PARTICIPATION ARRANGEMENT

Between
United Kingdom of Great Britain and Northern Ireland acting through the Department for Environment, Food and Rural Affairs

and

The International Bank for Reconstruction and Development as trustee for the Third Tranche of the BioCarbon Fund

This Participation Arrangement sets out the understanding reached between the Participant and the Trustee in connection with a contribution to be made by the Participant to the Third Tranche of the BioCarbon Fund (the "Fund" or "BioCF").

The granting of interests ("Interests") in the Third Tranche of the Fund is made solely by means of the confidential Information Memorandum of the Fund, dated December 9, 2013, as the same may be amended, modified or supplemented from time to time (the "Information Memorandum").

The Interests are subject to the restrictions on transfer and other terms and conditions set forth in this Participation Arrangement and those set forth in the Instrument of the Fund, as the same may be amended from time to time (the "Instrument"). The Interests may not be offered for sale, pledged, sold, assigned, or transferred at any time except in compliance with the terms and conditions thereof and the Participant bears the risk of its Contribution for an indefinite period of time.

The United Kingdom of Great Britain and Northern Ireland acting through the Department for Environment, Food and Rural Affairs (the "Participant"), hereby will make a contribution of twenty five million and one hundred thousand Pound Sterling (GBP 25,100,000) (the "Contribution") to the Third Tranche of the Fund through the issuance and delivery of an executed and unconditional promissory note made payable on demand.

I. DEFINITIONS

1.1 Capitalized terms hereinafter appearing in this Arrangement, but not otherwise defined, will have the same meaning as that ascribed to them in the Instrument, and the terms set forth below will have the following meanings:

(a) "Arrangement" or "Participation Arrangement" means this participation arrangement and
the exhibits attached hereto;

(b) "Governmental Authority" means any national, regional or local governmental agency or authority in any country, and any other governmental or quasi-governmental entity, agency, organization, commission, secretariat, executive board, mechanism, conference or authority, including any international, regional or multi-national governmental or political bodies or establishments, including, but not limited to, those established by the parties to the UNFCCC or the member states of the European Union, and any subordinate entity, technical body, expert, validator, certifier, Independent Third Party or authority of, recognized by, reporting to, mandated by, or acting on behalf of any of the foregoing;

(c) "Note" means the promissory note, substantially in the form of Exhibit A hereto, in the sum of the Contribution issued by the Participant and made payable to the Trustee;

II. THE INSTRUMENT

2.1 The Participant and the Trustee confirm their acceptance of the provisions of the Instrument attached hereto as Exhibit C, which will be an integral part of this Arrangement.

III. PARTICIPATION IN THE FUND AND FEES

3.1 The Participant acknowledges that this Participation Arrangement will become irrevocable with respect to the Participant at the time of its signature and that, unless otherwise provided in the Instrument, it may not be withdrawn by the Participant without the Trustee's written consent, which the Trustee may withhold in its sole and absolute discretion.

3.2

(a) The first demand for payment pursuant to the Note will be made after the Operational Date of the relevant Window and the Participants in that Window are given 60 days notice to deliver the payment to the Trustee. Following this payment, notwithstanding any other provisions in this Arrangement, demands for payment will be made on a pro-rata basis at the sole and absolute discretion of the Trustee having regard to the financial requirements of the relevant Window, including the anticipated requirements for payments to Recipients under Project Agreements. Participants will be given 60 days notice of any payment demands.

(b) If the Contribution is not denominated in US Dollars, the Trustee will make a demand for payment prior to the signing of every Project Agreement for an amount based on the pro rata share of the Window. Such Contribution will be converted into US Dollars and the Participant's pro rata share of the relevant Window will be determined as follows:

(i) If the Participant elects to prepay its Contribution in full to a specific Window, such prepaid Contribution will be converted into US dollars in
accordance with the Prepaid Trust Fund Arrangement and the relevant pro rata share of the Participant will be determined by the US dollar amount so converted. The demand for payment in this case will be made shortly after the receipt of the notification from the Participant to allocate its Contribution to such Window in accordance with Section 5.1(g) of the Instrument.

