

NON-CONTINGENT SECONDARY EMISSION REDUCTION PURCHASE AGREEMENT Version 1.0 September 2022

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Questions or comments?

For general comments regarding this document and questions concerning the work of IETA please contact Alasdair Were at were@ieta.org



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NON-CONTINGENT SECONDARY EMISSION REDUCTION PURCHASE AGREEMENT

Dated	

Between

[Entity name] a [corporation, limited partnership, etc.] existing under the laws of [•] (Registered No: [•]) whose [registered/principal/operational] office is at [•] (the "Transferring Party");

and

[Entity name] a [corporation, limited partnership, etc.] existing under the laws of [•] (Registered No: [•]) whose [registered/principal/operational office is at [•] (the "Receiving Party"),

(each a "Party" and together, the "Parties")

Recitals

The Receiving Party wishes to purchase and the Transferring Party wishes to sell VCCs of the VCC Specification (each as defined in this Agreement), on a spot or forward basis.

It is agreed as follows:

1 Interpretation Drafting

- **1.1** In this Agreement, unless the context otherwise requires, the provisions in this Clause 1.1 apply:
 - (a) Modification etc. of statutes

References to a statute or statutory provision include:

- (i) that statute or provision as from time to time modified, re-enacted or consolidated whether before or after the date of this Agreement; and
- (ii) any subordinate legislation made from time to time under that statute or statutory provision.
- (b) Singular and plural

References to the singular include the plural and vice versa.

(c) References to persons and companies

References to:

- (i) a person include any company, partnership or unincorporated association (whether or not having separate legal personality); and
- (ii) a company include any company, corporation or body corporate, wherever incorporated.
- (d) Schedules etc.

References to this Agreement shall include any Recitals and Schedules to it and references to Clauses and Schedules are to Clauses of, and Schedules to, this



Agreement. References to paragraphs and Parts are to paragraphs and Parts of the Schedules.

(e) Reference to documents

References to any document (including this Agreement), or to a provision in a document, shall be construed as a reference to such document or provision as amended, supplemented, modified, restated or novated from time to time.

(f) Information

References to information means information in any form including paper, electronically stored data, magnetic media, film and microfilm.

(g) Non-limiting effect of words

The words "including", "include", "in particular" and words of similar effect shall not be deemed to limit the general effect of the words that precede them.

(h) Meaning of "to the extent that" and similar expressions

In this Agreement, "to the extent that" shall mean "to the extent that" and not solely "if", and similar expressions shall be construed in the same way.

(i) Headings

Headings shall be ignored in interpreting this Agreement.

2 General Obligations, Representations and Warranties

- **2.1** Each Party represents and warrants to the other Party as at the date of this Agreement and on each Transfer Date that:
 - (a) Authority and Capacity
 - it is validly existing and is duly incorporated or organised under the laws of its jurisdiction of incorporation or organisation and, if relevant under such laws, in good standing;
 - (ii) it has the legal right and full power and authority to enter into and perform its obligations arising under this Agreement;
 - (iii) the execution, delivery and performance of this Agreement by it does not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;
 - (iv) its obligations under this Agreement constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law); and
 - (v) all consents (whether governmental or not) that are required to have been obtained by it with respect to this Agreement have been obtained and are in



full force and effect and all conditions of any such consents have been complied with;

- (b) the other Party is not acting as a fiduciary or an adviser for it, nor has the other Party given to it any advice, representation, assurance or guarantee as to the expected performance, benefit or result of this Agreement;
- (c) [it is not required by any Applicable Law, as modified by the practice of any relevant governmental revenue authority, of any relevant jurisdiction to make any deduction or withholding for or on account of any Taxation from any payment[(other than [insert any exceptions])] to be made by it to the other Party under this Agreement;]
- (d) it has at all times fully complied with the relevant Registry Rules and the relevant Carbon Standard Rules to the extent necessary to permit the Transfer contemplated by this Agreement;
- (e) it enters into this Agreement as principal and not as agent of any person or entity;
- (f) no Event of Default or any event or circumstance that with notice or lapse of time or both would constitute an Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement; and
- (g) so far as it is aware, there is not pending or, to its knowledge, threatened against it any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or its ability to perform its obligations under this Agreement.
- 2.2 Without prejudice to paragraph (d) of Clauses 2.1 and 2.3, and save as otherwise provided for in paragraph 7 (*Representations and Warranties of the Transferring Party*) of Part A of Schedule 2 (*Retirement*) in relation to Retirement, the Transferring Party makes no representation, warranty nor provides any guarantee in respect of:
 - the suitability of any Contract VCC for any net zero, carbon neutral or other claims made by the Receiving Party or any subsequent transferee to have off-set their GHG emissions ("Claims"); or
 - (b) the eligibility of any Contract VCC for any purpose including any emissions trading, emissions reduction or off-setting scheme whatsoever.
- 2.3 In respect of each Contract VCC Transferred to the Receiving Party, the Transferring Party represents and warrants to the Receiving Party on the relevant Transfer Date that:
 - it is the sole legal and beneficial owner of such Contract VCC and there are no Encumbrances on or affecting the transferability of such Contract VCC (other than any lien routinely imposed by the relevant Registry);
 - (b) such Contract VCC satisfies each requirement of the VCC Specification;
 - (c) [such Contract VCC has been issued in respect of the Contract Project specified in Part A of Schedule 1 (Commercial Terms) (if any);] [and]
 - (d) such Contract VCC has not been previously Retired or otherwise cancelled for use[,] [; and]



- (e) [[so far as the Transferring Party is aware,] no right for any third party to cancel such Contract VCC has arisen pursuant to the relevant Registry Rules or the relevant Carbon Standard Rules.]
- **2.4** Without prejudice to Clause 2.3 and paragraph (d) of Clause 2.1:
 - each Party shall conduct its affairs so as not to give the relevant Registry Administrator cause to refuse, reject or cancel the Transfer (whether in whole or in part) requested to be made pursuant to Clause 3 (other than in accordance with this Agreement); and
 - (b) subject to paragraph (b) of Clause 3.8, the Receiving Party shall ensure that on a Transfer Date it has one or more Registry Accounts open in accordance with the relevant Registry Rules and the relevant Carbon Standard Rules.
- 2.5 A breach by a Party of paragraph (d) of Clause 2.1, paragraph (a) of Clause 2.4 or paragraph (b) of Clause 2.4 that constitutes or gives rise to a failure to accept under Clause 6.2 or a failure to Transfer under Clause 6.1 (as applicable) will not, for so long as that is the case, also constitute or give rise to an Event of Default under Clause 7.

3 Sale, Purchase and Transfer of Contract VCCs

- 3.1 On and subject to the terms and conditions of this Agreement and in accordance with the relevant Registry Rules and the relevant Carbon Standard Rules, the Transferring Party agrees to sell and Transfer and the Receiving Party agrees to buy and accept the Contract VCCs.
- 3.2 [The Contract VCCs shall be sold by the Transferring Party together with any Environmental Attributes associated with or attaching to such Contract VCCs as at the date of Transfer which are capable of being transferred by way of this Agreement.]
- 3.3 The Transfer Date together with the corresponding Transfer Quantity for each Transfer shall be as set out in the row titled "Transfer Schedule" in Part A of Schedule 1 (Commercial Terms) (the "Transfer Schedule").
- 3.4 The Transferring Party shall, subject to any action required by the Receiving Party under the relevant Registry Rules or the relevant Carbon Standard Rules, Transfer or cause to be Transferred the Transfer Quantity of Contract VCCs referred to in column (B) of the Transfer Schedule to the Receiving Party's Registry Account by no later than the Transfer Date referred to in column (A) of the Transfer Schedule.
- 3.5 In respect of any Contract VCC, save where a Retirement Instruction has been duly issued in accordance with paragraph 2 of Part A of Schedule 2 (*Retirement*), the Transfer of a Contract VCC shall be considered to be completed and final when such Contract VCC is credited to the Receiving Party's Registry Account in accordance with the relevant Registry Rules and the relevant Carbon Standard Rules, whereupon all title and risk of loss in such Contract VCC shall transfer from the Transferring Party to the Receiving Party.
- Unless otherwise specified in Part A of Schedule 1 (Commercial Terms), if a Transfer of a Contract VCC is completed on a Banking Day after the Cut-off Time or on any day that is not a Banking Day, such Contract VCC will be deemed to have been Transferred on the next following Banking Day.



- 3.7 Subject to the prior written consent of the other Party, such consent not to be unreasonably withheld, delayed or made subject to conditions, either Party may by notice to the other Party in writing amend the Registry Account specified by such Party in Part A of Schedule 1 (Commercial Terms) no later than five (5) Banking Days before the next Transfer Date.
- **3.8** Where, in respect of any Contract VCC:
 - (a) the Parties have elected in Part A of Schedule 1 (*Commercial Terms*) that Schedule 2 shall apply, the Receiving Party may give one or more Retirement Instructions to the Transferring Party in relation to some or all of the Contract VCCs; and
 - (b) a Retirement Instruction has been duly issued to the Transferring Party in accordance with paragraph 2 of Part A of Schedule 2 (*Retirement*), the Transfer of such Contract VCC shall be satisfied and discharged in accordance with Part A of Schedule 2 (*Retirement*) and the obligation contained in paragraph (b) of Clause 2.4 shall not apply in relation to such Contract VCC.

