

TARL ECO MICRO COFFEE FARMS (TEMICOF)

STANDARD PRODUCTION AND PROFIT-SHARING PARTNERSHIP AGREEMENT

A. PREAMBLE

1. Tarl Eco Farms is a full value chain agri-business coffee enterprise based and operating in Ntungamo District, South Uganda. The Company business operations cover:

- i) Eco-friendly coffee farming operations.
- ii) Post-harvest coffee handling.
- iii) Primary & secondary coffee processing.
- iv) Marketing, export and trade

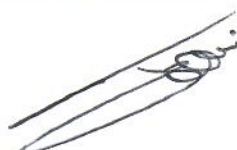
The goal of Tarl Eco Farms is to high quality, eco-friendly and traceable quality coffee to premium global coffee markets through partnerships with landowners, coffee farmers and empowered farm workers. Tarl Eco Farms is driven by the commitment to modernize and optimize smallholder on-farm coffee operations while reducing the distance between the farm and consumer markets by expanding company operations along key segments of our product value chain. Our mission is to establish, modernize and optimize a network of nucleus and micro coffee farms and link our farmers to premium coffee markets by guaranteeing quality and traceability along our entire coffee value chain operations. We are committed to capturing the highest value for the company and the network of farmers participating in our micro farms network by eliminating middlemen and delivering value added coffee to consumer markets. As a Company, we are committed to transform the coffee value chain landscape in Western Uganda by pursuing technology enabled operations along the entire value chain.

B. LEGAL STATUS

2. Tarl Eco Farms was established and started farming operations in 2015. The Company was incorporated in Uganda in 2021 as Tarl Eco Farms SMC Ltd.

C. TARL ECO MICRO FARMS (TEMICOF) INITIATIVE

3. Tarl Eco Micro Coffee Farms (TEMICOF) Initiative is a network of micro coffee farms established in partnership with individuals and households who have land that is not being productively and optimally utilized. The Initiative represents the commitment of Tarl Eco Farms to mobilize the participation of rural farmers in the global coffee value chain. Through this Initiative, we achieve three reinforcing objectives. First, by linking farm operations to Tarl Eco Farms' processing and marketing operations, we ensure that Ugandan rural coffee farmers capture a higher value from their coffee crop. Second, through the micro coffee farms, we take stories of individual coffee farmers into the global coffee marketplace (<https://tarlecofarms.com/about/tarl/micro>). Third, by taking direct responsibility for the establishment and management of these micro coffee farms, we ensure uniformity of standards for all Tarl Eco Farms products and guarantee the integrity of our value-added operations as the foundation for fair trade.

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D. THE PARTNERSHIP AGREEMENT

4. This partnership agreement represents the understanding between the farmer and Tarl Eco Farms (jointly referred to as the parties) whereby the farmer provides a piece of land to Tarl Eco Farms to establish and manage a micro coffee farm for the benefit of the parties. Tarl Eco Farms is interested in entering into this partnership agreement with farmers who:
- i) have land which they are not able to put to productive and optimal use because of inhibitive costs of investment.
 - ii) have land which they are not able to put to productive and optimal use because they do not have the time to manage a coffee farming operation.
 - iii) Are interested in ensuring that their lands are developed and utilized in an ecologically sensitive and environmentally friendly manner.

E. FARM DESCRIPTION

5. The micro coffee farm covered by this agreement is described as here below and further shown on the google location map attached as Annex 1.

Farm Code and Name:	TEMICOF4: Kyemanyire
Famer(s) & National ID #:	John Mweteise [CM7103410A367D] Susan Mweteise [CF810121046LPF]
Trade Name [If Applicable]:	NA
Telephone Contact:	+256 703 914 208 / +256 702 949 104
Farm location:	Kyemanyire, Nyakyera, Ntungamo
Size (Acage):	9 Acres
Land Tenure Status:	Unregistered

F. OBLIGATIONS OF THE FARMER

6. A farmer who enters into this partnership agreement with Tarl Eco Farms has the following obligations:
- i) Identifying and making available a piece of land provided it measures at least 1 acre and above to Tarl Eco Farms to establish the micro coffee farm.
 - ii) Ensuring that there are no adverse claims from third parties, including successors in title, for the same piece of land for the duration of the partnership agreement.
 - iii) Ensuring that the land dedicated for the Initiative is consistently available for the full duration of the partnership.
 - iv) Whenever possible and applicable, monitor the company operations on the farm and report any acts or omissions that may be inconsistent with the principles and the business established under this partnership.
 - v) Generally, engage with the company in the management of the farm to the extent possible and appropriate as the parties may agree from time to time.