(ii) If the Participant elects not to prepay its Contribution in full to a specific Window, the Trustee will determine the Participant’s pro rata share using the exchange rate on the date of the notification by the Participant to allocate its Contribution to such Window in accordance with Section 5.1(g) of the Instrument.

(c) The conversion rate will be calculated with reference to the spot market exchange rate utilized by the Treasury Department of the World Bank on the date of such conversion.

3.3

(a) In accordance with Section 4.1(e)(ii) of the Instrument, the Participant may make a Contribution to the Tranche without specifying a Window. This may be done through (i) the issuance and delivery of an executed Note made payable on demand; and, if the Participant so wishes, (ii) the prepayment of the partial or entire amount of its Contribution.

(b) Where the Participant makes a contribution to the Tranche in accordance with Section 4.1(e)(ii) of the Instrument, the arrangements in Section 5.1(g) of the Instrument will apply. For the avoidance of doubt, the ‘date of the Contribution’ referred to in Section 5.1(g) of the Instrument in connection with the 12 and 48 month time periods is, for the Participant, the date of this Arrangement.

(c) Where the Participant makes a Contribution to the Tranche in accordance with Section 4.1(e)(ii) of the Instrument prior to allocation to a Window to be established or an existing Window, the Participant may elect to transfer funds from the Tranche to BioCF plus through notification from the Participant to the Trustee and the execution of a separate administration arrangement for the BioCF plus between the Participant and the Trustee.

3.4

(a) The Participant will be entitled to prepay up to the entire amount of its Contribution to an existing Window of the Tranche.

(b) Pursuant to paragraph 3.3(a) of this Arrangement, the Participant may prepay the partial or entire amount of its Contribution to the Tranche. In the event the Participant prepaYS and then opts to withdraw its Contribution in accordance with Section 5.1(g) of the Instrument, the Trustee will promptly return the prepaid Contribution to the Participant.
3.5 No interest will be payable by the Participant on any portion of a Contribution not yet demanded by the Trustee or by the Fund on any prepaid portion of a Contribution.

3.6

(a) The Trustee may deduct and retain for its own account, as a deduction from the Contribution, an amount equal to two percent (2%) as an administrative fee for the Fund.

(b) If the Participant makes a contribution to the Tranche pursuant to Section 4.1(c)(ii) of the Instrument, the Trustee may deduct and retain an amount equal to three quarters of one percent (0.75%) of that contribution for the costs and expenses incurred in connection with the establishment of new Windows in accordance with Section 12.2(d) of the Instrument. If the above arrangement does not suffice to cover the costs for establishing new Windows, the Trustee may charge an additional amount to cover such costs after consulting with the Participant.

(c) Any costs incurred by the Trustee to administer each Window may be paid or reimbursed to the Trustee from the Window Property on an actual basis up to a maximum of four percent (4%) in accordance with Section 12.1(a)(iii), (iv) and (v) through (x) of the Instrument.

(d) In addition, costs for development of Projects under each Window may be paid or reimbursed to the Trustee from the Window Property on an actual basis in accordance with Section 12.1(a)(i) through (vii) of the Instrument.

3.7 The Participant and the Trustee acknowledge the importance of the following five issues and note the need to reach further agreement on these through the appropriate decision making forums in the Third Tranche of the Fund:

- Governance provisions within the new Windows to which the Participant will contribute;
- Governance provisions for the BioCFplus;
- The costs and expenses incurred in connection with the establishment of new Windows referred to in paragraph 3.6 (b);
- Monitoring and evaluation provisions, including for a monitoring and evaluation strategy, results framework, evaluations of the new Windows, and financial provision for these; and
- Governance provisions for the wrap-up of Windows and the management of remaining funds at the Window level.

