

CONFIDENTIAL

MEMORANDUM OF UNDERSTANDING

BETWEEN

BARBADOS AGRICULTURAL MANAGEMENT CO LTD

AND

BARBADOS SUSTAINABLE ENERGY COOPERATIVE SOCIETY LTD

This Memorandum of Understanding (hereinafter referred to as "MOU") is made and entered into as of the **26th March 2023** between the **Barbados Agricultural Management Company** (hereinafter referred to as "**BAMC**"), and **Barbados Sustainable Energy Cooperative Society Ltd.** (Hereinafter referred to as "**CoopEnergy**"). BAMC and CoopEnergy are each referred to in this MOU as a "**Party**" and collectively the "**Parties**".

RECITALS:

WHEREAS:

1. The Parties have recognized the need to restructure the Sugar Industry toward a profitable and sustainable business that will have private sector and employee ownership.
2. The Parties have recognized the need to remove, on a phased basis, the payment received from Government for price support to the farmers and eliminate the direct subvention provided on a phase basis.
3. The Parties have initiated plans to conduct a comprehensive review of the operations at Portvale Factory, including a financial model that will focus on:
 - Extracting the value-added revenue from the sale of sugar and molasses.
 - Determining and implementing a new price model for payment of cane from the Farmers.
 - Investing in renewable energy projects inclusive of solar photovoltaics and biomass.
4. The Parties intend that the transition will occur in phases to enable informed decisions by the project partners. The initial phase of the Project will focus on implementing a new pricing model for cane, developing capital budgets, developing supporting business plans, developing and executing shareholder's agreements, developing and executing land use agreements, and the incorporation and capitalization of companies under the new mandate. Subsequent phases would involve technical planning, financing, and subsequently the construction/commissioning of the boilers, turbines and ancillary equipment to increase co-generation capacity.
5. The Parties will develop a joint project charter with respect to the Project, The Project Charter will be incorporated into this MOU

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NOW THEREFORE for good and valuable consideration the sufficiency of which is hereby acknowledged the Parties agree in this MOU as follows:

1. Purpose & Scope:

The purpose of this MOU is to confirm the intention of the Parties to:

- Contract a Professional service firm to produce a business plan which seeks to extract value-added revenue, recommend investments in the renewable energy space, and phase out the support from the government for price support and subvention.
- Incorporate a company (BESCO) to manage the operations of Portvale Sugar Factory with 55% of equity owned by the private sector (CoopEnergy or their partners) and 45% owned by the current and former employees of BAMC with the intention to sell 25 percentage points to the public in the future.
- Enfranchise BAMC's current and former employees such that their 45% equity contribution in BESCO will include the valuation of the lands (17.4 acres) and factory assets at Blowers, St Thomas (2022 BRA and tax value of \$30,000,000) and \$5 million in cash to be provided by the government.
- Offer the Private Sector (CoopEnergy) a 55% equity contribution in BESCO that will include \$16.5 million in cash.
- Invest in Boilers and other equipment to build up the co-generating capacity of Portvale Factory from 5MW installed to 20MW by the fiscal year 2027-28. This investment will cost \$82.9M and BESCO will implement the investment in phases. Financial Institutions will provide 80% (\$66.3 million) of the debt financing the shareholders will provide 20% (\$16.5 million) in equity financing. (CoopEnergy) will provide the \$16.5 million in cash for a 55% equity stake of BESCO.
- The initial phase will target the production and sale of 1MW (based load) electricity to the Barbados Light and Power Ltd under a 20 year PPA by June 2024.

The Parties will coordinate discussions with all necessary governmental officials and associations to facilitate the execution of the Project.

2. Non-binding MOU:

This MOU is effective upon the day and date last signed and executed by the duly authorized representatives of the Parties ("**Effective Date**") and shall remain in full force and effect for a period of six (6) months unless extended by mutual agreement of the Parties in writing. The terms of this MOU save for the Binding Terms (defined below) are not binding and are subject to further review and negotiation by the Parties. It is the intention of the Parties that this MOU will be succeeded by the execution of one or more definitive agreements should the Parties agree, after full due diligence, to proceed with the Project. Any Party may terminate this MOU, without cause, by thirty (30) days' written notice to the other Parties, which notice may be delivered by bearer, facsimile, e-mail, or by registered mail in accordance with section 8 below.