4 Price, taxes and payment

- 4.1 The Receiving Party shall on the Payment Due Date pay the Transferring Party an amount equal to the applicable price per Contract VCC as specified in the column titled "VCC Price (per VCC)" in Part B of Schedule 1 (VCC Specification and VCC Price) for such VCC (the "VCC Price") multiplied by the relevant Transfer Quantity.
- 4.2 All amounts referred to in this Agreement are exclusive of any applicable Sales Tax chargeable on the supply or supplies for which such amounts form the whole or part of the consideration for Sales Tax purposes. The Sales Tax treatment of any Transfer shall be determined pursuant to the Sales Tax law of the jurisdiction where the relevant supply or supplies are deemed to take place for Sales Tax purposes. If Sales Tax is properly chargeable on any such supply or supplies, the Receiving Party shall pay to the Transferring Party an amount equal to the Sales Tax, if any, chargeable in the Transferring Party's jurisdiction; provided that: (a) such amount shall only be required to be paid once the Transferring Party provides the Receiving Party with a valid Sales Tax invoice in relation to that amount stating, amongst other things, the amount of Sales Tax properly chargeable thereon; and (b) the Receiving Party shall be under no obligation to make any payment to the Transferring Party in respect of Sales Tax which the Receiving Party must self-assess under the reverse charge rule or any similar system in the Receiving Party's jurisdiction. Each Party shall, to the extent permitted by law, provide the other with such additional valid Sales Tax invoices as are required and shall correctly account for any Sales Tax properly due in its jurisdiction.
- 4.3 On each date that a Transfer is entered into under the terms of this Agreement, the Receiving Party represents to the Transferring Party that it is receiving the supply or supplies pursuant to the Transfer in connection with an establishment of the Receiving Party in the jurisdiction that is specified in Part A of Schedule 1 (Commercial Terms) opposite the heading "Receiving Party's Sales Tax details (if any)".
- 4.4 Except as otherwise expressly provided in this Agreement, each Party shall be responsible for its own costs incurred in performing its obligations under this Agreement and shall indemnify and reimburse the other Party to the extent that other party is required to pay or otherwise incurs any costs for which the first Party is primarily liable.



- 4.5 In respect of the Transfer of any Contract VCC, all fees, costs or other charges imposed or otherwise levied by the relevant Registry prior to the Transfer shall be the responsibility of the Transferring Party; and all fees, costs or other charges imposed or otherwise levied by the relevant Registry after the Transfer shall be the responsibility of the Receiving Party. Where a Party incurs any amount which is the responsibility of the other Party in accordance with this Clause 4.5, the first Party shall promptly indemnify and reimburse the other Party in full for such amounts incurred.
- 4.6 [Each Party agrees to deliver the relevant tax forms, certificates or any other documents reasonably requested by the other Party (the "Requesting Party"), as soon as reasonably practicable after demand by the Requesting Party, including, without limitation, any form or document required to enable such other Party to comply with its tax reporting obligations or to make payments hereunder without deduction or withholding for or on account of Taxation or with such deduction or withholding at a reduced rate.]

5 Illegality and Force Majeure

- Notifications. If a Force Majeure or Illegality occurs, each Party shall, promptly upon becoming aware of it, use all reasonable efforts to notify the other Party in writing of the Force Majeure or Illegality. To the extent available, that Party should also provide details of the Force Majeure or Illegality and a non-binding estimate of the extent and the expected duration of the Force Majeure or Illegality, as the case may be.
- 5.2 Effect. Subject to Clauses 5.3 and 5.4, if a Force Majeure or an Illegality has occurred and is continuing, then the Transfer and payment obligations of both Parties which would otherwise be required to be performed with respect to any Transfer affected by the Force Majeure or Illegality ("Affected Transfer") (other than any obligation to make payments then due or becoming due with respect to performance prior to the Force Majeure or Illegality) will be suspended for the duration of the Force Majeure or Illegality and will not be required to be performed until the Force Majeure or Illegality is overcome or ceases to exist. For so long as a Force Majeure or Illegality is continuing, the Party which is prevented by Force Majeure or Illegality from carrying out, in whole or part, its obligations under this Agreement (the "Affected Party") shall use all reasonable efforts to overcome the Force Majeure or Illegality and each Party shall use all reasonable efforts to mitigate any loss suffered by it as a consequence of the Force Majeure or Illegality.
- 5.3 End of event. Subject to Clause 5.4, upon the Force Majeure or Illegality being overcome or it ceasing to subsist, both Parties shall, as soon as reasonably practicable thereafter but not later than the fifth (5th) Banking Day following the date upon which the Force Majeure or Illegality has been overcome or ceases to exist, resume full performance of their obligations under this Agreement (including, for the avoidance of doubt, any suspended obligations).
- Continuing event. Where the Force Majeure or Illegality continues for the Prolonged Period, on the last day of the Prolonged Period, the non-affected Party may, by not more than twenty (20) days' notice to the other Party, designate: (i) a day not earlier than the day on which such notice becomes effective as an "Early Termination Date" in respect of all Affected Transfers; or (ii) by specifying in that notice the Affected Transfers in respect of which it is designating the relevant day as an "Early Termination Date", a day not earlier than two (2) Banking Days following the day on which such notice becomes effective as an "Early Termination Date" in respect of less than all Affected Transfers (the day designated pursuant to (i) or (ii) being, the "Early Termination Date"). Upon receipt of a notice designating an



Early Termination Date in respect of less than all Affected Transfers, the other Party may, by notice to the designating Party, if such notice is effective on or before the day so designated, designate that same day as an Early Termination Date in respect of any or all other Affected Transfers.

- If this Agreement is terminated in accordance with Clause 5.4, for purposes of determining any amount payable in respect of the termination of this Agreement, the Parties' corresponding suspended Transfer and acceptance obligations shall be deemed to have resumed on the Early Termination Date. The termination payment shall be calculated by each Party determining its Termination Loss and an amount will be payable equal to one half of the difference between the Termination Loss of the Party with the higher Termination Loss ("X") and the Termination Loss of the Party with the lower Termination Loss ("Y"). If the amount payable is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of such amount to Y.
- 5.6 Where an event or circumstance that would otherwise constitute or give rise to an Event of Default also constitutes a Force Majeure or an Illegality it is to be treated as Force Majeure or an Illegality (as appropriate) and not as an Event of Default.

6 Transfer Failure

6.1 Failure to Transfer by the Transferring Party

- (a) A failure by the Transferring Party to make a Transfer to the Receiving Party's Registry Account on or before a Transfer Date for any reason shall not constitute or give rise to an Event of Default under Clause 7.
- (b) If the Transferring Party fails to make a Transfer to the Receiving Party's Registry Account on or before a Transfer Date, the provisions of paragraphs (c) and (d) of this Clause 6.1 shall not apply if:
 - (i) the failure to Transfer is caused by the Receiving Party's non-performance under this Agreement; or
 - (ii) the Transferring Party is relieved from complying with a relevant obligation under Clause 5.2.
- (c) Subject to paragraph (b) of this Clause 6.1, if the Transferring Party fails to make a Transfer to the Receiving Party's Registry Account on or before a Transfer Date for any reason, the Receiving Party may, by giving notice to the Transferring Party (the "Receiving Party's Initial Notice") require the Transferring Party to remedy such failure, such notice to become effective on the date it is delivered by the Receiving Party (or if such day is not a Banking Day, on the next Banking Day).
- (d) If such failure:
 - (i) is remedied by the Transferring Party on or before the second (2nd) Banking Day following the date on which the Receiving Party's Initial Notice is effective (the "Receiving Party's Notice Transfer Date"), then: (A) the Receiving Party shall pay to the Transferring Party an amount equal to the VCC Price multiplied by the Default Quantity; and (B) the Transferring Party shall pay to the Receiving Party interest at the Interest Rate applied to the amount equal to the VCC Price multiplied by the Default Quantity, for the



period from (and including) the original Transfer Date to (but excluding) the actual date of Transfer to the Receiving Party, (each amount as adjusted to take into account any amounts already paid by that Party to the other Party pursuant to this Agreement); or

(ii) is not remedied by the Transferring Party on or before the Receiving Party's Notice Transfer Date, the Receiving Party may by further written notice to the Transferring Party (the "Receiving Party's Replacement Cost Notice") specify the Receiving Party's Replacement Cost payable by the Transferring Party. In such a case, the Transferring Party shall pay to the Receiving Party the Receiving Party's Replacement Cost on the third (3rd) Banking Day following the date on which the Receiving Party's Replacement Cost Notice is effective. Upon the Receiving Party's receipt of the Receiving Party's Replacement Cost, the Transferring Party's obligation to Transfer to the Receiving Party the Default Quantity, and the corresponding payment obligation of the Receiving Party, shall both be fully discharged and the other and future obligations of the Parties under this Agreement shall remain in full force and effect.

