To the Attention of Autoridade de Gestão do PDR 2020
Rua de São Mião, n°. 63,
1149-030 Lisboa, Portuga!
Attention: Gestora do PDR2020 - Eng.a Rita Barradas

Luxembourg, 1 July 2021
CE/MM/2021-286480/GM/PD

Subject: Notification Letter regarding COVID-19 support measures in EAFRD FoF
Portugal

Dear Ms Barradas,

We refer to the Funding Agreement entered into between the European Investment Fund
(“EIF”) and the Portuguese Republic, duly represented by the Managing Authority of the Rural
Development Programme (Programa de Desenvolvimento Rural 2014-2020) on 3 May 2019
(the “Funding Agreement”).

Unless otherwise expressly indicated herein, capitalised terms used in this letter shall have the
meaning attributed to them in the Funding Agreement.

In accordance with article 7.9 of the Funding Agreement, the Investment Board, upon formal
proposal by the EIF can approve any amendments to the Investment Strategy.

We hereby notify to the MA that in accordance with the Investment Board written resolutions
dated 30 June 2021, the Investment Strategy and the Operational Guidance Note have been
revised.
Following the process undertaken with the Investment Board, we would appreciate if you could please indicate your agreement to the attached revised terms by countersigning two originals of the present letter and returning one signed original by courier to EIF.

Yours sincerely,

European Investment Fund

[Signatures]

Name: Gianluca Massimi
Title: Head of Division – Mandate Management

Name: Philippe Dorin
Title: Head of Division – Legal Services

Agreed and Accepted on behalf of the Managing Authority of the Rural Development Programme (Programa de Desenvolvimento Rural 2014-2020)

Autoridade de Gestão do PDR 2020

[Signature]

Name: Rita Barradas
Title: Gestora do PDR2020

Annex: Written Resolution of the Investment Board dated 30 June 2021
ESIF EAFRD Portugal FoF

WRITTEN RESOLUTIONS OF THE INVESTORS’ BOARD OF THE ESIF-EAFRD Portugal FoF

I. PREAMBLE

WHEREAS, pursuant to article 15 of the rules of procedure ("Rules of Procedure") of the Investors' Board (the "IB") of the ESIF EAFRD Portugal FoF adopted on 3 May 2019, in accordance with the provisions of the Funding agreement signed on 3 May 2019, as this has been further amended on 5 March 2020 (the "Funding Agreement" or "FA"), resolutions can be taken by written procedure.

WHEREAS, in accordance with article 15 of the Rules of Procedure, the Secretary of the IB and the Chairperson of the IB have agreed on the distribution of the below proposed resolution to all the members of the IB.

WHEREAS, the members of the IB acknowledge that, according to the Rules of Procedure, the proposed written resolutions will be deemed as passed if all the voting members of the IB have either voted positively via email or not casted a vote (i.e. silence will imply consent in accordance with article 15 of the Rules of Procedure).

WHEREAS, the Secretary will keep a record of votes received or not casted and a summary will be attached to these written resolutions as Annex I.

WHEREAS, defined terms used in these written resolutions and not otherwise defined herein shall have the meaning ascribed to them in the Funding Agreement.

II. BACKGROUND AND PROPOSED RESOLUTIONS

Background

1. Young farmers

Appendix A (Investment Strategy and Business Plan) of the Funding Agreement, sets out, among others, the Eligibility Criteria specific for operations, including one specific eligibility condition related to Final Recipients falling under operation 3.1.3 (i.e. Young Farmers). Following discussions between the Managing Authority (the "MA") and the EIF, the Investment Board ("IB") is invited to agree on the correction of a misalignment (as further detailed below), following which the relevant legal documentation shall be amended.