IV. ADDITIONAL CONTRIBUTION
4.1 At any time after signature of this Participation Arrangement by the Participant and the Trustee, but prior to the Closing Date of the Tranche to which the Participant made its Contribution, the Participant may make Additional Contributions to any Window(s) in the Tranche. Additional Contributions are in addition to and do not replace the Contribution or other Additional Contributions already made by the Participant.

4.2 The Participant and Trustee acknowledge and accept that the Participant will not be obligated to make any Additional Contributions.

4.3 Any Additional Contribution should be made by the Participant completing the form provided in Exhibit B hereto and submitting it to the Trustee. The Participant acknowledges that once that form has been signed and submitted to the Trustee, the Additional Contribution will become irrevocable with respect to the Participant and that it may not be withdrawn by the Participant without the Trustee’s written consent, which the Trustee may withhold in its sole and absolute discretion.

4.4 The payments under the Note for Additional Contributions will be effected in accordance with the provisions set forth in paragraph 3.2 and paragraphs 3.4 through 3.6 of this Arrangement.

4.5 The Participant may make an Additional Contribution to the Tranche without specifying a Window subject to the provisions set forth in paragraph 3.3 and paragraph 3.6 of this Arrangement.

4.6 Any Additional Contributions made by the Participant will be subject to the provisions of this Participation Arrangement and of the Instrument.

V. CONFIRMATIONS BY THE TRUSTEE

5.1 The Trustee confirms that

(a) it has all necessary power and authority to act as trustee of the Third Tranche of the Fund; and

(b) it will make its best efforts, on behalf of the Participant, to cancel any emissions reductions or emissions reductions units which are attributable to the Participant’s interest in the Fund.

VI. CONFIRMATIONS AND ACKNOWLEDGEMENT OF THE PARTICIPANT

6.1 The Participant confirms and acknowledges as follows:

(a) There is no guarantee that Projects included in the Third Tranche of the Fund or any Emission Reductions or Additional Benefits generated by such Projects or otherwise
contracted for by Trustee for the Third Tranche of the Fund will be recognized, documented, confirmed, validated, certified, approved, credited, supported, registered, accounted for or agreed to by any Governmental Authority.

(b) In participating in the Third Tranche of the Fund, the Participant hereby assumes the following risks:

(i) Post-2020 international agreement on emission reductions in the UNFCCC process may not be developed or that any related agreement adopted by any Governmental Authority may not enter into force or be extended for whatever reason, including reasons that were unforeseen or unexpected at the time this Participation Arrangement is entered into or those reasons that would otherwise qualify as force majeure, and that any other current or future facts, circumstances or developments may prevent the Third Tranche of the Fund from achieving its objectives or otherwise materially affect the Projects included in the Third Tranche of the Fund, the Emission Reductions or Additional Benefits generated by Projects of the Fund or otherwise contracted for by the Fund, or the markets for those Emission Reductions; and

(ii) Any regulatory regime enacted or adopted by any Governmental Authority, including, but not limited to, those regulating, relating to or applicable to climate change, commodities, securities or Emission Reductions, may limit or prevent the Third Tranche of the Fund or the Participant from generating, creating, contracting, producing, selling, transferring, assigning, allocating, distributing, controlling, holding, mortgaging, pledging, disposing, using, benefiting or deriving benefits from, or owning Emission Reductions or Additional Benefits.

6.2 The Participant confirms and acknowledges as follows:

(a) The Interest acquired in the Fund will not be used for sale or for compliance purposes.

(b) The Trustee is hereby authorized to cancel any emission reductions or emissions reductions units which are attributable to the Participant's interest in the Fund in the reporting system maintained by the Trustee, or any other emissions reduction registry.