6.2 Failure to accept by the Receiving Party

- (a) A failure by the Receiving Party to accept a Transfer to the Receiving Party's Registry Account on or before a Transfer Date for any reason shall not constitute or give rise to an Event of Default under Clause 7.
- (b) If the Receiving Party fails to accept a Transfer to the Receiving Party's Registry Account on or before a Transfer Date, the provisions of paragraphs (c) and (d) of this Clause 6.2 shall not apply if:
 - the failure to accept is caused by the Transferring Party's non-performance under this Agreement; or
 - (ii) the Receiving Party is relieved from complying with a relevant obligation under Clause 5.2.
- (c) Subject to paragraph (b) of this Clause 6.2, if the Receiving Party fails to accept a Transfer to the Receiving Party's Registry Account on or before a Transfer Date for any reason, the Transferring Party may, by giving notice to the Receiving Party (the "Transferring Party's Initial Notice") require the Receiving Party to remedy such failure, such notice to become effective on the date it is delivered by the Transferring Party (or if such day is not a Banking Day, on the next Banking Day).
- (d) If such failure:
 - (i) is remedied by the Receiving Party on or before the second (2nd) Banking Day following the date on which the Transferring Party's Initial Notice is effective (the "Transferring Party's Notice Transfer Date"), then the Receiving Party shall pay to the Transferring Party an amount equal to the VCC Price multiplied by the Default Quantity plus interest at the Interest Rate applied to the amount equal to the VCC Price multiplied by the Default Quantity for the period from (and including) the original Transfer Date to (but excluding) the actual date of Transfer to the Receiving Party (each amount



as adjusted to take into account any amounts already paid by the Receiving Party to the Transferring Party pursuant to this Agreement); or

(ii) is not remedied by the Receiving Party on or before the Transferring Party's Notice Transfer Date, the Transferring Party may by further written notice to the Receiving Party (the "Transferring Party's Replacement Cost Notice"), specify the Transferring Party's Replacement Cost payable by the Receiving Party. In such a case, the Receiving Party shall pay to the Transferring Party the Transferring Party's Replacement Cost on the third (3rd) Banking Day following the date on which the Transferring Party's Replacement Cost Notice is effective. Upon the Transferring Party's receipt of the Transferring Party's Replacement Cost, the Receiving Party's obligation to accept from the Transferring Party the Default Quantity, and the corresponding payment obligation of the Receiving Party, shall both be fully discharged and the other and future obligations of the Parties under this Agreement shall remain in full force and effect.

6.3 Partial settlement

If, on a Transfer Date, the Transferring Party Transfers to the Receiving Party fewer Contract VCCs than the relevant Transfer Quantity:

- (a) the Receiving Party's obligation to pay pursuant to Clause 4.1 shall be reduced by an amount equal to the Default Quantity multiplied by the VCC Price; and
- (b) the provisions of Clause 6.1 or 6.2, as applicable, will apply in respect of the relevant Default Quantity.

7 Events of Default and Consequences

- **7.1** Subject to Clauses 2, 5 and 6, a Party shall be in default upon the occurrence of any event or circumstance described in this Clause 7.1 (each, an "Event of Default"):
 - (a) if it fails to comply with any of its obligations under this Agreement (other than an obligation referred to in paragraphs (b), (b)(c) and (b)(g) of this Clause 7.1 or, in the case of a failure to Transfer, as otherwise remedied under Clause 6) and that failure is not remedied within five (5) Banking Days of the other Party's giving notice of that failure;
 - (b) if it fails to make payment when due under this Agreement, including a failure by the Transferring Party to pay the Receiving Party's Replacement Cost, and that failure is not remedied on or before the third (3rd) Banking Day after the other Party's giving notice of that failure;
 - (c) if it breaches any of the representations or warranties set out in this Agreement other than as set out in Clause 2.5;
 - (d) if it or a Credit Support Provider fails to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;
 - (e) the expiration or termination of any Credit Support Document or the failing or ceasing of such Credit Support Document, or any security interest granted by such Party or



such Credit Support Provider pursuant to any such Credit Support Document, to be in full force and effect for the purpose of this Agreement (in each case other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under each transaction to which such Credit Support Document relates without the written consent of the other Party;

- (f) if it or a Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf); or
- (g) if the Party:
 - is dissolved (other than pursuant to a consolidation, amalgamation or merger);
 - becomes insolvent or is unable to pay its debts generally as they fall due, fails generally to pay, or admits in writing its inability generally to pay its debts as they become due;
 - (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
 - (iv) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described above and either: (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or (II) is not dismissed, discharged, stayed or restrained, in each case within fifteen (15) days of the institution or presentation thereof;
 - (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
 - (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
 - (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and that secured party maintains possession, or that process is not withdrawn, dismissed, discharged, stayed or restrained, in each case within fifteen (15) days of that event;



- (viii) causes or is subject to any event with respect to it that, under any Applicable Law, has an analogous effect to any of the events specified in subparagraphs (i) to (vii) (inclusive) of this paragraph (g) of Clause 7.1; or
- (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts referred to in this paragraph (g) of Clause 7.1.
- 7.2 In the event of a default by the Receiving Party, the Transferring Party may terminate this Agreement upon giving not more than twenty (20) days' written notice to the Receiving Party, specifying the relevant Event of Default and designating a day not earlier than the day such notice is effective as the Event of Default Early Termination Date in respect of all outstanding Transfers. The Transferring Party shall calculate the Event of Default Loss and shall notify the Receiving Party of such amount, including detailed support for the calculation of such amount. If the amount of the Event of Default Loss is:
 - (a) a positive number, the Receiving Party shall pay this amount to the Transferring Party within three (3) Banking Days of invoice or notification of the amount of the Event of Default Loss, which amount shall bear interest from the Event of Default Early Termination Date to the day of pay-out at the Interest Rate; or
 - (b) a negative number, the Transferring Party shall pay an amount equal to the absolute value of the amount of the Event of Default Loss to the Receiving Party within thirty (30) Banking Days of the invoice or notification of the amount of the Event of Default Loss, which amount shall bear interest from the Event of Default Early Termination Date to the date of pay-out at the Interest Rate.
- 7.3 In the event of a default by the Transferring Party, the Receiving Party may terminate this Agreement upon giving not more than twenty (20) days' written notice to the Transferring Party specifying the relevant Event of Default and designating a day not earlier than the day such notice is effective as the Event of Default Early Termination Date in respect of all outstanding Transfers. The Receiving Party shall calculate the Event of Default Loss and shall notify the Transferring Party of such amount, including detailed support for the calculation of such amount. If the amount of the Event of Default Loss is:
 - (a) a positive number, the Transferring Party shall pay this amount to the Receiving Party within three (3) Banking Days of invoice or notification of the amount of the Event of Default Loss, which amount shall bear interest from the Event of Default Early Termination Date to the day of pay-out at the Interest Rate; or
 - (b) a negative number, the Receiving Party shall pay an amount equal to the absolute value of the amount of the Event of Default Loss to the Transferring Party within thirty (30) Banking Days of the invoice or notification of the amount of the Event of Default Loss, which amount shall bear interest from the Event of Default Early Termination Date to the date of pay-out at the Interest Rate.

The amounts set out in Clauses 7.2 and 7.3 are the Parties' reasonable pre-estimate of the losses that would flow from the events of default contemplated by the Parties and each Party waives the right to contest those payments as an unreasonable penalty or otherwise. No other amounts (except for interest for late payment pursuant to Clause 10.12) shall be payable by either Party in respect of a default.



7.4 The Party not in default pursuant to the provisions of either Clause 7.2 or 7.3 (as the case may be) shall have the right to set-off any amounts owing pursuant to the provisions of either Clause 7.2 or 7.3 (as the case may be) against any Other Amounts Owing. This right of set-off shall be without prejudice to any other right of set-off, counterclaim, combination of accounts, lien, charge or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise). If an amount is unascertained, the relevant Party may reasonably estimate the amount to be set off and the Parties shall make any adjustment payment required within three (3) Banking Days of the amount becoming ascertained.

8 Limitation of Liability

- 8.1 This Agreement sets out the full extent of the Parties' obligations and liabilities as between each other arising out of or in connection with this Agreement, and there are no conditions, warranties, representations or terms, express or implied, that are binding on the Parties except as specifically stated in this Agreement. Any condition, warranty, representation or other term, which might otherwise be implied into or incorporated in this Agreement, whether by statute, common law or otherwise, is hereby expressly excluded.
- 8.2 Save as expressly provided otherwise in this Agreement, and in particular in Clause 8.3, neither Party shall be liable under or in connection with this Agreement for any loss of income, loss of profits or loss of contracts, or for any indirect or consequential loss or damage of any kind, in each case howsoever arising and whether caused by tort (including negligence), breach of contract or otherwise.
- **8.3** Nothing in this Agreement shall exclude or in any way limit either Party's liability for fraud, or for death or personal injury caused by either Party's negligence, for any damage caused intentionally by either Party or for any damage caused by the fraud, wilful breach, wilful non-performance or gross negligence of either Party.

