufemias gt 30, 0191 Oslo</td>
</tr>
<tr>
<td>Swi/l/BIC code:</td>
<td>BNBANOKKXXX</td>
</tr>
</tbody>
</table>

11.3 The transaction shall be clearly marked: “Unused funds”. The name of the Grant Recipient shall be stated, along with KLD’s agreement number and agreement title.

12 SPECIAL PROVISIONS

The following General Conditions shall not apply:
Section 14.1 letter c)

13 NOTICES

13.1 All communication to KLD concerning the Agreement shall be directed to the Climate and Forest Initiative at the following e-mail address: postmottak@kld.dep.no, marked "Climate- and Forest Initiative, Rainforest Alliance".

13.2 All communication to the Grant Recipient concerning the Agreement shall be directed to Adrienne Stork at the following address/e-mail address: astork@ra.org.

13.3 KLD’s agreement number and agreement title shall be stated in all correspondence regarding this Agreement, including disbursement requests and repayment of unused funds.

14 SIGNATURES

14.1 By signing part I of the Agreement, the Parties confirm receipt and approval of part II; General Conditions, and part III; Procurement Provisions, which all form an integral part of the Agreement.

14.2 This Agreement has been signed in two - 2- original copies in the English language. In the event of any discrepancies between this English language version and any later translations, the English language version shall prevail.
Place: 05/02 2018
Date: 20.02.2018

for the Norwegian Ministry of Climate and Environment

Vidar Vik
Director General
Head of Department for Climate Change

for the Rainforest Alliance, Inc.

Han de Groot
Chief Executive Officer
Executive Office

Attachments:
Annex A: Approved budget for the Project
Annex B: Results framework
Annex A: Approved budget for the Project

<table>
<thead>
<tr>
<th></th>
<th>YEAR 1</th>
<th></th>
<th>YEAR 2</th>
<th></th>
<th>TOTAL (Years 1 - 2)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GBMF</td>
<td>NCPI</td>
<td>TOTAL</td>
<td>GBMF</td>
<td>NCPI</td>
<td>TOTAL</td>
</tr>
<tr>
<td><strong>Personnel</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adrienne Storck</td>
<td>58,000</td>
<td>33,600</td>
<td>92,600</td>
<td>32,000</td>
<td>64,000</td>
<td>96,000</td>
</tr>
<tr>
<td>Jeffrey Miler</td>
<td>47,000</td>
<td>23,000</td>
<td>70,000</td>
<td>20,000</td>
<td>35,000</td>
<td>55,000</td>
</tr>
<tr>
<td>Jessica Biair</td>
<td>20,000</td>
<td>10,000</td>
<td>30,000</td>
<td>10,000</td>
<td>27,000</td>
<td>37,000</td>
</tr>
<tr>
<td>Nigel Siver</td>
<td>19,000</td>
<td>9,000</td>
<td>28,000</td>
<td>10,000</td>
<td>20,000</td>
<td>28,000</td>
</tr>
<tr>
<td>Jungen Kim</td>
<td>17,000</td>
<td>8,000</td>
<td>25,000</td>
<td>8,000</td>
<td>16,000</td>
<td>24,000</td>
</tr>
<tr>
<td>Judith Vlamin</td>
<td>13,000</td>
<td>6,000</td>
<td>19,000</td>
<td>7,000</td>
<td>13,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Matthew Bara</td>
<td>15,000</td>
<td>5,000</td>
<td>20,000</td>
<td>7,000</td>
<td>15,000</td>
<td>22,000</td>
</tr>
<tr>
<td>Tony Bolton</td>
<td>6,000</td>
<td>3,000</td>
<td>9,000</td>
<td>4,000</td>
<td>1,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Mid-term staff</td>
<td>0</td>
<td>50,000</td>
<td>50,000</td>
<td>0</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Benefits</td>
<td>59,000</td>
<td>43,000</td>
<td>102,000</td>
<td>28,000</td>
<td>78,000</td>
<td>106,000</td>
</tr>
<tr>
<td><strong>Subtotal Personnel</strong></td>
<td>250,000</td>
<td>191,000</td>
<td>441,000</td>
<td>125,000</td>
<td>91,000</td>
<td>216,000</td>
</tr>
<tr>
<td><strong>Consultants and Contractors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SG/VG Honoria</td>
<td>19,000</td>
<td>12,000</td>
<td>31,000</td>
<td>12,000</td>
<td>0</td>
<td>12,000</td>
</tr>
<tr>
<td>Design Consultants</td>
<td>15,000</td>
<td>7,500</td>
<td>22,500</td>
<td>9,000</td>
<td>18,000</td>
<td>27,000</td>
</tr>
<tr>
<td>Sub-contractor-Related</td>
<td>0</td>
<td>6,000</td>
<td>6,000</td>
<td>0</td>
<td>6,000</td>
<td>6,000</td>
</tr>
<tr>
<td>IT Consultant</td>
<td>0</td>
<td>4,000</td>
<td>4,000</td>
<td>0</td>
<td>4,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Audit</td>
<td>0</td>
<td>7,000</td>
<td>7,000</td>
<td>0</td>
<td>7,000</td>
<td>7,000</td>
</tr>
<tr>
<td><strong>Subtotal Consultants and Contractors</strong></td>
<td>34,000</td>
<td>23,000</td>
<td>57,000</td>
<td>10,000</td>
<td>14,000</td>
<td>24,000</td>
</tr>
<tr>
<td><strong>Subtotal Subgrants</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meridian Institute</td>
<td>178,000</td>
<td>107,000</td>
<td>285,000</td>
<td>36,250</td>
<td>132,750</td>
<td>169,000</td>
</tr>
<tr>
<td>Regional Influence</td>
<td>36,000</td>
<td>18,000</td>
<td>54,000</td>
<td>10,000</td>
<td>121,000</td>
<td>131,000</td>
</tr>
<tr>
<td>Other subgrants</td>
<td>50,000</td>
<td>28,687</td>
<td>78,687</td>
<td>25,800</td>
<td>73,000</td>
<td>98,800</td>
</tr>
<tr>
<td><strong>Subtotal Subgrants</strong></td>
<td>263,000</td>
<td>253,687</td>
<td>516,687</td>
<td>667,050</td>
<td>180,800</td>
<td>240,000</td>
</tr>
<tr>
<td><strong>Other Direct Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel (Transportation &amp; Lodging)</td>
<td>90,000</td>
<td>60,000</td>
<td>150,000</td>
<td>42,000</td>
<td>132,000</td>
<td>174,000</td>
</tr>
<tr>
<td>Training &amp; Conferences</td>
<td>19,000</td>
<td>12,000</td>
<td>31,000</td>
<td>10,000</td>
<td>21,000</td>
<td>31,000</td>
</tr>
<tr>
<td>Communication &amp; Publications</td>
<td>2,000</td>
<td>1,000</td>
<td>3,000</td>
<td>1,000</td>
<td>2,000</td>
<td>3,000</td>
</tr>
<tr>
<td>Field Supplies</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other Supplies</td>
<td>10,000</td>
<td>7,000</td>
<td>17,000</td>
<td>5,000</td>
<td>6,000</td>
<td>11,000</td>
</tr>
<tr>
<td>Computers/Software</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Subtotal Other Direct Expenses</strong></td>
<td>112,000</td>
<td>77,000</td>
<td>189,000</td>
<td>29,000</td>
<td>118,000</td>
<td>147,000</td>
</tr>
<tr>
<td><strong>Total Capital Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scientific equipment</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Vehicles (boats, trucks, motorcycles)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Infrastructure/Recreation</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Subtotal Capital Expenditures</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Direct Costs</strong></td>
<td>660,000</td>
<td>521,780</td>
<td>1,181,780</td>
<td>264,280</td>
<td>911,280</td>
<td>1,175,560</td>
</tr>
<tr>
<td><strong>Indirect Costs</strong></td>
<td>46,250</td>
<td>34,493</td>
<td>80,743</td>
<td>23,000</td>
<td>46,000</td>
<td>69,000</td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td>706,250</td>
<td>556,273</td>
<td>1,262,523</td>
<td>287,280</td>
<td>957,280</td>
<td>1,259,803</td>
</tr>
</tbody>
</table>
Annex B: Results framework