(c) The Participant has received and carefully reviewed the Information Memorandum and the Instrument, as each has been supplemented, revised or amended, prior to the date of, this Participation Arrangement, and all appendices, schedules and exhibits to each of the foregoing, understanding that each such document supersedes all prior versions thereof and any inconsistent portions of previously distributed materials relating to the Fund. Based on this review, the Participant has determined that the Interest being acquired is suitable for the Participant subject to the arrangement referred to (a) and (b) above. The Participant recognizes that participation in the Third Tranche of the Fund involves certain risks and it has taken full cognizance of
and understands all of the risk factors, including those described in the Information Memorandum relating to the purchase of an Interest.

(d) The Participant has all necessary power and authority to enter into this Arrangement and the Note, to acquire an Interest in the Third Tranche of the Fund in the sum of the Contribution, and to participate in the Third Tranche of the Fund.

(e) The Participant has duly authorized, executed and delivered the Note.

(f) The Participant acknowledges that the tax consequences to the Participant of a Contribution in the Third Tranche of the Fund may depend on its circumstances and that the Participant should consult with its own tax advisor regarding any and all applicable national, federal, state, and local tax considerations applicable to a Contribution in the Third Tranche of the Fund. The Participant is relying solely upon the advice of its own tax and legal advisors, and will not rely upon the general discussion set forth in the Information Memorandum with respect to such matters.

(g) The Participant has no need for the liquidity of its Contribution and has sufficient knowledge and experience in financial and business matters, as well as the relevant applicable environmental matters, together with sufficient resources, to analyze and evaluate the merits, risks and suitability of the Third Tranche of the Fund in the context of its financial position and particular circumstances.

(h) The Participant has conducted such investigation and analyses of the Trustee and the Fund, participation in the Third Tranche of the Fund, and environmental and other issues affecting the Trustee and the Fund as it deems necessary to arrive at an independent evaluation of the Trustee and the Fund and participation in the Third Tranche thereof. The Participant understands that the Trustee has made no representation or warranty with respect to the information provided in the Information Memorandum. The Participant’s decision to participate in the Third Tranche of the Fund is not as a result of any reliance upon the IBRD or its employees, executive directors, officers or agents for any investment, tax, legal, or other advice in connection with its decision to participate in the Third Tranche of the Fund. More specifically, but without prejudice to the generality of the foregoing, the Participant confirms that it has consulted with its own financial and legal advisors as necessary as to the risks and other considerations arising from acquiring or disposing of an Interest in the Third Tranche of the Fund such as, but not limited to, its eligibility to receive credit under the UNFCCC and any other regulatory regime established or mandated by a Governmental Authority and with its tax advisors as necessary regarding the possible application of income and/or other taxes of any jurisdiction applicable to it.

(i) The signature of this Participation Arrangement and any other documents signed by the Participant in connection herewith is in accordance with laws of the Participant.

(j) The Participant understands that the Trustee, the Fund Manager, their respective members, their respective affiliates and various clients advised by one or more
affiliates thereof may engage in activities that are competitive with that of the Third Tranche of the Fund and accepts such activities even though in some circumstances there may be conflicts of interests inherent therein. The Participant acknowledges the existence of the actual and potential conflicts of interest identified in the Information Memorandum and, as specified therein, to waive any claim the Participant or any person claiming through it may have with respect to the existence of any such conflict of interest.

(k) The Participant will make all payments contemplated by this Participation Arrangement when the same become due and payable.

(l) The Participant confirms the provisions of the Participation Arrangement and the Instrument, and is familiar with, and understands the nature and scope of the rights and remedies provided to the Trustee on behalf of the Third Tranche of the Fund in the event of the Participant's failure to pay any part of its Contribution under the Instrument when due, or other event and is prepared to accept the exercise against the Participant of such rights and remedies in the event of such failure on the Participant's part.