9 Confidentiality

- **9.1** Each of the Parties shall treat as strictly confidential and not disclose or use any information received or obtained as a result of entering into this Agreement (or any agreement entered into pursuant to this Agreement) which relates to:
 - (a) the existence and the provisions of this Agreement and of any agreement entered into pursuant to this Agreement;
 - (b) the negotiations relating to this Agreement (and any such other agreements); or
 - (c) any information relating to the business, financial or other affairs of the other Party.
- **9.2** Clause 9.1 shall not prohibit disclosure or use of any information if and to the extent:
 - the disclosure or use is required by law, or requested by any governmental or regulatory body or any stock exchange on which the shares of a party or its holding company are listed;
 - (b) the disclosure or use is required for the purpose of any arbitral or judicial proceedings arising out of this Agreement or any other agreement entered into under or pursuant to this Agreement;



- (c) the disclosure is made to professional advisers of any party on a need-to-know basis and on terms that such professional advisers undertake to comply with the provisions of this Clause 9 in respect of such information as if they were a party to this Agreement;
- (d) the information is or becomes publicly available (other than by breach of this Agreement); or
- (e) the other Party has given prior written approval to the disclosure or use.

10 Other Provisions

10.1 Governing Law and Submission to Jurisdiction

- (a) This Agreement and the documents to be entered into pursuant to it and any noncontractual obligations arising out of or in connection with this Agreement and such documents shall be governed by [English] law.
- (b) [Either: [Where there is no arbitration] [Each of the Parties irrevocably agrees that the courts of [England] are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Agreement and the documents to be entered into pursuant to it and that accordingly any proceedings arising out of or in connection with this Agreement and the documents to be entered into pursuant to it shall be brought in such courts. Each of the Parties irrevocably submits to the jurisdiction of such courts and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.]
- (c) [Or: [Where there is arbitration] [Each of the Parties irrevocably submits to the non-exclusive jurisdiction of the courts of the [Seaf] to support and assist the arbitration process pursuant to Clause 10.2, including, if necessary, the grant of interlocutory relief pending the outcome of that process.]

10.2 Arbitration¹

[ICC Clause]

[Any dispute arising out of or connected with this Agreement, including a dispute as to the validity, existence or termination of this Agreement or this Clause 10.2 or any non-contractual

^{1 [}Drafting Note: Parties to consider adding the following bolt-on clause at the end of this arbitration clause to specifically provide for video or telephone conference hearings as the default option in circumstances where a public health emergency may otherwise interfere with the ability of the Parties to attend an in-person hearing. Whilst most arbitral tribunals will be able to direct this as part of their procedural discretion, the inclusion of this supplemental language will provide robust encouragement to the tribunal to take those steps, and minimise any ability of other parties to take awkward positions aimed at delaying matters.

[&]quot;In the event of a declared public health emergency by either the World Health Organisation (the "WHO") or a national government, as a consequence of which it is inadvisable or prohibited for the Parties and/or their legal representatives to travel to, or attend any hearing ordered by the arbitrator, the following shall apply:

⁽i) any such hearing shall be held via video or telephone conference upon the order of the arbitrator;

⁽ii) the Parties agree that no objection shall be taken to the decision, order or award of the arbitrator following any such hearing on the basis that the hearing was held by video or telephone conference; and

⁽iii) in exceptional circumstances only the arbitrator shall have the discretion to order that a hearing shall be held in person, but only after full and thorough consideration of the prevailing guidance of the WHO and any relevant travel or social distancing restrictions or guidelines affecting the Parties and/or their legal representatives and the implementation of appropriate mitigation."]



obligation arising out of or in connection with this Agreement, shall be resolved by arbitration in [Seaf] conducted in [Language] by a single arbitrator pursuant to the rules of the International Chamber of Commerce, save that, unless the Parties agree otherwise, the arbitrator shall draw up, and submit to them for signature, terms of reference within 21 days of receiving the file. The terms of reference shall not include a list of issues to be determined.]

[LCIA Clause]

[Any dispute arising out of or connected with this Agreement, including a dispute as to the validity, existence or termination of this Agreement or this Clause 10.2 or any non-contractual obligation arising out of or in connection with this Agreement, shall be resolved by arbitration in [Seat] conducted in [Language] by a single arbitrator pursuant to the rules of the London Court of International Arbitration[, save that unless the Parties agree otherwise, neither shall be required to give general discovery of documents, but may be required only to produce specific, identified documents which are relevant to the dispute].]

10.3 Assignment

Neither Party may without the prior written consent of the other, assign, grant any security interest over, hold on trust or otherwise transfer the benefit of the whole or any part of this Agreement[, save where an Event of Default has occurred pursuant to Clause 7 in which case the non-defaulting Party shall be entitled to assign the benefit of the whole or any part of this Agreement without prior written consent of the defaulting Party].

10.4 Waiver

The failure of either Party to enforce or to exercise at any time or for any period of time any term of or any right pursuant to this Agreement does not constitute, and shall not be construed as, a waiver of such term or right and shall in no way affect that Party's right later to enforce or to exercise it.

10.5 Whole Agreement

- (a) This Agreement contains the whole agreement between the Parties relating to the sale and purchase of the Contract VCCs to the exclusion of any terms implied by law which may be excluded by contract and supersede any previous written or oral agreement between the Parties in relation to the sale and purchase of such VCCs.
- (b) Each of the Parties agrees and acknowledges that, in entering into this Agreement it is not relying on any representation, warranty or undertaking not expressly incorporated into it.
- (c) Each of the Parties agrees and acknowledges that its only right and remedy in relation to any representation, warranty or undertaking made or given in or in connection with this Agreement shall be for breach of the terms of this Agreement and each of the Parties waives all other rights and remedies (including rights and remedies to claim damages in tort or under statute or civil codes, or to (wholly or partly) rescind, nullify or terminate (whether by court or arbitral order or otherwise) this Agreement) in relation to any such representation, warranty or undertaking.
- (d) Each of the Parties agrees and acknowledges that it entered into this Agreement after a full opportunity to review its terms and conditions, has a full understanding of those terms and conditions and of their risks, and is capable of assuming those risks.



(e) Nothing in this Clause 10.5 excludes or limits any liability for fraud.

10.6 Surviving Provisions

Clauses 1, 5.5, 7, 8, 9, 10 and 13 shall remain in full force and effect notwithstanding the expiry or termination of this Agreement.

10.7 Independent Parties

The relationship of the Parties is that of independent contractors dealing at arm's length. Except as otherwise stated in this Agreement, nothing in this Agreement shall constitute the Parties as partners, joint venturers, fiduciaries or co-owners, or constitute either Party as the agent, employee or representative of the other, or empower either Party to act for, bind or otherwise create or assume any obligation on behalf of the other, and neither Party shall hold itself out as having authority to do the same.

10.8 Further Assurances

Each of the Parties shall, and shall use reasonable endeavours to co-operate with each other in relation to each Transfer and to procure that any necessary third party shall, from time to time execute such documents and perform such acts and things as either of them, or the relevant Registry Rules or the relevant Carbon Standard Rules, may reasonably require in order to Transfer the Contract VCCs to the Receiving Party and to give the other the full benefit of this Agreement and to refrain from doing such things as impede or would reasonably be expected to impede such Transfer.

No variation of this Agreement shall be effective unless in writing and signed by or on behalf of each of the Parties.

10.9 Third Party Rights

Subject to the rights that may accrue to any successor or permitted assignees of the Parties, no provision of this Agreement is to be construed as creating any rights enforceable by a third party, and all third party rights implied by law are, to the extent permissible by law, excluded from this Agreement.

10.10 Consent

Each Party hereby acknowledges to the other Party and consents that such other Party may, from time to time, and without further notice, electronically record telephone conversations between the Parties' respective representatives in connection with this Agreement or other commercial matters between the Parties.

10.11 Withholding

Any payments pursuant to this Agreement shall be made in full, without any set-off, counterclaim, restriction or condition and without any deduction or withholding (save as may be required by law or as otherwise agreed).

10.12 Interest

If a Party defaults in the payment when due of any sum payable under this Agreement its liability shall be increased to include interest on such sum from the date when such payment is due until the date of actual payment (after as well as before judgment) at the Interest Rate. Such interest shall accrue from day to day.



10.13 Sales Tax

- (a) Where under the terms of this Agreement one Party is liable to indemnify or reimburse another party in respect of any costs, charges or expenses, the payment shall include an amount equal to any applicable Sales Tax thereon not otherwise recoverable by the other Party, subject to that Party using reasonable endeavours to recover such amount of Sales Tax as may be practicable.
- (b) If any payment under this Agreement constitutes the consideration for a taxable supply for Sales Tax purposes, then except where the reverse charge procedure applies: (i) the recipient shall provide to the payer a valid Sales Tax invoice, and (ii) subject to the provision of a valid Sales Tax invoice in accordance with (i), in addition to that payment the payer shall pay to the recipient any Sales Tax due.