<table>
<thead>
<tr>
<th>Output</th>
<th>Indicators</th>
<th>Means of verification</th>
<th>Due Date¹</th>
</tr>
</thead>
</table>
| **OUTCOME 1: Development of the Accountability Framework through an inclusive, consultative process.** The Accountability Framework is developed through a participatory process involving key actors from civil society, private companies, financial institutions (FIs) and other stakeholders representing both international and producing-country perspectives. The Framework includes common definitions and guiding principles for implementation, as well as good-practice norms for monitoring, verification, and reporting. It provides a credible reference for companies to understand, select and utilize effective implementation tools that are localized or adapted to the contexts where they work. It also enables civil society to advocate more effectively for responsible supply chains based on a collectively-defined set of good practices linked to NGOs’ ultimate objectives for ecosystem conservation, greenhouse gas reductions, and respect for human rights.

**Progress Indicators:**

1. By Dec 2017, first draft of AFI Business Plan is developed (under grant from GBMF)
2. By Apr 2018, first version of Core Document is concluded
3. By Oct 2018, Operational Manual second part is concluded (chapters related to verification norms and guidance)
4. By Jan 2019, Operational Manual first part is concluded (chapters related to the environmental and social aspects of land use and land management)
5. By Mar 2019, Operational Manual third part is concluded (chapters related to reporting, disclosure and claims norms and guidance (i.e. Operational Manual is concluded)
6. By Jul 2019, revised draft of AFI business plan is developed

**Output 1.1:** The governance structure for the Accountability Framework initiative is established and functioning effectively, as demonstrated by regular meetings and active progress of the Steering Group and working groups, and by active involvement of private companies in co-designing the Framework.

- **1.1.1** A core NGO coalition (represented by the Steering Group members, including key advocacy NGOs) is convened and operating effectively to develop and own the Accountability Framework norms.
- **1.1.2** The Reporting & Disclosure workstream is initiated and its terms of reference established to develop Accountability Framework elements related to reporting, disclosure, and claims.
- **1.1.3** At least 10 key companies and FIs actively involved in co-designing the Framework to ensure that it is practical and fit-for-purpose as a system to clarify expectations and guide business decisions toward good practice in implementing commitments.

**Terms of Reference of the Steering Group and regular meeting minutes.**
Terms of reference completed.
Consultation with companies including direct and via CGF.

**Output 1.2:** Regional consultation and stakeholder engagement processes are active in each major tropical producing region to gain input and buy-in on the AFI and to co-design or review draft Framework elements.

- **1.2.1** The AFI is introduced, and draft Framework elements are consulted with key stakeholders in each major tropical producing region through at least two in-region events and engagement of at least 20 key civil society, company stakeholders and relevant

Invitations, participant lists and summary reports of consultation events available.

50% of target by Dec. 2017 (with GBMF grant) and 100% of target by June 2018

¹ Proposed due dates are the last day of the indicated month.
² The Land Working Group and Verification Working Group will already have been established by September 2017 as outputs under the present grant from the Gordon and Betty Moore Foundation.
<table>
<thead>
<tr>
<th>Output</th>
<th>Indicators</th>
<th>Means of verification</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>representative from the financial sector in each region.</td>
<td>Calendar of regional events developed and implemented.</td>
<td>Ongoing</td>
</tr>
<tr>
<td><strong>Output 1.3:</strong> The Accountability Framework Core Document is developed through an inclusive, consultative process and published in final form.</td>
<td><strong>1.3.1</strong> A second full draft of the Framework’s Core Document, including generalized definitions and pillars of a responsible supply chain commitment, is completed based on results of the first public consultation and subsequent Steering Group decisions.</td>
<td>Draft of document available.</td>
<td>February 2018</td>
</tr>
<tr>
<td></td>
<td><strong>1.3.2</strong> Based on input from the consultation processes, the Core Document is refined and published in final form, including print and interactive web formats.</td>
<td>Final document available on AFI website.</td>
<td>April 2018</td>
</tr>
<tr>
<td></td>
<td><strong>1.3.3</strong> Generalized definitions in the Core Document are crosswalked to contextualized definitions and this analysis is published for use by companies and other stakeholders and vetted with relevant financial sector players like the Banking Environment Initiative signatories.</td>
<td>Summary report of definitions and analysis is available on the AFI website.</td>
<td>May 2018</td>
</tr>
<tr>
<td><strong>Output 1.4:</strong> The Accountability Framework Operational Manual is developed through an inclusive, consultative process. This Manual elaborates the Guiding Principles to provide additional practical guidance related to key aspects of implementing, monitoring, verifying and reporting responsible supply chain commitments. Elements (chapters) of the Manual are published in a piecewise fashion as they are drafted, consulted, revised, and approved by the Steering Group.</td>
<td><strong>1.4.1</strong> Additional implementation guidelines related to the environmental and social aspects of land use and land management are drafted and published as part of the Operational Manual. These guidelines address present areas of ambiguity and confusion associated with land-related commitments, and incorporate regional differences and specifications.</td>
<td>Draft guidelines are agreed by Steering Group and available for consultation.</td>
<td>Consultation draft: September 2018 Final: January 2019</td>
</tr>
<tr>
<td></td>
<td><strong>1.4.2</strong> Norms and good-practice guidance for challenge, independent review and remedy related to land rights are drafted and published, with input from key experts, stakeholders and rights-holders. These guidelines are consistent with international human rights law and encourage enforcement of accepted standards.</td>
<td>Draft guidelines are agreed by Steering Group and available for consultation.</td>
<td>Consultation draft: September 2018 Final: February 2019</td>
</tr>
</tbody>
</table>

1 The first draft for public consultation of the Guiding Principles is an output under the present grant from the Gordon and Betty Moore Foundation and is expected by September 2017.
2 Specific implementation guidance topics to be addressed under this output are specified in the terms of reference for the Land Working Group, which is being convened in June 2017.
<table>
<thead>
<tr>
<th>Output</th>
<th>Indicators</th>
<th>Means of verification</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.4.3</td>
<td>Good-practice guidance for verification of company commitments - based on the principles developed under Output 1.3 - is developed by a working group comprised of key experts and stakeholders, reviewed and refined through a public consultation process, and published.</td>
<td>Final draft of guidance available.</td>
<td>Consultation draft: July 2018; Final: October 2018</td>
</tr>
<tr>
<td>1.4.4</td>
<td>Norms and good-practice guidance for reporting, disclosure, and claims - based on the common definitions and principles developed under Output 1.3 - are developed by through a workstream engaging key experts and stakeholders; the guidance reviewed and refined through a public consultation process, and published.</td>
<td>Final draft of guidance available.</td>
<td>Consultation draft: October 2018; Final: March 2019</td>
</tr>
</tbody>
</table>