With respect to the minimum share of capital, the relevant eligibility criterion set out in Appendix A (Investment Strategy and Business Plan) of the Funding Agreement currently reads as follows:
D. Eligibility Criteria specific for operations

<table>
<thead>
<tr>
<th>Operation 3.1.3</th>
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</thead>
<tbody>
<tr>
<td><strong>Final Recipients</strong></td>
<td><strong>Signing date</strong></td>
</tr>
<tr>
<td>Shall meet one of the following criteria:</td>
<td></td>
</tr>
<tr>
<td>a) To be natural persons of age between 18 and 40 registered as farmers, as evidenced by their NACE code (&quot;CAE&quot;), and formally assume ownership and direct management of the farm;</td>
<td></td>
</tr>
<tr>
<td>b) To be legal persons registered as farming businesses, as evidenced by their NACE code (&quot;CAE&quot;), in which one natural person of age between 18 and 40 is a managing partner and holds more than 50% of the business; or</td>
<td></td>
</tr>
<tr>
<td>c) To be legal persons registered as farming businesses, as evidenced by their NACE code (&quot;CAE&quot;), in which more than one natural person aged between 18 and 40 are managing partners and hold individually at least 25% and collectively at least 50% of the business;</td>
<td></td>
</tr>
<tr>
<td>In all cases a), b) and c) above, the Final Recipient shall present to the Financial Institution an IFAP I.P. Declaration.</td>
<td></td>
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</tbody>
</table>

However, in line with the revised concept and definition of young farmer as provided by the MA, we propose to amend this eligibility criterion set out in Appendix A (Investment Strategy and Business Plan) of the Funding Agreement as follows (the "Young Farmers Amendment"):

D. Eligibility Criteria specific for operations

<table>
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<tr>
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</tbody>
</table>
partners and hold individually more than at least 25% and collectively the majority at least 50% of the business;

In all cases a), b) and c) above, the Final Recipient shall present to the Financial Institution an IFAP I.P. Declaration.

2. Operational Guidance

In accordance with national legislation, the MA shall assess when the farming activity started in order to confirm that the Final Recipient has not been in farming for more than five years.

In situations where there is no farming activity initiated by the Final Recipient, for future audit reference, such information shall be obtained from the applicable declaration to be provided by the respective Final Recipient to the relevant financial institution prior to the date of signing the loan agreement (i.e. declaration of activity issued by the Portuguese tax authority ("Declaração de Início de Atividade") for natural persons and "IRC Declaration" for legal persons).

In situations where the holder of the farm holding applying on behalf of a legal person Final Recipient has not started his farming activity before the signature of the loan agreement, but the Final Recipient who is a legal person has been in operation prior to that date, the condition regarding the young farmer status would apply to the holder of the farm holding (and such aspect shall be verified by the MA).

The verification process is summarised in the graph below.
3. Combination with grants

The possibility of the combination of other forms of support under the PDR 2020 and the financial instrument had been introduced by the previous IB written procedure (applicable as of October 19, 2020). However, Annex A of the Operational Guidance for the self-declaration to be provided by the Final Recipients still includes a statement that the Final Recipient has not benefited from support for the same investment of the application such statement shall be removed.

4. COVID-19 Working Capital loans

When applicable, a statement shall be included in Annex C of the Operational Guidance, in the declaration of conformity setting out that the Final Recipient requests a COVID-19 Working Capital Loan according to the flexibility measures introduced by the previous IB written procedure (applicable as of October 19, 2020). This will allow classifying the request of the Final Recipient as COVID-19 Working Capital loan.

In accordance with the IB decision dated 7 October 2020 and as defined in Appendix A (Investment Strategy and Business Plan) of the Funding Agreement, the COVID-19 Eligibility Period is set to expire on 30 June 2021:

E. COVID-19 Conditions

| COVID-19 Eligibility period | means the period during which COVID-19 Final Recipient Transactions are approved, entered into and disbursed, starting on [the date of publication of this Information Note on EIF’s website] and ending on 30 June 2021. |

However, the duration of such measures and applicable eligibility period can be extended, in light of the national rules and with due consideration to the overall temporary nature of the COVID-19 measures. The IB is therefore requested to approve the extension of the COVID-19 Eligibility Period as set out below, allow the EIF to instruct the financial institutions on the extension accordingly and acknowledge and agree that the relevant definition of the COVID-19 Eligibility Period set out in Appendix A (Investment Strategy and Business Plan) of the Funding Agreement shall be updated to read as follows:

E. COVID-19 Conditions

| COVID-19 Eligibility period | means the period during which COVID-19 Final Recipient Transactions are approved, entered into and disbursed, starting on 19 October 2020 and ending on 30 June 2022. |
Proposed IB resolutions

A. Amendment to the Operational Guidance Note approved by the IB in 12 February 2020, as further amended on 7 October 2020

Based on the above and for the purposes of having the revised declaration templates fully acknowledged, accepted and ratified by the IB, the members of the IB hereby approve the following:

- Annex C - Template for Declaration of Conformity for Operation 3.1.3 is amended in order to:
  i) include the start date of the farming activity when this is available,
  ii) include the reference to the respective declaration for natural and legal persons (i.e. declaration of activity issued by the Portuguese tax authority (“Declaração de Início de Atividade”) for natural persons and “IRC Declaration” for legal persons) in which the information regarding the start of the farming activity would be available with respect to the Final Recipient.