10.14 Notices

- (a) Any notice or other communication in connection with this Agreement (each, a "Notice") shall be:
 - (i) in writing in the language specified in Part A of Schedule 1 (*Commercial Terms*); and
 - (ii) subject to paragraph (g) of this Clause 10.14, delivered by hand, [e-mail,] or by courier using an internationally recognised courier company.
- (b) A Notice to the Receiving Party shall be sent to the address specified in Part A of Schedule 1 (*Commercial Terms*) for such Party, or to such other person or address as the Receiving Party may notify by way of Notice to the Transferring Party from time to time. Any such amended contact details shall become effective ten (10) Banking Days following the effective date of such Notice.
- (c) A Notice to the Transferring Party shall be sent to the address specified for such Party in Part A of Schedule 1 (*Commercial Terms*), or to such other person or address as the Transferring Party may notify by way of Notice to the Receiving Party from time to time. Any such amended contact details shall become effective ten (10) Banking Days following the effective date of such Notice.
- (d) Unless otherwise provided for in this Agreement, a Notice shall be effective upon receipt and shall be deemed to have been received [EITHER] [at the time of delivery, if delivered by hand or courier] [OR] [at the time of sending if sent by e-mail, provided that receipt shall not occur if the sender receives an automated message that the email has not been delivered to the recipient].
- (e) A Notice that is deemed by paragraph (d) of this Clause 10.14 to be received after 5.00 p.m. on any Banking Day, or on a Saturday, Sunday or public holiday in the place of receipt, shall be deemed to be received at 9.00 a.m. on the next Banking Day that is not a Saturday, Sunday or public holiday in the place of receipt.
- (f) For the purposes of this Clause 10.14 all references to time are to local time in the place of receipt. [For the purposes of Notices by e-mail, the place of receipt is the place in which the Party to whom the Notice is sent has its [postal]/[registered] address for the purpose of this Agreement.]



(g) [E-mail is not permitted for any Notice which: (i) terminates, suspends, gives notice to terminate or suspend or purports to terminate or suspend this Agreement; or (ii) notifies or purports to notify an actual or potential claim for breach of or under this Agreement.]

10.15 Invalidity

- (a) If any provision in this Agreement shall be held to be illegal, invalid or unenforceable, in whole or in part, the provision shall apply with whatever deletion or modification is necessary so that the provision is legal, valid and enforceable and gives effect to the commercial intention of the Parties.
- (b) If and to the extent it is not possible to delete or modify the provision, in whole or in part, under paragraph (a) of this Clause 10.15 then such provision or part of it shall, if and to the extent that it is illegal, invalid or unenforceable, be deemed not to form part of this Agreement and the legality, validity and enforceability of the remainder of this Agreement shall, subject to any deletion or modification made under paragraph (a) of this Clause 10.15 not be affected.

10.16 Counterparts

This Agreement may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument. Any Party may enter into this Agreement by [signing] [*OR*] [executing] any such counterpart.

10.17 [Appointment of Process Agent

permitted by law.]

[Draftii	ng Note: Adapt this Clause depending on which parties require a process agent.]
(a)	[Name of appointing Party] hereby irrevocably appoints [] of [] as its agent to accept service of process in [] in any legal action or proceedings arising out of or in connection with this Agreement, service upon whom shall be deemed completed whether or not forwarded to or received by [Name of appointing Party].
(b)	[Name of appointing Party] shall inform the other Party in writing of any change of address of such process agent within [14] days of such change.
(c)	If such process agent ceases to be able to act as such or to have an address in [], [Name of appointing Party] irrevocably agrees to appoint a new process agent in [] acceptable to the other Party and to deliver to the other Party within 14 days a copy of a written acceptance of appointment by the process agent.
(d)	Nothing in this Agreement shall affect the right to serve process in any other manner

11 Sanctions

- 11.1 Each Party shall not (and shall ensure that no Affiliate of it will) directly or indirectly use any monies paid by the other Party to it under this Agreement, or lend, contribute or otherwise make available such monies to any subsidiary or other person where the purpose or effect of such monies being used, lent, contributed or otherwise made available:
 - 11.1.1 is to fund or facilitate any activity that would at that time be in breach of Sanctions or be an activity with, or for the benefit of, a Sanctions Restricted Person; or



- **11.1.2** could reasonably be expected to result in a breach of Sanctions by the other Party.
- **11.2** Each Party shall (and shall ensure that each Affiliate of it will) comply in all respects with Sanctions.
- **11.3** Each Party shall (and shall ensure that each Affiliate of it will) implement and maintain appropriate policies and procedures to:
 - 11.3.1 prevent any action being taken which would be contrary to Clause 11; and
 - 11.3.2 ensure compliance with Sanctions.
- **11.4** Each Party shall promptly notify the other Party in writing of any actual or anticipated breach of Sanctions in relation to this Agreement of which it becomes aware.
- 11.5 Any provision of this Clause 11 shall not apply to or in favour of any person if and to the extent that it would result in a breach, by or in respect of that person, of any applicable Blocking Law.
- **11.6** For the purposes of this Clause 11, "Blocking Law" means:
 - 11.6.1 any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the European Union);
 - 11.6.2 any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018; or
 - 11.6.3 section 7 of the German Foreign Trade Regulation (Außenwirtschaftsverordnung).

12 Anti-Bribery and Corruption

- **12.1** Each Party shall not directly or indirectly use any part of the proceeds of this Agreement for any purpose which would breach the Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977 or other similar legislation in other jurisdictions.
- **12.2** Each Party shall (and shall ensure that any Affiliate of it will):
 - 12.2.1 conduct its businesses in compliance with applicable Anti-Corruption Laws; and
 - **12.2.2** maintain policies and procedures designed to promote and achieve compliance with such laws.
- 12.3 Unless prohibited by Applicable Law, each Party shall promptly notify the other Party in writing of any credible risk or other indication of money laundering and/or financing of terrorism in relation to this Agreement of which it becomes aware and promptly take any steps agreed in consultation with the other Party.

12.4 Maintain Required Authorisations

Each Party shall maintain in full force and effect all Required Authorisations and it will use all reasonable efforts to obtain any Required Authorisations that become necessary for it hold in the future.



13 Definitions

13.1 General Defined Terms

In this Agreement:

- "Administrator Event" means the suspension of some or all of the processes of the Registry by the Registry Administrator due to:
- (a) a security breach or following reasonable suspicion of a breach of security which threatens the integrity of the Registry system (including any back-up facilities);
- (b) scheduled or emergency maintenance on the Registry; or
- (c) the failure to operate and maintain the Registry in accordance with the Registry Rules or any other Applicable Law.
- "Affected Party" has the meaning given in Clause 5.2.
- "Affected Transfer" has the meaning given in Clause 5.2.
- "Affiliate" means, in relation to any person, any subsidiary or holding company of that person and any subsidiary of any such holding company.

"Anti-Corruption Law" means:

- (a) the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions;
- (b) the Foreign Corrupt Practices Act of 1977 of the United States of America, as amended by the Foreign Corrupt Practices Act Amendments of 1988 and 1998, and as may be further amended and supplemented from time to time;
- (c) the Bribery Act 2010; or
- (d) any other Applicable Law (including any: (a) statute, ordinance, rule or regulation;
 (b) order of any court, tribunal or any other judicial body; and (c) rule, regulation,
 guideline or order of any public body, or any other administrative requirement) which:
 - (i) prohibits the conferring of any gift, payment or other benefit on any person or any officer, employee, agent or adviser of such person; and/or
 - (ii) is broadly equivalent to paragraph (b) or (c) above or was intended to enact the provisions of the OECD Convention described in paragraph (a) above or which has as its objective the prevention of corruption.
- "Applicable Law" means all legally binding treaties, statutes, laws (statutory, common or otherwise), ordinances, rules, regulations, interpretations, permits, judgments, decrees, injunctions, writs and orders of any regulatory agency or arbitrator that apply to the Contract VCCs, this Agreement or to a Party.
- "Associated Person" means, in relation to a company, a person (including any employee, agent or subsidiary) who performs (or has performed) services for or on behalf of that company.
- "Banking Day" means a day on which commercial banks and foreign exchange markets are open for general business (including settling payments and dealings in foreign exchange



and foreign currency deposits) in the place(s) specified as the "Transferring Party's Banking Day Location" and the "Receiving Party's Banking Day Location".

"Banking Day Location" means the place specified as such for that Party in Part A of Schedule 1 (Commercial Terms) or, if a place is not so specified:

- (a) the place in which that Party's address for purposes of receiving notices connected with the relevant Contract VCC is located; or
- (b) if no such address has been given, the place in which that Party has its registered office.

"Blocking Law" has the meaning given to it in Clause 11.6.

"Carbon Standard" means, in respect of a VCC, a program or standard administered by a mandatory or voluntary domestic or international greenhouse gas program, certification, scheme or protocol.

"Carbon Standard Label" means, in respect of a VCC, any label or tag which is applied to that VCC's unique identification code by the relevant Carbon Standard and displayed in the relevant Registry, indicating that the VCC (or the underlying project) has met the relevant Labelling Requirements for a given market (including CORSIA) or a certification scheme (including any Co-Benefit Program).

"Carbon Standard Rules" means, in respect of a Carbon Standard, any relevant decisions, guidelines and procedures made pursuant to that Carbon Standard, as in force and amended from time to time. References to the "ACR Rules", "ART Rules", "CAR Rules", "Gold Standard Rules" or "VCS Rules" and any equivalent in respect of any other Carbon Standard shall be interpreted accordingly.