**OUTCOME 2: Acceptance, adoption, and endorsement of the Accountability Framework by key actors engaged in managing or assessing progress toward responsible supply chain commitments.** The Accountability Framework norms and guidelines, as specified under Outcome 1, are widely adopted, referenced and incorporated into supply chain management systems by companies that have issued responsible supply chain commitments. A strong coalition of civil society organizations and key FIs have endorsed these norms and utilize them as a common policy platform and reference point for advocacy and implementation efforts related to responsible supply chains. The elements of the Accountability Framework are progressively mainstreamed into key monitoring tools, reporting and disclosure platforms, rating or scoringcard initiatives, and other systems utilized by industry or civil society to manage or evaluate progress toward meeting commitments. As a consequence of such uptake, progress toward meeting commitments is documented and reported with increased consistency and credibility, thus helping to close the ‘accountability loop’ between policy pledges and on-the-ground conditions.

**Progress Indicators:**

1. Degree of NGO and corporate endorsement or support to AFi
2. Degree of integration of AFi guidance on existing systems, tools and platforms
3. By Oct 2018, version 1 of “Navigation Guide” developed as part of the Supporting Mechanisms to help companies navigate the multitude of norms, definitions, systems, platforms and tools available, to understand the extent to which they align with the AFi guidance.

<table>
<thead>
<tr>
<th>Output 2.1: The Accountability Framework norms and guidelines have been accepted and adopted by key actors engaged in the implementation of responsible supply chain commitments, including private companies, NGOs, FIs and other implementation and monitoring initiatives.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.1 Key civil society organizations beyond the Steering Group member organizations, including advocacy and campaigning NGOs, have formally endorsed or otherwise indicated public support for the Accountability Framework and the Guiding Principles.</td>
</tr>
<tr>
<td>2.1.2 Key high-influence and high-visibility private companies, such as leading CGF member companies and major global traders, have committed to adhere to Accountability Framework norms.</td>
</tr>
<tr>
<td>Output</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2.1.3</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2.1.4</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2.2.1</td>
</tr>
<tr>
<td>2.2.2</td>
</tr>
<tr>
<td>Output 2.3: The initiative's communications and outreach component fosters full transparency and broad stakeholder input into the Accountability Framework design process, and effectively communicates and disseminates the Framework itself and promotes broad acceptance, adoption, and endorsement of the Framework as its component elements are successively completed.</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td><strong>Output</strong></td>
</tr>
<tr>
<td><strong>Indicators</strong></td>
</tr>
<tr>
<td><strong>Means of verification</strong></td>
</tr>
<tr>
<td><strong>Due Date</strong></td>
</tr>
<tr>
<td>to understand the extent to which each of these fulfills different elements of the AF, and to guide their supply chain management decisions accordingly.</td>
</tr>
<tr>
<td>2.3.1 AFI stakeholders are kept informed of the initiative's progress through regular correspondence and other effective means.</td>
</tr>
<tr>
<td>2.3.2 AFI mini-sites are launched in key producing nation languages.</td>
</tr>
<tr>
<td>2.3.3 English language site and mini-sites are regularly updated to share key information and documents, and to invite stakeholder participation. The AFI website enhanced with additional content related to implementation of responsible supply chain commitments, including regionally relevant issues, and supported by additional media engagement and cross-promotion, to help foster increased visibility and interest in understanding the AFI and adopting elements of the Accountability Framework.</td>
</tr>
<tr>
<td>2.3.4 Presentations, side events, consultation sessions, and other outreach and engagement activities are conducted as part of, or adjunct to, key sector events related to responsible supply chains, forests, climate change, and land rights. The AFI effectively coordinates the efforts of the backbone team and AFI Steering Group members to cost-effectively reach a large number and wide range of stakeholders through this approach. <strong>Target:</strong> 5 events per quarter</td>
</tr>
<tr>
<td>Output 2.4: The AFI Steering Group members, with input from additional stakeholders as appropriate, develop a programmatic strategy, proposed funding mechanisms, and institutional arrangements for continuing the AFI beyond the scope of the project proposed herein, or for transitioning the initiative in a way that best fulfills its underlying objectives and theory of change.</td>
</tr>
<tr>
<td>2.4.1 Continuation plan (Uptake Strategy) is established and agreed by the Steering Group. This plan outlines how the Accountability Framework will be further developed and mainstreamed in ways that continue to effectively complement other initiatives. The plan will consider the most effective future institutional arrangements and governance for the AFI, as well as future funding models and fiscal sustainability.</td>
</tr>
</tbody>
</table>
OUTCOME 3: A scoping process has been completed to clarify the most critical implementation gaps in relation to labor rights and other human rights dimensions of company supply chain commitments, and to specify appropriate intervention(s) for the Accountability Framework initiative in this regard. This process incorporates expertise and insights from a range of key social accountability organizations.

Progress Indicators:

1. By Mar 2018, scoping report concluded and lessons from scoping process incorporated into the Core Document as appropriate
2. By Sept 2018, lessons from scoping process incorporated into applicable sections of the Operational Manual

<table>
<thead>
<tr>
<th>Output 3.1: The scoping process for labor rights and other human rights dimensions of the Accountability Framework is completed and recommendations from this process are integrated into the Framework. Learnings from this process are also incorporated into the guide for companies to navigate implementation tools (Output 2.2).</th>
<th>3.1.1 Completion of a desktop analysis, consultations and expert workshops with leading social NGOs to characterize current and incipient norms and accountability mechanisms addressing the subject social issues, as well as potential gaps.</th>
<th>Final initial scoping and workshop reports are available.</th>
<th>October 2017 (with co-funding)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1.2 Completion of consultations with groups in regions, involving approximately 10-12 social NGOs, integration of the intersection between labor and land rights into the Land Working Group, clarify gaps and opportunities, propose foci for the Accountability Framework initiative for future phases, and discuss potential roles of the participating NGOs in such work going forward.</td>
<td>Synthesis of consultation results and participation of at least one social NGO on the Land Working Group.</td>
<td>June 2018</td>
<td></td>
</tr>
<tr>
<td>3.1.3 Completion of a concise synthesis report summarizing the conclusions of the scoping process and recommending a program of work for the Accountability Framework initiative to address critical needs and gaps in social accountability relative to voluntary company commitments, if and as warranted.</td>
<td>Report and recommendations are completed with a proposal for next steps.</td>
<td>June 2018</td>
<td></td>
</tr>
<tr>
<td>3.1.4 Good practices related to monitoring, verification, and reporting of social dimensions of company supply chain commitment, as identified and understood through the scoping process, inform the development of norms on verification, reporting and disclosure (Output 1.4) and are incorporated into the Accountability Framework online guide for companies (Output 2.2), pending decision of Steering Group and results of recommendations from 3.1.3.</td>
<td>Good practice elements are available for review in the AFI’s Operational Manual and an engagement process with social accountability groups is agreed and a statement available.</td>
<td>September 2018</td>
<td></td>
</tr>
</tbody>
</table>
PART II: GENERAL CONDITIONS
APPLICABLE TO GRANTS FROM
THE NORWEGIAN MINISTRY OF CLIMATE AND
ENVIRONMENT