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5. **Term:**
The Parties intend that within six (6) months after the date of this MOU the Parties will negotiate in good faith and sign all necessary documents for the establishment of the Project and thereafter seek financing (when appropriate) and do all that is necessary in order to make the Project a reality.
6. **General:**
This MOU represents the good faith intentions of the Parties in relation to the matters herein. This MOU is not intended to be legally binding, or, to create legal obligations on the Parties hereto save for in respect of the Binding Terms. The sole purpose of this MOU is to set out the principles upon which the Parties intend, in good faith, to operate for the purposes of the Project. This MOU is for discussion purposes only and is subject to change, revision and amendment, and final approval by the Parties, and the preparation of mutually acceptable definitive agreements and documentation, and therefore does not represent a final statement of the terms and conditions of any of the agreements referred to below with the exception only of the sections headed "Confidentiality", "Fees and Expenses", and "Governing Law" (together referred to in this MOU as the "Binding Terms") which three sections shall be legally binding on the Parties on the execution of this MOU.
7. **Amendment or Addendum:**
This MOU may be amended, or supplemental information added, if necessary, at any time by the Parties hereto in writing. Any amendments or variations of this MOU must refer to this MOU, be in writing, and signed by a duly authorized representative of each Party.
8. **Notices:**
All notices or other communication permitted or required under this MOU must be delivered by personal delivery, facsimile, e-mail transmission or registered mail as each Party shall have furnished to the other Parties for such purpose. Notice shall be deemed to have been given upon personal delivery, or, upon acknowledgment of receipt of facsimile or e-mail transmission or registered mail, whichever shall first occur.
Any notice to be given by the Parties under this MOU shall be given at the relevant address as set out below.

If to BAMC to:

Warrens

St Michael

Attention: Orlanda Atherley

Email: oatherley@bamc.net.bb

If to CoopEnergy to:

C/o Barbados Cooperative Credit Union league

Upper Collymore Rock, St. Michael

Attention: Lt.Col.Trevor Browne

Email: secretary@coopenergy.online

9. **Dispute Resolution:**

Any controversy in the interpretation of this MOU shall be resolved amicably by the Parties, in a reasonable time, as agreed in writing by the Parties save that in the event that the Parties are unable to amicably resolve any matter arising out of or concerning any of the Binding Terms the resolution of the matter concerning the Binding Terms shall be subject to the exclusive jurisdiction of the courts of Barbados.

10. **Confidentiality:**

Each Party shall indefinitely maintain the confidentiality of all information received from the other Parties and use such information only for the purposes contemplated by this MOU and for no other purpose. Save and except that the information exchanged, or provided by each Party, is permitted to be disclosed:

- a. by the receiving Party, its representatives, or agents the matters and information it receives from any other Party, or its representatives, or agents to such Party's lenders, investors, advisors and representatives for purposes of evaluating this MOU should such disclosure become necessary; and
- b. as may be required by law, a court of competent jurisdiction or any Governmental or regulatory authority with jurisdiction over the Parties.

Upon formal request, each Party shall promptly return to the other, all documents, and other written information received from the other Party, and will not retain any copies or summaries thereof;

11. **No Agency:**

- a. Each of the Parties hereto is a separate and independent entity, and not the agent of the other Party, and shall therefore retain its own identity and be entitled to be separately indemnified when providing services in relation to the Project.
- b. This MOU shall not be construed as authority for any Party to act for any other Party in any capacity, or to make commitments of any kind for the account of, or on behalf of, the other Party.

12. **Fees and Expenses**

Each Party shall be responsible for its own fees, costs and expenses, both before and after the date of this MOU in respect of negotiations for the Project. Any amounts referenced in this MOU are exclusive of applicable taxes and Governmental charges and each Party shall bear its own costs in relation to this MOU and the Project.

13. **Governing Law**

This MOU shall be governed and construed in accordance with the laws of Barbados.

14. **Third-Party Rights**

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This MOU does not give rise to any rights for a third party to enforce any of its terms.

15. Counterparts

This MOU may be executed by the Parties in separate counterparts each of which when so executed and delivered shall be an original and all such counterparts shall constitute one and the same MOU.

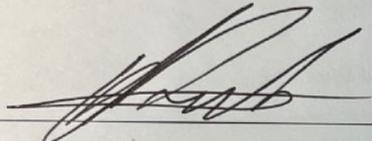
16. Headings:

Clause headings in this MOU are for reference purposes only and are not intended to be taken into account when interpreting the clauses.

IN WITNESS WHEREOF this MOU is duly signed for and on behalf of the Parties hereto by their representatives on the day, month and year as indicated below.

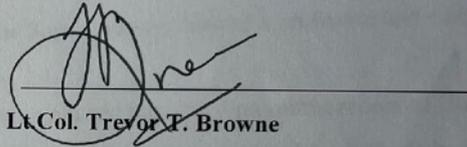
BARBADOS AGRICULTURAL MANAGEMENT

**BARBADOS SUSTAINABLE ENERGY COOPERATIVE
SOCIETY LTD**



By: Orlanda Atherley

Its: CEO



By: Lt Col. Trevor T. Browne

Its: President