VII. APPROVAL PURSUANT TO UNFCCC COMPLIANCE AND OTHER AGREEMENTS AND REQUIREMENTS

7.1 Where the Participant's decision regarding the actions requested by the Trustee does not have any potential to affect other Participants or the operations of the Fund, the Participant will only execute a document, agreement, certification, authorization or instrument, or take any other action, if it considers it reasonable to do so; in all other cases, the Participant will execute any other document, agreement, certification, authorization or instrument, or take any other action, in each case as reasonably requested by the Trustee, to facilitate, effectuate, approve, support, validate, reinforce, sanction, confirm, authenticate or corroborate the registration of Projects by the UNFCCC, or other relevant regulatory or voluntary or future regime, the issuance of all Emission Reductions generated by Projects or otherwise contracted for by the Trustee, and the transfer, assignment, distribution or cancellation of such Emission Reductions.

VIII. AMENDMENT

This Arrangement may only be amended with the written consent of the Participant and the Trustee.

IX. TERMINATION

This Arrangement may be terminated by written notice of the Trustee, in accordance with the terms and conditions of the Instrument.
X. NOTICES

10.1 All communications will be in writing (including telex and facsimile communications), or by telephone (to be promptly confirmed in writing) or by electronic mail. Each communication will be made to the relevant person at the address, facsimile number, telex, telephone number or electronic mail address, from time to time designated by that party to the others for that purpose. The address, facsimile number, telex, telephone number and electronic mail address so designated are set out below:

Name: Department for Environment, Food and Rural Affairs
Address: Area 2E Nobel House
          17 Smith Square
          London
          SW1P 3JR

Attention: Christopher Whaley, Head of International
Telephone: 0207 238 3025
Facsimile: 0207 238 5875
Electronic Mail: christopher.whaley@defra.gsi.gov.uk

Name: International Bank for Reconstruction and Development, as Trustee for the Third Tranche of the BioCarbon Fund
Address: 1818 H Street, N.W.
         Washington, D.C. 20433
         U.S.A.

Attention: BioCarbon Fund Manager
Telephone: 1 (202) 473 2194
Facsimile: 1 (202) 522 7432
Electronic mail: ebaroudy@worldbank.org

10.2 A communication will be deemed received, if sent by mail, when delivered, if sent by facsimile, when a transmission report shows that the facsimile has been sent, if given by telephone, when made (and promptly followed up in writing), and if sent by electronic mail, when sent to the electronic mail address provided by the Participant to the Trustee provided, however, that any communication which is received outside business hours or on a non-business day in the place of receipt will be deemed received on the next following business day in such place.
XI. MISCELLANEOUS

11.1 The Participant will keep confidential and not publish, disclose or otherwise divulge to anyone (and will cause its officers, directors, employees, agents and representatives to keep confidential, and not publish, disclose or otherwise divulge to anyone) any and all information to which it gains access in relation to the operation of the Fund or as a result of its participation in the Third Tranche of the Fund (including, but not limited to the Information Memorandum), unless: (a) specifically authorized to be disclosed under the IBRD’s and, depending on the Project, the International Finance Corporation’s, intermediary’s, or project sponsor’s general disclosure policy; (b) as otherwise agreed in writing by the Trustee; or (c) required to be disclosed under any laws or regulations of the Participant.

11.2 The Participant will, upon written request, furnish promptly to the Trustee such information and execute and deliver such documents as may reasonably be required by the Trustee to comply with, or to confirm compliance with, any applicable laws or regulations or other obligations of the Trustee or the Fund.

11.3 Where the Participant has an interest in a Project of a Window of the Fund in which it participates or in another investment vehicle having objectives and policies similar to those of such Window, which, as a result, compete with the Window for investment opportunities, it will disclose such interest to the Trustee prior to the review of any Project of the Window. Upon advice of the Trustee, the Participant will recuse itself from the Participants’ Committee’s deliberations with respect of such Project. If the Participant disagrees with the Trustee’s determination, it will advise the Participants’ Committee of the conflict or potential conflict and the Participants’ (excluding the Participant making the disclosure) will decide whether such Participant should be permitted to participate in the Committee’s deliberations on such Project. The failure of a Participant to disclose its interest in a Project or other venture in a timely manner may result in sanctions to be determined by the Trustee after consultation with the other Participants.