TABLE OF CONTENTS

1 IMPLEMENTATION PLAN AND BUDGET ................................................................. 1
2 PROGRESS REPORT .................................................................................................... 2
3 FINANCIAL REPORT .................................................................................................. 2
4 FINAL REPORT ......................................................................................................... 3
5 AUDIT ....................................................................................................................... 3
6 CONTROL MEASURES ............................................................................................... 4
7 FINANCIAL MANAGEMENT ...................................................................................... 5
8 EXCHANGE RATE FLUCTUATIONS ......................................................................... 5
9 EQUIPMENT, CONSUMABLES AND INTELLECTUAL PROPERTY RIGHTS ............ 5
10 REAL PROPERTY ..................................................................................................... 6
11 TRANSFER OF THE GRANT TO A COOPERATING PARTNER ............................... 6
12 CHANGES TO THE PROJECT OR THE GRANT RECIPIENT .................................. 7
13 EXTENSION OF THE SUPPORT PERIOD ............................................................. 7
14 TRANSPARENCY ..................................................................................................... 8
15 FINANCIAL IRREGULARITIES ................................................................................ 8
16 CONFLICT OF INTEREST ....................................................................................... 9
17 BREACH OF THE AGREEMENT ............................................................................. 9
18 TERMINATION OF THE AGREEMENT .................................................................. 10
19 WAIVER AND IMMUNITIES .................................................................................. 10
20 LIABILITY ................................................................................................................ 10
21 ASSIGNMENT ......................................................................................................... 11
22 RECOGNITION AND PUBLICATION ................................................................... 11
23 ENTRY INTO FORCE, DURATION AND AMENDMENT ........................................... 11
24 CHOICE OF LAW AND SETTLEMENT OF DISPUTES ........................................ 11

1 IMPLEMENTATION PLAN AND BUDGET

1.1 Any updated implementation plan to be submitted in accordance with the Specific Conditions shall be directly related to the results framework and shall specify planned activities and outputs and time schedules for the upcoming reporting period.
1.2 Any updated budget to be submitted in accordance with the Specific Conditions shall be based on the approved budget in Annex A and include estimated income to the Project from all sources as well as planned expenditures for the upcoming reporting period. The estimated financial need of the Project in the upcoming reporting period shall be clearly stated.

1.3 Significant deviations from or changes to the implementation plan and budget is subject to KLD’s prior, written approval as outlined in article 12 of the General Conditions.

2 PROGRESS REPORT

2.1 Any progress reports to be submitted in accordance with the Specific Conditions shall describe the results achieved by the Project during the reporting period. The report shall be set up in a way that allows direct comparison with the latest approved Application, implementation plan and budget, and shall be signed by an authorised representative of the Grant Recipient.

2.2 The progress reports shall, as a minimum, include:

   a) an account of the results achieved so far by the Project, using the format, indicators and targets of the approved results framework. The overview must:
      - show delivered outputs compared to planned outputs;
      - show the Project’s progress towards achieving the Outcome;
      - if possible, describe the likelihood of the Impact being achieved.
   b) an account and assessment of deviations from the latest approved implementation plan and Application;
   c) an assessment of how efficiently Project resources have been turned into Outputs;
   d) a brief account of materialised risk factors to the Project, including how these have been handled in the reporting period and/or will be handled in the future. Identified risks related to the climate and environment, gender equality, corruption and other financial mismanagement and human rights shall always be accounted for.

3 FINANCIAL REPORT

3.1 Any financial report to be submitted in accordance with the Specific Conditions shall comprise financial statements with a comparison to the latest approved budget for the reporting period, as well as an identification of any deviations from the budget as per clause 3.3 below. The financial report shall be certified by the financial controller (or equivalent) as well as an authorised representative of the Grant Recipient.

3.2 The financial statements shall be set up in a way that allows for direct comparison with the latest approved budget, using the same currency and budget line items. They shall, as a minimum, include:

   a) the accounting principles applied;
   b) income from all sources, including bank interest. KLD’s contribution shall be specified;
   c) expenses charged/capitalised in the relevant reporting period;
   d) expenses charged/capitalised from start-up of the Project to the end of the reporting period;
   e) unused funds as per the reporting date;
   f) overhead/indirect costs to be covered by the Grant in accordance with article 4 of the Specific Conditions;
   g) balance sheet, when required in accordance with the accounting principles applied;
h) explanatory notes including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the Project.

3.3 Deviations between the approved budget and the expenses charged/capitalised shall be highlighted with information on both nominal amounts and percentage of each deviation. The Grant Recipient shall include a written explanation of any deviations amounting to more than 10% from a budget line.

4 FINAL REPORT

4.1 The final report to be submitted in accordance with the Specific Conditions shall describe the results achieved by the Project during the Support Period. The report shall be set up in a way that allows for a direct comparison with the Application, and shall be signed by an authorised representative of the Grant Recipient.

4.2 The final report shall, as a minimum, include:

a) the items listed for the progress reports described in article 2 of the General Conditions, covering the entire Support Period;
b) an assessment of the Project’s effect on society (Impact);
c) a description of the main lessons learned from the Project;
d) an assessment of the sustainability of the achieved results by the Project.

5 AUDIT

5.1 If an audit of the Project’s financial statements is required pursuant to the Specific Conditions, the audit shall be carried out by an independent chartered/certified or state-authorised public accountant (auditor).

5.2 KLD reserves the right to approve the auditor, and may require that the auditor shall be replaced if KLD finds that the auditor has not performed satisfactorily or if there is any doubt as to the auditor's independence or professional standards.

5.3 The auditor shall form an opinion on whether the Project’s financial statements fairly reflect the financial position of the Project and whether they are prepared, in all material respects, in accordance with the applicable financial reporting framework, namely:

a) the accounting principles followed by the Grant Recipient and;
b) the requirements of article 3 clause 2 of the General Conditions.

5.4 The auditor shall report in accordance with the applicable audit standard, as agreed in the Specific Conditions.

5.5 The audit report shall include:

a) the Project name and agreement number;
b) identification of the Project’s total expenses and total income;
c) the subject of the audit;
d) the financial reporting framework applied;
e) the auditing standards applied;
f) a statement that the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement;

g) the auditor’s opinion.

5.6 In addition to the Project’s audit report, the auditor shall submit a management letter (matters for governance attention), which shall contain any findings made during the audit of the Project. It shall also list any measures that have been taken as a result of previous audits and whether such measures have been adequate to deal with reported shortcomings.

5.7 If any findings have been reported in the Project’s management letter, the Grant Recipient shall prepare a response including an action plan to be submitted to KLD together with the management letter.

5.8 The costs of the audit of the Project’s financial statements shall be included in the Project’s budget.

5.9 The audit requirements stated in this Agreement are applicable for the total Grant, including any part of the Grant that has been transferred to a cooperating partner.

5.10 The auditor of the Project’s consolidated financial statement is responsible for the direction, supervision and performance of the audit of any part of the Grant that has been transferred to a cooperating partner. The auditor shall assure itself that those performing the audit for cooperating partners have the appropriate qualifications, that the audit is in compliance with professional standards, and that the audit report is appropriate under the circumstances.