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7. The participating farmer has the following rights under this partnership agreement as may be modified or updated from time to time based on the consent of the parties.

- i) Ownership of the land – the land dedicated for the establishment of the farm shall at all times remain the property of the farmer provided that for the duration of this partnership agreement, the farmer's rights of ownership shall be subject to the conditions and limitations set out in this agreement.
- ii) Right to provide labour – where the farmer offers to provide labour and other support towards the operation of the farm, they will have the priority in case of hiring such labour, provided that the labour so provided shall be considered as part of the recoverable costs owing to the farmer as appropriate.
- iii) Right to profit-sharing – the farmer shall be entitled to a share of profits from the time the farm starts generating revenues from coffee or other products produced from the farm.
- iv) Profit share to be based on the midstream and downstream coffee market – to the extent possible and to ensure a higher revenue for the farmer, the point of determination of profit-sharing shall extend midstream and downstream along the product value chain to the point of pricing of green beans.
- v) Access to information – the farmer is entitled to access to information regarding Company investment expenditures and cost recovery regarding the on farm and associated value addition operations. This information shall be provided by the company on a regular basis but in any case, every calendar year.
- vi) Branding and tracing of coffee and other products – consistent with the branding rules of Tarl Eco Farms, every farmer may have a right to have their coffee or any other product branded with the name of the village or location where the farm is located so that stories of individual farms and farmers are told across the global coffee marketplace.
- vii) Online promotion – to the extent possible, every farmer shall have a right to have their farms and other promotional materials including location maps, photos of the farm, personal photos, etc published on the company website.
- viii) Use of data and confidentiality – the farmer shall have the right to access and use data from his or her farm as the parties may deem appropriate provided that such access and use shall be consistent with the traditional rules governing confidentiality of business information and data.

H. OBLIGATIONS OF TARL ECO FARMS

8. The company shall be generally responsible for the establishment, management and offtake of the coffee or any other products produced from the farm as the case may be. Specifically, the Company has the following obligations:

- i) Establish land location and size - Survey, establish and publish the acreage of the land provided in a manner that the farmer understands the size of such land.
- ii) Financing farm establishment and operations - Mobilize the required financing to establish the farm including opening up the land, procuring seedlings, planting, implementing appropriate husbandry practices, establishing and operating appropriate irrigation infrastructure where necessary, harvesting, processing and marketing of the coffee from the farm.
- iii) Optimum utilization of the land – for the benefit of the parties, the Company shall ensure that the land provided shall be optimally utilized by adopting



appropriate intercropping practices to create additional revenue streams from the land.

- iv) Accurate and transparent record keeping – the company shall keep accurate records about the farm following established protocols and shall ensure transparency in the sharing of relevant information with the farmer as appropriate.
- v) Promotion of the farmer's coffee and other products – the company shall ensure adequate measures and infrastructure is in place to promote the coffee and other products of the farmer in accordance with this partnership agreement.
- vi) Capacity building and business development – the Company may mobilize resources and identify opportunities that support the capacity building and business development of the farmer as the case may be and as may be possible and appropriate.
- vii) Investment advisory – the Company may offer investment advisory and other financial advisory services to ensure that the farmer benefits from the full range of business and other services provided by the Company.

I. PROFIT-SHARING MODEL

9. Tarl Eco Micro Coffee Farms Initiative is premised on the understanding that the farmer shall commit a dedicated parcel of land for the partnership while the Company shall mobilize capital, expertise and other resources for the establishment, management and trading of the coffee produced from the farm. As such, profit-sharing arrangement is underpinned by three core principles:

- i) First, the model is designed to ensure that the farmer is able to start sharing the benefits from the partnership immediately the farm starts generating revenues.
- ii) Second, the profit to be shared shall to the extent possible be calculated at a downstream point along the value chain provided that the profit with respect to the farm can be definitively determined. For the avoidance of doubt, profit sharing may be based on the price of green coffee beans.
- iii) The profit sharing shall be on an annual basis and shall commence from the year the farm starts generating revenues.