"Claims" shall have the meaning given in paragraph (a) of Clause 2.2.

"Co-Benefit Label" means the Carbon Standard Label (if any) as specified in Part B of Schedule 1 (VCC Specification and VCC Price) certifying that the VCC or the underlying project has been certified in accordance with the Co-Benefit Program specified in the label.

"Co-Benefit Program" means any environmental standard, program, certification, scheme, protocol or specifications that recognise the positive contributions of the underlying GHG project (other than Emission Reductions) to the achievement of the Sustainable Development Goals or any other environmental, social or community outcome and, if applicable, any applicable sub-category or level thereunder, as specified in Part B of Schedule 1 (VCC Specification and VCC Price).

"Comparable VCCs" means, in respect of a VCC, a VCC Issued under the same Carbon Standard with a materially similar VCC Specification, as determined by: (i) in respect of the Transferring Party's Replacement Cost, the Transferring Party; and (ii) in respect of the Receiving Party's Replacement Cost, the Receiving Party.

"Contract Project" means, in respect of a VCC, the activity, action, project or groups of activities (if any) specified as such in Part B of Schedule 1 (VCC Specification and VCC Price), Registered by a Carbon Standard and that lead to the achievement of Emission Reductions.

"Contract VCCs" means the VCCs that meet the VCC Specification and that the Transferring Party agrees to Transfer and the Receiving Party agrees to accept pursuant to



this Agreement, as specified in Part A of Schedule 1 (*Commercial Terms*), and "**Contract VCC**" means any one of them.

"Credit Support Document" means any document by which credit support is provided by the Credit Support Provider, including, but not limited to, letters of credit, keepwell agreements, pledge agreements, security agreements, guarantee agreements or any other document which by its terms secure, guarantee or otherwise support the obligations of the Receiving Party or the Transferring Party under this Agreement.

"Credit Support Provider" means any person or entity (other than either Party) providing, or being a party to, a Credit Support Document delivered on behalf of the Receiving Party or the Transferring Party.

"Cut-off Time" shall have the meaning given in Part A of Schedule 1 (Commercial Terms).

"**Default Quantity**" means, in respect of a Transfer Date, the quantity of Contract VCCs equal to: (a) the Transfer Quantity minus (b) the quantity of Contract VCCs actually Transferred to the Receiving Party's Registry Account on that Transfer Date.

"Early Termination Date" shall have the meaning given in Clause 5.4.

"Emission Reduction(s)" means the removal, limitation, reduction, avoidance, sequestration or mitigation of emissions of GHGs measured in tCO2e from the atmosphere which are capable of being represented in a form of unit of measure pursuant to the relevant Carbon Standard Rules.

"Encumbrance" means any claim, charge, mortgage, lien, option, equitable right, power of sale, pledge, hypothecation, retention of title, right of pre-emption, right of first refusal or other third party right or security interest of any kind, or an agreement, arrangement or obligation to create any of the foregoing.

"Environmental Attributes" means, in respect of a VCC, any rights, interests and benefits arising from or associated with the Emission Reduction achieved by the project in respect of which that VCC has been Issued including in connection with any sustainable development outcomes, or protection or enhancement of the environment.

"Event of Default" has the meaning given in Clause 7.1.

"Event of Default Early Termination Date" means the day on which termination of this Agreement is deemed to take effect, as specified in the written notice which has been served by either the Transferring Party pursuant to Clause 7.2 or by the Receiving Party pursuant to Clause 7.3, as applicable.

"Event of Default Loss" means an amount that the non-defaulting Party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with the termination of this Agreement pursuant to Clause 7, cost of funding (based on the actual costs of the non-defaulting Party, whether or not greater than market costs) or, at the election of the non-defaulting Party but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any related trading position (or any gain resulting from any of them). It includes losses and costs (or gains) in respect of any payment required to have been made and not made or non-compliance with Clause 3 or 4 on or before the Event of Default Early Termination Date. It does not include the non-defaulting Party's legal fees or out-of-pocket expenses. The non-defaulting Party may (but need not) determine its Event of Default Loss



by reference to quotations of average relevant rates or prices from two or more leading brokers in the market that trade VCCs who are independent of the Parties.

"Force Majeure" means the occurrence of any event or circumstance beyond the control of the Affected Party and that the Affected Party cannot, after using all reasonable efforts, overcome and which makes it impossible for the Affected Party to either: (i) where it is the Transferring Party, Transfer the Contract VCCs; or (ii) where it is the Receiving Party, accept the Contract VCCs into the Receiving Party's Registry Account, in accordance with the relevant Registry Rules and the relevant Carbon Standard Rules [(or would be so prevented if such Transfer or acceptance were required on that day) or it becomes impossible or impracticable for the Affected Party so to Transfer or accept (or it would be impossible or impracticable for the Affected Party so to Transfer or accept if such Transfer or acceptance were required on that day)]. Force Majeure may include:

- (a) an Administrator Event;
- (b) an act of war (whether declared or undeclared), invasion, armed conflict, act of a foreign enemy, blockade, embargo, revolution, riot, insurrection, civil commotion, sabotage, terrorism or the threat of sabotage or terrorism;
- (c) any act of state or other exercise of sovereign, judicial or executive prerogative by any government or public authority, including expropriation, nationalisation or compulsory acquisition or acts claimed to be justified by executive necessity; or
- (d) any epidemic, plague, explosion, chemical or radioactive contamination or ionising radiation, lightning, earthquake, tempest, flooding, fire, cyclone, hurricane, typhoon, tidal wave, whirlwind, storm, volcanic eruption and other unusual and extreme adverse weather or environmental conditions or action of the elements, meteorites, collision or impact by any vehicle, vessel or aircraft or objects falling from aircraft or other aerial devices or the occurrence of pressure waves caused by aircraft or other aerial devices travelling at supersonic speed.

However, Force Majeure shall not include any event or circumstance affecting any banking system that prevents a Party from performing, in whole or in part, any of its payment obligations under this Agreement and may not be based on anything in the following non-exhaustive list: (i) the Receiving Party's inability economically to use or resell any Contract VCCs purchased under this Agreement; (ii) the loss or failure of Transferring Party's supply or having insufficient VCCs for any reason whatsoever; (iii) the Transferring Party's ability to sell the Contract VCCs at a price greater than the VCC Price or the Receiving Party's ability to buy the Contract VCCs at a price lower than the VCC Price; or (iv) a Party not having available the required funds or VCCs to make a payment or Transfer of Contract VCCs.

"GHG" means carbon dioxide, methane, nitrous oxide, sulfur hexafluoride, hydrofluorocarbons, perfluorocarbons and nitrogen trifluoride and any other gas designated as a greenhouse gas under the relevant Carbon Standard.

"Illegality" means the occurrence at any time with respect to a Party of an event or circumstance (other than any action taken by a Party) occurring after this Agreement is entered into, due to which it becomes unlawful under any Applicable Law (including, without limitation, the laws of any country in which payment, Transfer of Contract VCCs or compliance is required by either Party), on any day, or it would be unlawful if the relevant payment, Transfer of Contract VCCs or compliance were required on that day, for such Party



to perform any absolute or contingent obligation to make or receive a payment in respect of this Agreement or to Transfer Contract VCCs, or to comply with any other material provision of this Agreement.

"Interest Rate" means the rate specified as such in Part A of Schedule 1 (Commercial Terms) and, if no rate is specified:

- (a) for US dollar payments, [●];
- (b) for EUR payments, [●]; and
- (c) for GBP payments, [●],

or if that rate is not available for any reason, a rate determined by the non-late paying Party in its commercially reasonable discretion having regard for prevailing market rates for amounts denominated in that currency.

"Issuance" means, in respect of a VCC, the issuance of that VCC by the relevant Carbon Standard into the relevant Registry in accordance with the relevant Registry Rules and the relevant Carbon Standard Rules, and "Issued" shall be construed accordingly.

"Labelling Requirements" means the eligibility and other documentation requirements specified by the relevant Carbon Standard which are required to be met by the underlying project and/or the VCC in order to obtain a Carbon Standard Label.

"Market Eligibility Label" means the Carbon Standard Label (if any) specified in Part B of Schedule 1 (VCC Specification and VCC Price) certifying that the VCC and/or the underlying project is eligible for the relevant market or program specified in that Carbon Standard Label.

"Other Amounts Owing" means any or all amounts owing (whether or not matured, invoiced or due as primary obligor or surety) from the Receiving Party or the Transferring Party (as the case may be) under any other agreements between them relating to the sale and purchase of VCCs.

"Party" means one or other of the parties to this Agreement, and "Parties" is to be construed accordingly.

"Payment Due Date" means the fifth (5th) Banking Day after a Transfer Date subject to the receipt by the Receiving Party of an invoice from the Transferring Party, and only to the extent that the Contract VCCs to be Transferred in accordance with Clause 3 have been Transferred on or before that Transfer Date.

"Prolonged Period" means a period of 30 days following the occurrence of the Force Majeure or Illegality.

"Receiving Party's Initial Notice" has the meaning given to it in paragraph (c) of Clause 6.1.