5.11 The auditor of the Project’s consolidated financial statement shall express an opinion on whether the statement is prepared, in all material respects, in accordance with the requirements of this Agreement. To this end, the auditor shall obtain sufficient appropriate audit evidence regarding the financial statements of the cooperating partner and the consolidation process.

6 CONTROL MEASURES

6.1 Representatives of KLD and the Norwegian Auditor General may at all times carry out independent reviews, audits, field visits or evaluations or other control measures related to the Project. The objective of such control measures may be i.a to verify that the Grant has been used in accordance with the Agreement or to evaluate the achievement of results.

6.2 The Grant Recipient shall facilitate such control measures by providing all information and documentation necessary to carry out the relevant initiative, as well as ensuring unrestricted access to any premises, records, goods and documents requested.

6.3 The representatives of KLD and the Norwegian Auditor General shall also have access to the Grant Recipient’s auditor and the auditor’s assessments of all information pertaining to the Grant Recipient and the Project. The Grant Recipient shall release the auditor from any confidentiality obligations in order to facilitate such access.
6.4 The rights and obligations of this article 6 shall remain in force for 5 years following expiry or termination of the Agreement.

7 FINANCIAL MANAGEMENT

7.1 The Grant Recipient shall keep accurate accounts of the Project’s income and expenditure using an appropriate accounting- and double-entry book-keeping system in accordance with the applicable accounting- and bookkeeping policies in the jurisdiction of the Grant Recipient.

7.2 The accounts shall be kept up to date at least on a monthly basis. Bank reconciliations and cash reconciliations shall be completed at least every month, and shall be documented by the Grant Recipient.

7.3 Accounts and expenditures relating to the Project must be easily identifiable and verifiable, either by using separate accounts for the Project or by ensuring that Project expenditure can be easily identified and traced within the general accounting- and bookkeeping systems. The accounts must provide details of bank interest accrued on the Grant.

7.4 The Grant Recipient shall keep the Project’s accounting records for at least 5 years from the time of KLD’s approval of the final report for the Project. This shall include i.a. vouchers, receipts, contracts and bank statements.

8 EXCHANGE RATE FLUCTUATIONS

8.1 If the Grant is converted into another currency, the exchange shall be made through a national or commercial bank unless otherwise approved by KLD.

8.2 If exchange rate fluctuations decrease the value of the Grant to such an extent that this will have consequences for the implementation of the Project, the Grant Recipient shall inform KLD as soon as possible.

8.3 If exchange rate fluctuations increase the value of the Grant, the gain shall be treated as disbursed Grant funds and used for Project purposes. Net surplus from conversion into foreign currency shall be subtracted from future disbursements or repaid as unused funds at the end of the Support Period, unless otherwise agreed between the Parties.

9 EQUIPMENT, CONSUMABLES AND INTELLECTUAL PROPERTY RIGHTS

9.1 The right of ownership to equipment, consumables and intellectual property rights procured or developed by use of the Grant shall vest in the Grant Recipient or its cooperating partner, unless otherwise stated in the Application. All matters associated with such equipment, consumables and

---

1 A double-entry bookkeeping a system is system of bookkeeping where every entry to an account requires a corresponding and opposite entry to a different account.

2 Bank reconciliation is a process of verifying whether the sum found in the bank statements at the end of the period correspond with transactions recorded in the accounting system. This is usually done in conjunction with closure of the accounting records.

3 Cash reconciliation is a process of verifying whether the cash at hand at the end of the period corresponds with the amount of cash in the beginning of the period and the registrations of withdrawals and deposits in the period. This is usually done in conjunction with closure of the accounting records.
intellectual property rights are the exclusive responsibility of the Grant Recipient. However, significant use of such equipment, consumables and intellectual property rights for purposes outside the Project shall be subject to the KLD’s prior approval, as outlined in Article 12 of the General Conditions.

9.2 KLD shall have a non-exclusive and royalty-free license to use all intellectual property rights procured or developed by the use of the Grant. KLD may assign this right to any individual or organisation at its own discretion.

9.3 Transfer of ownership of such equipment, consumables or intellectual property rights during the Support Period shall be made at market terms. Ownership may not be transferred to an employee of the Grant Recipient or its cooperating partner, or to anyone related or connected to an employee, if such relation could lead to a conflict of interest as described in article 16 of the General Conditions.

9.4 Before a transfer is decided, the Grant Recipient shall assess whether it may have an impact on the Project and, where appropriate, consult with KLD. Any income from a transfer shall accrue to the Project, and shall be reported in the financial statement of the Project.

9.5 The Grant Recipient shall prepare a record of transfer of ownership for any equipment, consumables and intellectual property rights. The record shall comprise information about the object of transfer, the original purchase price paid by the Grant Recipient, price offers received, the final sales price and the name of the purchaser. The record shall be submitted to KLD along with the first progress report due after the sale.

9.6 If the activities of the Project do not continue after the end of the Support Period or after termination of the Agreement, the Grant Recipient shall inform KLD about the remaining equipment and goods that have been purchased by use of the Grant. The KLD may require that such assets be sold. Such sale shall be completed in accordance with the procedures described above. Income from the sale shall be repaid to KLD unless otherwise agreed by the Parties.

10 REAL PROPERTY

10.1 The Grant may not be used to purchase or construct real property (land or buildings) unless explicitly approved by KLD.

10.2 If KLD has approved a purchase or construction of real property, the Grant Recipient and KLD shall agree on the details concerning the ownership and the status of the real property after the end of the Support Period and/or the end of the Project. The agreement may be formalised in the Specific Conditions or in a separate agreement document.

10.3 KLD may in such an agreement require i.a. that the real property shall be sold after the end of the Support Period and that the proceeds from the sale shall be repaid to KLD. KLD may also reserve the right to establish security interests in any real property purchased by use of the Grant.

11 TRANSFER OF THE GRANT TO A COOPERATING PARTNER

11.1 Transfer of all or part of the Grant including assets to a cooperating partner shall be documented through a written agreement. The agreement shall specify that the cooperating partner is required to comply with the provisions of this Agreement and to cooperate with the Grant Recipient to ensure that the Grant Recipient is able to fulfil its obligations hereunder.
11.2 The agreement between the Grant Recipient and the cooperating partner shall have provisions related to i.a. reporting, audit, procurement and measures to prevent financial irregularities. Furthermore, the agreement shall explicitly state that:

a) both the Grant Recipient, KLD and the Norwegian Auditor General shall have the same access to undertake the control measures related to the cooperating partner’s use of the Grant as described in article 6 of the General Conditions,

b) the Grant Recipient shall be entitled to claim repayment of the Grant from the cooperating partner in the same instances and to the same extent that KLD is entitled to claim repayment from the Grant Recipient, and the cooperating partner shall accept that KLD has the right to claim repayment directly from the cooperating partner to the same extent as the Grant Recipient,

c) the cooperating partner shall accept the choice of law and settlement of disputes provisions in article 24 of the General Conditions in relation to any disputes arising between the cooperating partner and KLD.

11.3 The Grant Recipient shall assure itself that the cooperating partner has the necessary competence and internal procedures to meet the requirements of the Agreement and shall follow-up the cooperating partner’s compliance with the Agreement throughout the Support Period.

11.4 The Grant may not be transferred to a cooperating partner who has previously been charged or sentenced for any criminal activity unless explicitly approved by KLD.