11.4 The Participant and Trustee will agree on the details of the reporting and evaluation of each Window within six (6) months of the Operational Date of the relevant Window.

11.5 The Participant understands that the Trustee, in its sole and absolute discretion, may at any time either withdraw and terminate the offering of the Interests in whole or in part or in respect of any particular jurisdiction if any such offering would, in the Trustee’s opinion, adversely affect the Fund, including any Window or Tranche thereto.

11.6 The Participant will not, following the provision of information of a proposed Project of the Fund to the Participants, commence any discussions or negotiations with the Project Entity or any shareholder of the Project Entity regarding the purchase by the Participant of any Emission Reductions generated or to be generated by the Project and it will not enter into an agreement with any other person regarding the dealing in or sale of the Emission Reductions generated or to be generated by the Project as a result of any such
discussions or negotiations until the earlier of termination of a letter of intent between the Project Entity and the Trustee or signature of a Project Agreement.

11.7 Within fourteen days of the receipt of a written request from the Trustee, the Participant will provide such information and execute and deliver such documents as reasonably may be necessary to comply with any and all laws and ordinances to which the Third Tranche of the Fund is subject.

11.8

a) The liability of a Participant is, in accordance with Section 13.2 of the Instrument, limited to the amount, if any, which remains unpaid in relation to this Arrangement.

b) The liability of the Trustee, the World Bank and the Participants and any of their officers, employees or agents to any person other than a Participant including any contracts entered into as Trustee or in relation to any Window Property is limited to the Trustee’s ability to be indemnified from the Window Property of that Window.

XII. EXECUTION IN COUNTERPARTS

This Arrangement may be signed in any number of counterparts, all of which taken together will constitute one and the same document.

PARTICIPANT: C Whaley

By: Department for Environment, Food and Rural Affairs
Name: Christopher Whaley
Title: Head of International
Date: 17 December 2013

TRUSTEE: [Signature]

By: [Signature]
Name: Simon Whitehouse
Title: Acting Manager, Carbon Finance Unit
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT, AS TRUSTEE OF THE THIRD TRANCHE
OF THE BIOCARBON FUND

Date: 17 DECEMBER, 2013
AMENDMENT TO PARTICIPATION ARRANGEMENT
FOR ADDITIONAL CONTRIBUTION

Between

International Bank for Reconstruction and Development ("IBRD")
as trustee for the [_________ Window of the] Tranche Three of the BioCarbon Fund
(the "Fund")
and

the Participant hereinafter named

1. entered into and executed a Participation
Arrangement dated (the "Participation Arrangement") with the IBRD as trustee of
the Fund ("Trustee") that allows the Participant to make additional contributions to the Fund
("Additional Contribution"). The Participant will make an Additional Contribution to the Fund,
in addition to its original contribution and any Additional Contribution already submitted to the
Trustee, equal to the amount indicated below, through the issuance and delivery of the enclosed
unconditional promissory note made payable on demand, in [the ______ Window of the]
Tranche Three of the Fund, in accordance with the provisions set forth in the Participation
Arrangement and the Instrument of the Fund, as the same may be amended from time to time in
accordance with its provisions.

2. The Participant confirms that all confirmations and acknowledgments made in the
Participation Arrangement are still true and accurate as of the date hereof.
PARTICIPANT:

By: ____________________________

Name: __________________________

Title: __________________________

Address: _______________________

Date: __________________________

[Fund Window:]

Additional Contribution Note Amount:

TRUSTEE: ______________________

By: ____________________________

Name: __________________________

Title: __________________________

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT, AS TRUSTEE OF THE THIRD TRANCHE OF
THE BIOCARBON FUND

Date: __________________________
EXHIBIT C

[INSERT INSTRUMENT ESTABLISHING THE BIOCARBON FUND]

[SEE ANNEX 1]