- Annex A - Template for the self declaration to be submitted by the Final Recipients to the Financial Intermediaries (in Portuguese) is amended by removing the reference to the prohibition for the investment having received support from other sources of funding.

- Annex C - Template for Declaration of Conformity for Operation 3.1.3 as well as Operations 3.2.3 and 3.3.3 is amended to include reference to the Final Recipient’s request of the COVID-19 Working Capital Loan, when applicable. The revised template of the declaration shall replace the previous conformity declaration laid down in Annex C of the Operational Guidance Note.

The above-mentioned amendments are included in Annex II of the current note.

After the IB’s adoption of these written resolutions, the EIF will, for information purposes only, circulate the amended Operational Guidance Note to Financial Institutions. Such amended Operational Guidance Note would have no implications on the Funding Agreement and the CEOI (including, in each case, as amended from time to time) or the legal relationship between the EIF and the Financial Institutions, which shall be governed by the terms of the Operational Agreements (as these may be amended from time to time).

B. Amendment of the Investment Strategy

Based on the above and for the purposes of having the Young Farmers Amendment in the Appendix A (Investment Strategy and Business Plan) of the Funding Agreement fully acknowledged, accepted and approved by the IB, the members of the IB hereby approve the amendment of Appendix A (Investment Strategy and Business Plan) of the Funding Agreement in order to implement the Young Farmers Amendment as described above.

It is acknowledged and agreed that the Young Farmers Amendment shall come into effect vis-à-vis Financial Institutions as of the date of and subject to the amendment of the respective operational agreement implementing this amendment and shall apply only with respect to Final Recipient Transactions entered into following such date.

In addition, based on the above and for the purpose of extending the period during which the COVID-19 Working Capital Loans are available to addresses the impact of the COVID-19 crisis on the business/activity of the COVID-19 Final Recipient, the members of the IB hereby approve the
extension of the COVID-19 Eligibility Period until 30 June 2022 and the amendment of Appendix A (Investment Strategy and Business Plan) of the Funding Agreement in order to implement the amended definition of the COVID-19 Eligibility Period.

DATE OF ADOPTION

The date of this written resolution will be the date on which the Chairperson will confirm, in writing, any relevant decision to all members and observers as set out in article 1.5 of the Rules of Procedure of the IB.

ANNEX E: Record of votes

<table>
<thead>
<tr>
<th>Voting members appointed by the Managing Authority</th>
<th>Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Mr Eduardo Diniz</td>
<td>☑ Yes ☐ No ☐ No reply</td>
</tr>
<tr>
<td>2) Mrs Rita Barradas</td>
<td>☑ Yes ☐ No ☐ No reply</td>
</tr>
<tr>
<td>3) Mr João Mota</td>
<td>☑ Yes ☐ No ☐ No reply</td>
</tr>
</tbody>
</table>

Rita Baredes
30.06.2021
Rita Barradas

João Carlos Fernandes
30.06.2021
IFAP, I.P.
Instituto do Fomento de Agricultura e Pescas, I.P.
ANNEX II

Amendment to the Operational Guidance Note for the implementation of the ESIF EAFRD Portugal Fund of Funds

1. Declaration of Conformity for Operation 3.1.3:

Considering the above and in accordance to the terms of the amendment of the Funding Agreement regarding the COVID-19 Working Capital Loans, Annex C - Template for Declaration of Conformity for Operation 3.1.3 is amended as follows (text to be added, when relevant, in bold):

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 TEMPLATE OF THE CONFORMITY DECLARATION ISSUED BY THE MA PDR 2020 AND IFAP I. P. AND TO BE SUBMITTED BY THE FINAL RECIPIENT TO THE FINANCIAL INTERMEDIARY

(Operation 3.1.3)

"Compliant situation"

By request of the interested party and for the purposes of applying for the Operation 3.1.3 - Investments by Young Farmers of the CONTINENT RURAL DEVELOPMENT PROGRAM 2014-2020 (PDR 2020), <NAME_MANAGER>, as Manager of the PDR 2020 MANAGEMENT AUTHORITY (MA), with address at Rua de São Julião, nº 63, 1149 - 030 Lisboa, declares that, on <DATE>, the beneficiary identified below has adequate training, complying with the provisions of paragraph e) of article 8 of Portaria nº 31/2015 of 12 February in its current wording.