11.5 The Grant Recipient shall remain fully responsible towards KLD for any part of the Grant including assets that has been transferred to a cooperating partner.

12 CHANGES TO THE PROJECT OR THE GRANT RECIPIENT

12.1 Any significant deviations from or changes to the Application or approved implementation plans or budgets are subject to KLD’s prior, written approval. The same applies to significant changes to, or circumstances materially affecting, the Grant Recipient’s organisation.

12.2 The following deviations/changes shall always be subject to KLD’s prior written approval:

a) any changes to the Project’s sources of income,

b) any changes to the results framework or scope of the Project,

c) changes to the implementation plan which implies a delay of more than three months of any activity,

d) changes to the Project’s budget that imply reallocation of more than 10% of a budget line.

12.3 KLD may suspend disbursements of the Grant until such changes have been approved.

13 EXTENSION OF THE SUPPORT PERIOD

13.1 The Support Period of the Project is set out in the Specific Conditions. The Grant Recipient must, without delay, inform KLD of any circumstances likely to hamper or delay the implementation of the Project.

13.2 The Grant Recipient may request an extension of the Support Period if this is necessary to complete all planned activities. The request must state the reasons for the delay and supporting documentation must be enclosed. KLD shall approve or decline the request in writing.
14 TRANSPARENCY

14.1 The Grant Recipient shall publish the following in a dedicated and easily accessible place of its internet site:

   a) a copy of this Agreement;
   b) the title and value of any contracts, cooperation agreements and/or other sub-agreements of more than NOK 500 000 (or the equivalent in local currency) which are to be financed by the Grant;
   c) the names and nationalities of the respective agreement parties and, if relevant, any further subgrantees or contractors in receipt of Project funds;

Any deviations from article 14 shall be agreed by the Parties in writing, i.a. in the Specific Conditions.

14.2 Publication shall take place as soon as possible, and at the latest within six months after the contracts, cooperation agreements and/or other sub-agreements were entered into.

14.3 The Grant Recipient shall make other project documentation, including the Application and all agreed reports, available to anyone upon request. Requests for disclosure may be denied if such disclosure is prohibited by confidentiality obligations and/or if it may be detrimental to the Grant Recipient’s legitimate interests.

15 FINANCIAL IRREGULARITIES

15.1 The Grant Recipient is required to practise zero tolerance against corruption and other financial irregularities within and related to the Project. The zero tolerance policy applies to all staff members, consultants and other non-staff personnel and to cooperating partners and beneficiaries of the Grant.

15.2 Financial irregularities refers to all kinds of:

   a) corruption, including bribery, nepotism and illegal gratuities;
   b) misappropriation of cash, inventory and all other kinds of assets;
   c) financial and non-financial fraudulent statements;
   d) all other use of Project funds which is not in accordance with the implementation plan and budget.

15.3 In order to fulfil the zero tolerance requirement, the Grant Recipient shall:

   a) organise its operations and internal control systems in a way that financial irregularities are prevented and detected;
   b) do its utmost to prevent and stop financial irregularities within and related to the Project;
   c) require that all staff involved in, and any consultants, suppliers and contractors financed under the Project refrain from financial irregularities.

15.4 The Grant Recipient shall inform KLD immediately of any indication of financial irregularities in or related to the Project. The Grant Recipient shall provide KLD with an account of all the known facts and an assessment of how the matter should be followed up, including whether criminal prosecution or other sanctions are considered appropriate.

15.5 The matter will be handled by KLD in accordance with KLD’s guidelines for handling suspicion of financial irregularities. The Grant Recipient shall cooperate fully with
KLD’s investigation and follow-up. If requested by KLD, the Grant Recipient shall initiate prosecution and/or apply other sanctions against persons or entities suspected of financial irregularities.

15.6 KLD may claim repayment of all or parts of the Grant in accordance with article 17 of the General Conditions if it finds that any financial irregularities have taken place in or related to the Project.

The repayment claim may also include any interest, investment income or any other financial gain obtained as a result of the financial irregularity.

16 CONFLICT OF INTEREST

16.1 The Grant Recipient shall take all necessary precautions to avoid any conflicts of interest in all matters related to the Project.

16.2 Conflict of interest refers to any situation where the impartial and objective exercise of the functions of anyone acting on behalf of the Grant Recipient is, or may be, compromised for reasons involving family, personal life, political or national affinity, economic interest or any other connection or shared interest with another person.

16.3 If a conflict of interest occur, the Grant Recipient shall, without delay, take all necessary measures to resolve the conflict, e.g. by replacing the person in question or by obtaining independent verification of the terms of the proposed decision or transaction.

16.4 If the conflict of interest cannot be resolved and/or if it relates to a decision or transaction of special significance to the Project, the decision or transaction may not be concluded without the prior, written approval of KLD.

17 BREACH OF THE AGREEMENT

17.1 If the Grant Recipient fails to fulfil its obligations under this Agreement and/or if there is suspicion of financial irregularities, KLD may suspend disbursement of all or part of the Grant.

17.2 In the event of material breach of the Agreement, KLD may terminate the Agreement with immediate effect, and/or claim repayment of all or parts of the Grant.

17.3 Material breach of the Agreement shall include, without limitation, the following situations:

a) all or part of the Grant has not been used in accordance with the Agreement and/or approved implementation plans and budget,
b) the Grant Recipient has made false or incomplete statements to obtain the Grant,
c) the use of the Grant has not been satisfactorily accounted for,
d) the Grant Recipient has, after having been granted an extended deadline, failed to provide the agreed reports, or has knowingly provided reports that do not reflect reality,
e) financial irregularities, grave professional misconduct or illegal activity of any form have taken place within the Grant Recipient or its cooperating partners,
f) the Grant Recipient has failed to inform KLD of indication of financial irregularities within the Project in accordance with article 15 of the General Conditions,
g) the Grant Recipient has changed legal personality without prior notification to KLD,
h) the Grant Recipient is bankrupt, being wound up or is having its affairs administered by the courts, or is subject to any analogous or corresponding procedure provided for under national legislation.

17.4 The Grant Recipient shall inform KLD immediately of any circumstances that may indicate or lead to a breach of Agreement, and shall provide KLD with any information or documentation it may reasonably require in order to determine if a breach of the Agreement has occurred.

17.5 KLD may also suspend disbursements or terminate the Agreement with immediate effect if a material breach of another agreement between KLD and the Grant Recipient has been established.

18 TERMINATION OF THE AGREEMENT

18.1 Each of the Parties may terminate the Agreement upon a written notice.

18.2 The Support Period shall end three months after the date of the notice of termination. During these three months, the Grant Recipient may only use the Grant to cover commitments that have been established before the date of the notice of termination.

18.3 If the Project cannot continue without the Grant, the Grant Recipient shall use these three months to discontinue or scale down the Project promptly and in an orderly and financially sound manner. Any funds that remain unused at the end of the Support Period shall be repaid to KLD.

18.4 The Grant Recipient shall submit a final report to KLD within three months of the end of the Support Period. The final report shall meet the requirements set out in article 4 of the General Conditions and shall also include a financial report and audit report covering the period from the previous financial report until the end of the Support Period.

18.5 The Agreement will be considered terminated when the final report has been approved by KLD and any remaining funds have been repaid.