10. The following rules shall apply to profit sharing between the parties.

- i) For every year starting with the year of **first the firm** starts generating revenues as stipulated in paragraph (9)(iii), the company shall derive the net revenues for purposes of profit-sharing by deducting the following costs:
 - a) Verifiable actual costs of annual farm maintenance, inputs and other farm husbandry operations, including but not limited to: labour costs for weeding, costs of procurement and application of manure and other necessary farm inputs, procurement of farm tools, hiring for labour for coffee harvesting, and such other costs relating to general maintenance and proper farm husbandry.
 - b) A fixed amount equivalent to 5 percent of the gross revenues will be deducted to cover the cost of personnel, and General and Administrative (G&A) of the company operations.
 - c) A fixed amount equivalent to 5 percent of the gross revenues will be deducted to cover the cost of marketing, trading, and related operations necessary to access premium market opportunities.

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- ii) The parties shall share the net revenues generated on a ratio of 50:50 for the duration of this agreement and the Company shall ensure that revenues are determined at the best level of value addition possible based on the prevailing company value addition infrastructure.
- iii) The Company shall on an annual basis remit the profit share of the farmer to the farmer's designated bank account or any other payment method agreed between the parties and expressed in writing.

J. PUBLICATION AND CONFIDENTIALITY

- 11. The parties shall maintain for at least three years after the termination of this partnership agreement any data and information recognized as confidential and obtained from the opposite party in the course of execution of this agreement. Provided that nothing herein may limit the power of the parties to utilize any such data or information as may be required in the ordinary course of business envisaged under this partnership.

K. DURATION OF THE PARTNERSHIP AGREEMENT AND TERMINATION

- 12. This partnership agreement shall remain in force for a period of fifteen (15) years from the date of first planting of coffee seedlings, unless terminated by the parties in accordance with the provisions set out herein. For the avoidance doubt, the parties hereby agree that the year of first planting for the purposes of this agreement is 2023.
- 13. For the duration of this partnership agreement, the parties undertake not to change the land use of the designated land or do any such activities that are inconsistent with this agreement, except with the express mutual consent of both parties.
- 14. Upon the expiration of the fifteen (15) years period, this agreement may terminate by operation of time. However, the parties may agree to renew the agreement on mutually agreed terms and conditions. Either party may signal its interest in renewing the agreement by communicating orally or in writing giving at not less than 6 months' notice to the other party.

L. DISPUTE SETTLEMENT

- 15. In the event that the parties opt to terminate this partnership agreement prior to the expiration of its duration herein provided, they shall make the best endeavours to reach an amicable settlement on how to treat the assets and liabilities arising from the operation of this agreement.
- 16. In case of failure to reach agreement pursuant to clause 15, the parties may refer the dispute to a single arbitrator appointed in consultation with each other and the decision of such arbitrator shall be binding on the parties.
- 17. Where the farmer chooses to terminate this agreement prior to the expiry of the duration of the agreement, any settlement pursuant to this section shall include appropriate compensation to the Company based on profit sharing projections for the remaining duration of this agreement.
- 18. Nothing in this article shall oust the rights of the parties to refer any dispute to courts of law in the event of failure to resolve any dispute arising from this agreement and which cannot be resolved in accordance with clause 15 and 16 above.

M. LAW APPLICABLE

- 19. This agreement shall be governed in accordance with the Laws of Uganda.

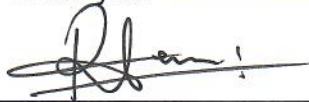
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N. ENDORSEMENTS AND WITNESSES

By the signing on this agreement, the parties hereby confirm their consent to be bound by the terms of conditions set out herein.

Dated this ----- day of ----- in the year -----

For Tarl Eco Farms



SIGNATURE

JEROME NUWABAASA

HEAD OF STRATEGY & BUSINESS
OPERATIONS

For the Farmer(s)

SIGNATURE

JOHN MWETEISE

FARMER



SIGNATURE

John Mweteise

PRINTED NAMES

WITNESSES

NAME

DESIGNATION

1.

Chairman LCI

Chairman LCI

2.

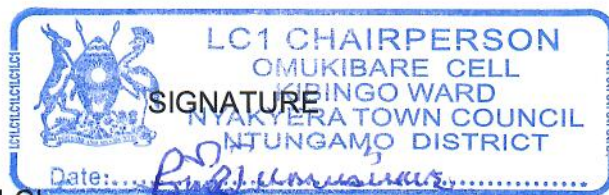
Advocate

Advocate

3.

Tarl Eco Farms

Tarl Eco Farms



DRAWN BY:

ALTO Advocates

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