- It is also declared that, based on the Information System of the Institute of Financing for Agriculture and Fisheries, I. P. (IFAP, I. P.), on the above-mentioned date, the beneficiary identified below:
- Is registered at the paying agency, with the number ... (NIFAP);
- Has the situation regularized in terms of replacements in the scope of EAFRD and EAGF financing, or had constituted a guarantee in favor of IFAP, I. P. ;
- He was not convicted in a criminal case for facts involving financial resources within the scope of the EAFRD and the EAGF.
- Has started its farming activity on DD/MM/YYYY [if applicable]

The final recipient has identified that the application he intends to submit to Operation 3.1.3 - Investments by Young Farmers of PDR 2020 is linked to the PDR 2020-XXX-XXXXXX application, which has a validated eligible cost of €... (... euros), the amount of €... (... euros) support granted, corresponding to an aid intensity of ....%.

The maximum aid intensity applicable for this application in combination with the financial instrument is ...%.

Final recipient identification:
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In the case of requests submitted by legal persons, the declaration must also refer individually to the managing partners who are young farmers.

In other words, it should say:

The detention, on the present date, of adequate training, complying with the provisions of paragraph e) of article 8 of Portaria No. 31/2015 of February 12 in its current wording, is applicable to the following (s) partner(s) manager(s) who are (are) young farmer(s):

<table>
<thead>
<tr>
<th>Tipo de entidade</th>
<th>Singular/Coletiva</th>
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</thead>
<tbody>
<tr>
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<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Entidade/ Sócio</th>
<th>&lt;NOME_BENEFICIARIO&gt; / &lt;NOME_SOCIO&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data de nascimento</td>
<td>% de capital</td>
</tr>
<tr>
<td>% de capital</td>
<td>% de capital</td>
</tr>
<tr>
<td>Gerente</td>
<td>Sim/Não</td>
</tr>
<tr>
<td>CC/NIPC</td>
<td>&lt;CARTAO_CIDADEO&gt; / &lt;NIPC&gt;</td>
</tr>
<tr>
<td>NIF</td>
<td>&lt;NIF&gt;</td>
</tr>
<tr>
<td>NIFAP</td>
<td>&lt;NIFAP&gt;</td>
</tr>
<tr>
<td>Data of entry of the young farmers in that legal person (if applicable)</td>
<td>DD/MM/YYYY</td>
</tr>
</tbody>
</table>

The statement with information regarding the start of agricultural activity must be presented to the financial institution until signing of the loan agreement ("declaration of activity issued by the Portuguese tax authority ("Declaração de início de Atividade") for natural persons, and "IRC Declaration" for legal entities, which must contain information on the start date of agricultural activity) (if applicable).

The beneficiary referred that the present Declaration of AG PDR2020 / IFAP is requesting a COVID-19 Working Capital Loan (if applicable).
2. Self-declaration to be submitted by the Final Recipients to the Financial Intermediaries

Annex A - Template for the self-declaration to be submitted by the Final Recipients to the Financial Intermediaries is amended as follows:

(...)

b) Não ter beneficiado de apoios para o mesmo investimento a que se candidata.

c) b) Comprometer-se, no caso de investimento em irrigação, a dar cumprimento ao disposto no artigo 46.º do Regulamento (UE) n.º 1305/2014, assegurando:

(...)

3. Declaration of Conformity for Operations 3.2.3 and 3.3.3:

Annex C - Template for Declaration of Conformity for Operation 3.2.3 and 3.3.3 is amended (text added in **bold**):

(...)

The beneficiary referred that the present Declaration of AG PDR2020 / IFAP is requesting a COVID-19 Working Capital Loan [if applicable].