19 WAIVER AND IMMUNITIES

19.1 Nothing in the Agreement or any document related to the Agreement shall imply a waiver, express or implied, by KLD, the Government of Norway or any of its officials of any privileges or immunity enjoyed by them or their acceptance of the jurisdiction of the courts of any country over disputes arising thereof. This article 19 will not prevent arbitration or court proceedings in the legal venue of the Grant Recipient pursuant to article 24 of the General Conditions.

20 LIABILITY

20.1 KLD shall not under any circumstances or for any reason be held liable for damage, injury or loss of income sustained by the Grant Recipient or its staff or property as a direct or indirect consequence of the Project. KLD will not accept any claim for compensation or increases in payment in connection with such damage, injury or loss of income.

20.2 The Grant Recipient shall assume sole liability towards third parties, including liability for damage, injury or loss of income of any kind sustained by them as a direct or indirect consequence of the Project. The Grant Recipient shall indemnify KLD against any claim or action from the Grant Recipient’s employees or third parties in relation to the Project.
21 ASSIGNMENT

21.1 The Agreement and/or the Grant may not be assigned to a third party without the prior written consent of KLD. This shall not, however, prevent transfer of parts of the Grant to a cooperating partner in accordance with article 11 of the General Conditions.

22 RECOGNITION AND PUBLICATION

22.1 The Grant Recipient shall acknowledge KLD’s support to the Project in all publications and other materials issued in relation to the Project. KLD’s logotype will be provided by KLD upon request. All use of KLD’s logotype must be approved by KLD.

23 ENTRY INTO FORCE, DURATION AND AMENDMENT

23.1 The Agreement shall enter into force at the date of the last signature and shall remain in force until all obligations arising from it have been fulfilled, or until it is terminated in accordance with the provisions of the General Conditions. Whether the obligations of the Agreement shall be considered fulfilled, will be determined through consultations between the Parties and confirmed by KLD in a completion letter.

23.2 The Agreement may be amended. Any such amendment must be agreed upon in writing between the Parties and shall become an integral part of the Agreement.

23.3 Termination or expiry of the Agreement shall not release the Parties from any liability arising from any act or omission that has taken place prior to such termination or expiry.

24 CHOICE OF LAW AND SETTLEMENT OF DISPUTES

24.1 The Agreement shall be governed and construed in accordance with Norwegian law.

24.2 If any dispute arises relating to the implementation or interpretation of the Agreement, the Parties shall seek to reach an amicable solution.

24.3 Any dispute arising out of or in connection with the Agreement that cannot be solved amicably, shall exclusively be settled before the Norwegian courts of law with Oslo District Court as legal venue.

24.4 The Grant Recipient accepts that KLD can, at its own sole discretion and as an alternative to the legal venue mentioned above, choose to settle the dispute by

a) the courts in the legal venue of the Grant Recipient, or
b) arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. The arbitral tribunal shall be composed of three arbitrators. If the disputed amount is below an amount corresponding to NOK 10 000 000 the arbitral tribunal shall, however, be composed of a sole arbitrator. The seat of arbitration shall be Stockholm, Sweden, and the language to be used in the arbitral proceedings shall be English. The Parties agree that neither the arbitral proceedings nor the award shall be subject to any confidentiality.
24.5 The Parties agree that no other courts of law, than as set out in this article 24, shall have jurisdiction over disputes arising out of or in connection with this Agreement.
PART III: PROCUREMENT IN THE CONTEXT OF PROJECTS FINANCED BY THE NORWEGIAN MINISTRY OF CLIMATE AND ENVIRONMENT

1 INTRODUCTION

1.1 This Part III sets out procurement rules and principles which shall be applied by the Grant Recipient when procuring goods, services or works to Projects financed by the Ministry of Climate and Environment (KLD). Stricter rules may supplement the compulsory minimum rules set forth in this Part III.

1.2 The KLD may carry out ex post checks on the Grant Recipient’s compliance with the rules set forth in this Part III.

1.3 Failure to comply with the rules set forth in this Part III shall render the Project expenditure ineligible for KLD funding and may lead to withholding funds or claim for repayment in accordance with article 17 of the General Conditions (Part II) of this Agreement.

1.4 Contracts shall not be split artificially to circumvent the procurement thresholds. All monetary amounts referred to in this Part III are amounts excluding value-added tax (VAT).

1.5 The procurement provisions shall also apply to any procurements to be carried out by the Grant Recipient’s cooperation partners or others. The Grant Recipient shall be responsible for compliance as per article 11 of the General Conditions (Part II) of this Agreement regardless of whether the procurement is carried out by the Grant Recipient itself or its cooperation partners or others.

1.6 Sections 1 to 4 set out rules, which shall apply to all contracts. Sections 5 to 6 contain specific rules for service, supply and works contracts. Section 7 lists the situations where a negotiated procedure without prior publication is permitted.

2 BASIC PRINCIPLES

2.1 If a Project requires procurement by the Grant Recipient, the contract must be awarded following a tender procedure to the most economically advantageous tender (i.e. to the tenderer obtaining the best score based on price and quality), or, as appropriate, to the tenderer offering the lowest price. In doing so, the Grant Recipient shall avoid any conflict of interests and respect the following basic principles:
a) **Competition:** The procedures applied and the award of contracts shall be based on fair competition.

b) **Equal treatment and non-discrimination:** Participation in tender procedures shall be open on equal terms to all natural and legal persons. During the entire procurement and the award of contracts, the Grant Recipient shall not discriminate against candidates/tenderers or groups of candidates/tenderers.

c) **Transparency and ex-ante publicity:** As a general rule, tender procedures shall be based on prior publication. Where the Grant Recipient does not launch an open tender procedure, it shall justify the choice of tenderers that are invited to submit an offer.

d) **Objective criteria:** The Grant Recipient shall evaluate the offers received against objective criteria, which enable the Grant Recipient to measure the quality of the offers and shall take into account the price (the offer with the lowest price shall be awarded the highest score for the price criterion). The criteria shall be set out beforehand and shall be relevant to the contract in question.

e) **Notoriety:** The Grant Recipient shall keep sufficient and appropriate records and documentation with regard to the procedure, its evaluation and award.

### 3 ELIGIBLE TENDERERS

3.1 Tenderers must provide information on their legal form and ownership structure.

3.2 Tenderers shall be excluded from participation in a procurement procedure if:

a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations. However, tenderers in this situation may be eligible to participate insofar as the Grant Recipient is able to purchase supplies on particularly advantageous terms from either a supplier which is definitively winding up its business activities, or the receivers or liquidators of a bankruptcy, through an arrangement with creditors, or through a similar procedure under national law;

b) they or persons having powers of representation, decision-making or control over them have been convicted of an offence concerning their professional conduct by a final judgment;

c) they have been guilty of grave professional misconduct; proven by any means which the Grant Recipient can justify;
d) they have not fulfilled obligations relating to the payment of social security contributions or taxes in accordance with the legal provisions of the country in which they are established, or with those of the country of the Grant Recipient or those of the country where the contract is to be performed;

e) they or persons having powers of representation, decision-making or control over them have been convicted for fraud, corruption, involvement in a criminal organisation or money laundering by a final judgment;

f) they make use of child labour or forced labour and/or practise discrimination, and/or do not respect the right to freedom of association and the right to organise and engage in collective bargaining pursuant to the core conventions of the International Labour Organization (ILO).