"Receiving Party's Notice Transfer Date" has the meaning given to it in paragraph (d)(i) of Clause 6.1.

"Receiving Party's Registry Account" means the Registry Account(s) specified by the Receiving Party in Part A of Schedule 1 (*Commercial Terms*) (including any amendment made in accordance with Clause 3.7).



"Receiving Party's Replacement Cost" means, in respect of a failure to Transfer the relevant Default Quantity pursuant to Clause 6.1, an amount determined by the Receiving Party equal to:

- (a) the greater of zero and: (A) the price that the Receiving Party, acting in a commercially reasonable manner, does or would, in the determination of the Receiving Party, pay in an arm's length transaction concluded on the Receiving Party's Notice Transfer Date for a quantity of Comparable VCCs equal to the Default Quantity, minus (B) the product of the VCC Price and the Default Quantity; plus
- (b) an amount of interest determined by applying the Interest Rate to the amount determined pursuant to paragraph (a) above for the period from (and including) the relevant Transfer Date to (but excluding) the date on which the Receiving Party's Replacement Cost Notice is effective; plus
- (c) the amount of reasonable costs and expenses which the Receiving Party incurs in respect of the Default Quantity (including, without limitation, broker fees, commissions and legal fees).

If any of these amounts have already been paid under this Agreement, the amount so determined shall be reduced accordingly.

"Receiving Party's Replacement Cost Notice" has the meaning given to it in paragraph (d)(ii) of Clause 6.1.

"Registered" means, in respect of a Contract Project, the formal acceptance and registration of that Contract Project pursuant to the relevant Carbon Standard Rules.

"Registry" means, in respect of a VCC, the electronic database system that is established or operated by the relevant Carbon Standard or on its behalf including for the holding, transfer, retirement, and cancellation of that VCC.

"Registry Account" means any digital record of a Party or person in the relevant Registry that is eligible to record the holding, transfer, acquisition, retirement or cancellation of VCCs.

"Registry Administrator" means the entity responsible for operating the relevant Registry in accordance with the Registry Rules.

"Registry Rules" means any relevant decisions, guidelines and procedures made in connection with the operation of the relevant Registry, as in force and amended from time to time.

"Reporting Year" means a compliance reporting period as specified under the relevant Carbon Standard Rules.

"Required Authorisations" means all governmental and other licences, authorisations, permits, consents, contracts and other approvals (if any) that are required to enable a Party to fulfil or perform any of its obligations under this Agreement.

"Retire" or "Retirement" means the permanent removal of a VCC from circulation in the relevant Registry, pursuant to the relevant Registry Rules and the relevant Carbon Standard Rules, and "Retired" shall be construed accordingly.

"Retirement Instruction" means an instruction substantially in the form set out in Part B of Schedule 2 (Form of Retirement Instruction) given by the Receiving Party which:



- (a) shall specify the relevant Contract VCCs to be Retired; and
- (b) may specify information that is capable of being recorded by the relevant Carbon Standard (to the extent permitted) pursuant to the relevant Registry Rules and the relevant Carbon Standard Rules in respect of Retirement.

"Retirement Instruction Cut-Off Time" means [4.00 pm.] in the Transferring Party's Banking Day Location on the Banking Day which is ten (10) Banking Days prior to the relevant Transfer Date.

"RPO" means a person acting in good faith and performing its contractual obligations exercising a degree of skill, diligence and prudence that would reasonably and ordinarily be expected from a skilled and experienced operator complying with Applicable Law, engaged in the same type of undertaking, under the same or similar circumstances and conditions, and any reference to the standards of an RPO shall be construed accordingly.

"Sales Tax" means: (i) within the UK, any value added tax imposed by the VAT Act 1994; (ii) within the European Union, such Taxation as may be levied in accordance with (but subject to derogations from) the Directive 2006/112/EC by reference to added value or sales; and (iii) outside the UK and the European Union, any similar Taxation levied by reference to added value or sales including, within the European Union, such Taxation as may be levied in accordance with (but subject to derogations from) the Directive 2006/112/EC by reference to added value or sales.

"Sanctions" means any economic or financial sanctions or trade embargoes imposed, enacted, administered or enforced from time to time by any Sanctions Authority.

"Sanctions Authority" means:

- the US government (including the US Department of State, the US Department of Commerce and the US Department of the Treasury (including the Office of Foreign Assets Control));
- (b) the United Kingdom government (including H.M. Treasury, the Foreign, Commonwealth & Development Office and the Department for Business, Energy & Industrial Strategy);
- (c) the United Nations Security Council; or
- (d) the European Union (or any of its member states),

including, in each case, any other governmental institution or agency of the foregoing.

"Sanctions Restricted Person" means any person that is, or is owned or controlled (as such terms are interpreted in accordance with applicable Sanctions laws and regulations) by one or more persons that is: (a) publicly designated by a Sanctions Authority to be the target of Sanctions; (b) a citizen of, located or resident in, or incorporated or organised under the laws of, a country or territory that is the target of country-wide or territory-wide Sanctions; or (c) otherwise the target of Sanctions.

"Sustainable Development Goals" means the 17 sustainable development goals set out by the United Nations in its "2030 Agenda for Sustainable Development" dated 21 October 2015.



"Taxation" or "Tax" means all forms of taxation (other than deferred tax) and statutory, governmental, state, provincial, local governmental or municipal duties, contributions, rates and levies, in each case in the nature of tax, whether levied by reference to income, profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments to a Tax authority on account of Tax, whenever and wherever imposed and whether chargeable directly or primarily against or attributable directly or primarily to the Party or any other person and all penalties and interest relating thereto.

"Termination Loss" means an amount that each Party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with the termination of this Agreement pursuant to Clause 5, cost of funding (based on the actual costs of such Party whether or not greater than market costs) or, without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any related trading position (or any gain resulting from any of them). It does not include legal fees or out-of-pocket expenses or consequential loss. Each Party may (but need not) determine its Termination Loss by reference to quotations of average relevant rates or prices from two or more leading brokers in the VCC trading market who are independent of the Parties.

"Transfer" means (whether used as a verb or a noun) the transfer of VCCs from one Registry Account to another subject to and in accordance with the relevant Carbon Standard Rules and the relevant Registry Rules, and "Transferred" and "Transferring" are to be construed accordingly.

"Transfer Date" means the date(s) specified in column (A) of the Transfer Schedule on which the Contract VCCs forming part of the corresponding Transfer Quantity set out in column (B) of the Transfer Schedule must (subject to any action required by the Receiving Party under the relevant Registry Rules or the relevant Carbon Standard Rules) be received into the Receiving Party's Registry Account.

"Transferring Party's Initial Notice" has the meaning given to it in paragraph (c) of Clause 6.2.

"Transferring Party's Notice Transfer Date" has the meaning given to it in paragraph (d)(i) of Clause 6.2.

"Transferring Party's Registry Account" means the Registry Account specified by the Transferring Party in Part A of Schedule 1 (*Commercial Terms*) (as may be amended in accordance with Clause 3.7).

"Transferring Party's Replacement Cost" means, in respect of a failure to accept the relevant Default Quantity pursuant to Clause 6.2, an amount determined by the Transferring Party equal to:

- (a) the greater of zero and: (A) the product of the VCC Price and the Default Quantity, minus (B) the price that the Transferring Party, acting in a commercially reasonable manner, does or would, in the determination of the Transferring Party, receive in an arm's length transaction concluded on the Transferring Party's Notice Transfer Date to sell a quantity of Comparable VCCs equal to the Default Quantity; plus
- (b) an amount of interest determined by applying the Interest Rate to the amount determined pursuant to paragraph (a) above for the period from (and including) the



relevant Transfer Date to (but excluding) the date of the Transferring Party's Replacement Cost Notice is effective; plus

(c) the amount of reasonable costs and expenses which the Transferring Party incurs in respect of the Default Quantity (including, without limitation, broker fees, commissions and legal fees).

If any of these amounts have already been paid under this Agreement, the amount so determined shall be reduced accordingly.

"Transferring Party's Replacement Cost Notice" has the meaning given to it in paragraph (d)(ii) of Clause 6.2.

"Transfer Quantity" means, with respect to a Transfer Date, the number of Contract VCCs specified in column (B) of the Transfer Schedule that are to be Transferred on or before that Transfer Date.

"Transfer Schedule" has the meaning given in Clause 3.3.

"VAT" means within the European Union such Taxation as may be levied in accordance with (but subject to derogations from) the Directive 2006/112/EC and outside the European Union any similar Taxation levied by reference to added value or sales.

"VAT Act 1994" means the Value Added Tax Act 1994.

"VCC Price" shall have the meaning given in Clause 4.1.

"VCC Specification" means, in respect of any Contract VCC, the attributes specified as applicable in the second row of the table in Part B of Schedule 1 (VCC Specification and VCC Price).

"Verified Carbon Credit" or "VCC" means a unit measured in tCO2e, representing an Emission Reduction that has been quantified, verified and Issued into a Registry Account with a unique serial number.