3.3 Tenderers shall confirm in writing that they are not in any of the situations listed above. Even if such confirmation is given by a tenderer, the Grant Recipient shall investigate any of the situations listed above if it has reasonable grounds to doubt the contents of such confirmation.

3.4 Contracts shall not be awarded to tenderers which, during the procurement procedure:

a) are subject to a conflict of interests;

b) are guilty of misrepresentation in supplying the information required by the Grant Recipient as a condition of participation in the tender procedure, or fail to supply this information.

4 GENERAL PROCUREMENT RULES

4.1 The tender documents shall be drafted in accordance with best international practice. The Grant Recipient may voluntarily use the models published in the Practical Guide on the EuropeAid (EU) website.

4.2 The Grant Recipient shall take into account universal design and the potential environmental impact of any planned procurements.

4.3 All invitations to submit tenders shall state that offers will be rejected if any illegal or corrupt practices have taken place in connection with the award. All contracts concluded under the Project shall state that the Grant Recipient may terminate the contract if it finds that illegal or corrupt practices have taken place in connection with the contract award or execution.

4.4 The time-limits for receipt of tenders and requests to participate must be sufficient to allow interested parties a reasonable and appropriate period to prepare and submit their tenders.
4.5 An evaluation committee must be set up to evaluate applications and/or tenders of a value of NOK 500,000 or more on the basis of the exclusion, selection and award criteria. This committee must have an odd number of members, at least three, with all the technical and administrative capacities necessary to give an informed opinion on the tenders.

4.6 For contracts with a value exceeding NOK 100,000, the Grant Recipient shall compile a written record with documentation of all assessments and decisions during all steps of the procurement process from the planning stage until the signing of the contract. Upon request by the KLD, the Grant Recipient shall deliver its written record to the KLD and grant the KLD access to all relevant information and documentation related to the procurement procedure and practices applied.

5  AWARDS OF CONTRACTS

5.1 Contracts with a value of less than NOK 500,000 may be awarded by using any procurement procedure established by the Grant Recipient, while respecting the rules and principles laid down in Sections 1 to 4 of this Part III.

5.2 Contracts with a value exceeding NOK 500,000 shall be awarded by means of one of the following procurement procedures:

a) **Open tender procedure:** In open procedures, any interested tenderer may submit a tender in response to a call for competition. The tender shall be accompanied by the information for qualitative selection as requested by the Grant Recipient.

b) **Restricted procedure:** In restricted procedures, any tenderer may submit a request to participate in response to a call for competition by providing the information for qualitative selection as requested by the Grant Recipient. Only those tenderers invited to do so by the Grant Recipient following its assessment of the information provided may submit a tender. The Grant Recipient may limit the number of suitable candidates to be invited to participate in the procedure.

c) **Competitive procedure with negotiation:** In competitive procedures with negotiation, any tenderer may submit a request to participate or a tender in response to a call for competition by providing the information for qualitative selection as requested by the Grant Recipient. Tenderers may submit an initial tender, which shall be the basis for subsequent negotiations. The minimum requirements and the award criteria shall not be subject to negotiations.

5.3 Where the Grant Recipient does not launch an open tender procedure, it shall justify and document in writing the choice of tenderers that are invited to submit an offer.

5.4 Deviations from the procedures listed in Section 5.2 are limited to the situations listed in Section 7 of this Part III.
6 PUBLICATION OF PROCUREMENT NOTICE

6.1 The following shall apply with respect to publication of the procurement notice: ¹

a) Service and supply contracts from NOK 500 000 to less than NOK 2 500 000 and works contracts from NOK 500 000 to less than NOK 40 000 000

The prior procurement notice shall be published in all appropriate media, at least in the country in which the Project will be carried out as well as on the Grant Recipient's website.

b) Service and supply contracts with a value of NOK 2 500 000 and above and works contracts with a value of NOK 40 000 000 and above

The prior procurement notice shall be published in all appropriate media, in particular on the Grant Recipient's website, in the international press and the national press of the country in which the Project will be carried out, and in any other relevant specialist periodicals.

7 USE OF NEGOTIATED PROCEDURE WITHOUT PRIOR PUBLICATION

7.1 The Grant Recipient may use a negotiated procedure without prior publication in the following cases:

a) if any of the circumstances set out in Article 32 of Directive 2014/24/EU are present;

b) for purposes of humanitarian aid and civil protection operations or for crisis management aid in a crisis that has been formally recognised by and for the time period declared by the KLD;

c) where the services are entrusted to public-sector or non-profit bodies and relate to activities of an institutional nature or are designed to provide assistance to people in the social field;

d) for contracts declared to be secret, or whose performance must be accompanied by special security measures, or when the protection of the essential interests of the KLD so requires.

¹ Definitions of different types of contracts and procedures can be found in Directive 2014/24/EU.
ADDENDUM NUMBER 1 TO AGREEMENT BETWEEN THE NORWEGIAN MINISTRY OF CLIMATE AND ENVIRONMENT AND RAINFOREST ALLIANCE (RA) CONCERNING ACCOUNTABILITY FRAMEWORK INITIATIVE, (KLD 17/578)

1 BACKGROUND

1.1 The Norwegian Ministry of Climate and Environment (KLD) and the Grant Recipient (jointly referred to as the Parties) has entered into an agreement dated 20.02.2018 (the Agreement) concerning Accountability Framework initiative, AFI (KLD 17/578) (the Project).

1.2 The Grant Recipient has submitted a request to MFA dated 29.11.2019 (KLD 17/578-33) regarding additional financial support to the Project and extension of the Support Period with which MFA has decided to comply.

1.3 The Parties have agreed to amend the Agreement through this addendum number 1 (the Addendum), which shall be an integrated part of the Agreement.

2 EXTENSION OF THE SUPPORT PERIOD


3 ADDITIONAL GRANT

3.1 KLD shall, subject to Norwegian parliamentary appropriations and on the terms and conditions of the Agreement and this Addendum, provide an additional grant not exceeding NOK 9,168,430 (Norwegian Kroner ninemilliononehundredandsixtyeighthousandfourhundredandthirty) (approximately USD 1 mill) (the Additional Grant).

3.2 The Additional Grant shall be used exclusively to finance the Project as specified in the budget attached as Annex A to this Addendum and in the Application during the Support Period.

3.3 The Additional Grant shall be disbursed upon written request as described in the Agreement.

4 REVISED CONDITIONS

Reporting shall be in accordance with the requirements and regularity outlined in the Agreement. The revised date for submission of the final report for the full and extended support period shall be 30.06.2021.

5 REMAINING CONDITIONS OF THE AGREEMENT

5.1 All other provisions of the Agreement shall remain unchanged and in force.

6 ENTRY INTO FORCE AND DURATION

6.1 The Addendum shall enter into force on the date of the last signature, and remain in force until all obligations arising from it have been fulfilled.
This Addendum has been signed in two -2- original copies in the English language, whereof the Parties keep one each. In the event of any discrepancies between this English language version and any later translations, the English language version shall prevail.

Place: Oslo
Date: 6/1/2020

[Signature]
for the Norwegian Ministry of Climate and Environment,
Ingvild Andreassen Sæverud
Director General

[Signature]
New York
January 20, 2020
for Rainforest Alliance,
Chief Financial Officer

Attachments:
Annexes: Cover letter, application with result framework, revised budget and uptake indicators/reporting (KLD 17/578-33).