"Vintage" means the calendar year, Reporting Year or other time period as specified in Part B of Schedule 1 (VCC Specification and VCC Price) in respect of which the VCC was Issued.

IN WITNESS whereof the Parties have duly executed and delivered this Agreement on the respective dates set out below with effect from the date set out on the first page of this document.

[Name of Transferring Party]	[Name of Receiving Party]		
Ву:	Ву:		
Name: [•]	Name: [•]		
Title: [•]	Title: [•]		
Date: [•]	Date: [•]		



Schedule 1

Part A Commercial Terms

Transferring Party:	[insert name of seller]				
Receiving Party:	[insert name of buyer]				
Carbon Standard:	[specify (e.g. VCS, Gold Standard, CAR, ACR, REDD+, ART)]				
Registry:	[insert Registry, for example: [Verra Registry] [Gold Standard Impact Registry] [ART Registry] [ACR Registry] [SOCIAL CARBON Registry]				
Contract VCCs (total quantity):	[•]				
Interest Rate:	[•]				
Retirement:	Schedule 2 shall apply to this Agreement: [Yes] [No]				
Transfer Schedule:	(A) Transfer Date	(B) Transfer Quantity			
	[•]	[•]			
	[•]	[•]			
	[•]	[•]			
	[•]	[•]			
	[•]	[•]			
Transferring Party's Registry Account:	[specify Registry Account details, if any]				
Receiving Party's Registry Account:	[specify Registry Account Details]				
Transferring Party's Sales Tax details (if any):	[VAT/Sales Tax] number: [•] Jurisdiction: [•]				
Receiving Party's Sales Tax details (if any):	[VAT/Sales Tax] number: [•] Jurisdiction: [•]				
Transferring Party's Banking Day Location:	Jurisdiction: [•]				
Receiving Party's Banking Day Location:	Jurisdiction: [•]				
Cut-off Time:	[•]				
Transferring Party's Bank account:	[Insert details] or [To be specified in invoice]				



Linking as 'Trusted Accounts' (or equivalent under the relevant standard):	[Yes]	[No]				
Language for Notices:	[•]					
Details for Notices:	Rece	Receiving Party:				
	(a)	[Address]				
	(b)	[E-mail: [Insert site address that is continually monitored]]				
	(c)	Attention: [Title]				
	Trans	sferring Party:				
	(a)	[Address]				
	(b)	[E-mail: [Insert si	te address that is continually monitored]]			
	(c)	Attention:	[Title]			



Part B VCC Specification and VCC Price²

Contract Project and Host Country:	VCC type [Delete as appropriate]	Methodology [Delete as appropriate]	Co Benefits Program [Delete as appropriate]	Carbon Standard Label / Co-Benefits Label [Delete as appropriate]	Carbon Standard Label / Market Eligibility Label [Delete as appropriate]	Vintage	VCC Price (per VCC)
Specification	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	
Contract Project: [None specified] or Project ID:[ID and full project name and description] Host Country: [specify] or [none specified]	[VCU] [GS VER] [GS VER CA] [ROC] [ACR] [CRT] [REDD+] [ART Credit] [Other: please specify]	[Removal] [Reduction] [Avoidance] [None]	[CCB Standard] [SD VISta] [Gold Standard Certified SDG Outcomes] [Crown Standard] [SOCIAL CARBON] [W+ Standard] [Other: please specify]	[CCB Program Tier 1 VCU] [CCB Program Tier 2 VCU] [CCB Program Tier 3 VCU] [SD VISta Label] [High Forest Cover, Low Deforestation (HFLD)] [Crown Standard VCU Label] [VCS+ SOCIAL CARBON VCUs] [W+ Labelled VCU] [Other: please specify]	[CORSIA Eligible Label: for [•] phase] [Other: please specify]	[•] [None specified]	[•][USD] [GBP][EUR]

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² [Drafting Note: this table may be duplicated for each Transfer Date or all Transfer Dates as elected by the Parties]



Part C VCC Specification Definitions

1 Carbon Standards

"ACR" means the American Carbon Registry, which is a carbon emission reduction and removal crediting program that operates in both the voluntary and regulated carbon market, and which is administered by Winrock International.

"ART" means the Architecture for REDD+ Transactions operated and administered by Winrock International Institute for Agriculture Development.

"CAR" means the Climate Action Reserve Standard, which is a national offset program that establishes high-quality standards for quantifying and verifying Emission Reduction projects, overseeing independent third-party verification bodies, issuing carbon credits generated from such projects and tracking the credits over time on a transparent, publicly-accessible system.

"Gold Standard" means the standard founded by the World Wildlife Fund and other nongovernmental organisations for the verification and certification of Emission Reduction projects.

"VCS" means the Verified Carbon Standard administered by Verra which enables the validation of GHG projects and programs, and the verification of Emission Reductions and removals.

2 Registries

"ACR Registry" means the Registry administered by ACR which tracks the Issuance, certification, transfer and Retirement of certain VCCs among various entities, persons and accounts, as specified in the ACR Rules.

"ART Registry" means the Registry administered by ART which tracks the Issuance, transfer and Retirement of ART Credits among various entities, persons and accounts, as specified in the ART Rules.

"Gold Standard Impact Registry" means the Registry administered by the Gold Standard which tracks environmental assets including VCCs as well as the associated sustainable development impacts of Gold Standard-certified interventions.

"Reserve" means the Registry administered by CAR which tracks the Issuance, certification, transfer and Retirement of certain VCCs among various entities, persons and accounts, as specified in the CAR Rules.

"SOCIAL CARBON Registry" means the Registry administered by Biodiversity & Ecosystem Futures which tracks the Issuance, transfer and Retirement of VCCs among various entities, persons and accounts, as specified in the SOCIAL CARBON Rules.

"Verra Registry" means the Registry administered by Verra under the VCS which tracks the Issuance, certification, transfer and Retirement of VCCs among various entities, persons and accounts, as specified in the VCS Rules.



3 VCC types

"ART Credit" means a unit Issued under ART relating to an environmental benefit, generated from the project activity being carried out under and in accordance with the ART Trees Program.

"Climate Reserve Tonne" or "CRT" means a unit Issued by CAR pursuant to the CAR Rules and held in the Reserve.

"Gold Standard Verified Emission Reduction" or "GS VER" means a unit Issued by the Gold Standard equal to one metric tonne in carbon dioxide equivalent reduced, avoided, removed or sequestered by a project or programme of activity, as measured, reported and verified in accordance with the Gold Standard Rules.

"Registry Offset Credit" or "ROC" means a unit Issued by ACR which is eligible to be transitioned to a compliance "Offset Credit" pursuant to the Californian Cap-and-Trade Program.

"Verified Carbon Unit" or "VCU" means a unit Issued by Verra, being a unit relating to an environmental benefit, generated from a project or programme and carried out under and in accordance with the VCS.

4 Co-Benefit Program

"ART Trees Program" means the REDD+ Environmental Excellence Standard (TREES) administered by ART.

"CCB Standard" or "Climate, Community and Biodiversity Standard" means the Climate, Community & Biodiversity Standards administered by Verra.

"Crown Standard" means the Carbon Standard established by Thailand's Greenhouse Gas Management Organisation.

"SD VISta" means the Sustainable Development Verified Impact Standard program administered by Verra which provides certification to projects that have achieved independently assessed contributions to the Sustainable Development Goals.

"SOCIAL CARBON" means the international standard focused on nature-based solutions and internationally registered trademark. The trademark communicates that Emissions Reductions result from efforts that benefit and improve living conditions for stakeholders involved in climate change projects, in ways that strengthen their welfare and civic consciousness without degrading their resources base.

"W+ Standard" means the certification label developed by WOCAN that endorses projects that create increased social and economic benefits for women participating in economic development or environment projects, including those that provide renewable energy technologies, time and labour-saving devices, forest and agriculture activities, and employment opportunities.

5 Carbon Standard Label: Co-Benefit Label

"CCB Program Tier 1 VCU" or "CCB Tier 1 VCU" means VCUs with a Gold CCB Distinction in one of the CCB Standard categories.

"CCB Program Tier 2 VCU" or "CCB Tier 2 VCU" means VCUs with a Gold CCB Distinction in two of the CCB Standard categories.



"CCB Program Tier 3 VCU" or "CCB Tier 3 VCU" means VCUs with a Gold CCB Distinction in three of the CCB Standard categories.

"Crown Standard VCU Label" means the Carbon Standard Label that certifies that the project underlying the relevant VCC has been independently assessed under both the VCS and the Crown Standard.

"High Forest Cover, Low Deforestation" or "HFLD" has the meaning given to such term in the ART Rules.

"SD VISta Label" means a label added to a VCU's unique identification code that allows a buyer to identify VCUs from a project that has been independently assessed under the SDVISta Program Guide v.1.0.

"VCS+ SOCIAL CARBON VCUs" means the label added to a VCU's unique identification code certifying that the underlying project has been independently assessed under both the VCS and the SOCIAL CARBON standard.

"W+ Labelled VCU" means the label added to a VCU's unique identification code that certifies VCUs Issued from a project that has been independently assessed under both the VCS and the W+ Standard.

6 Carbon Standard Label: Market Eligibility Label

"CORSIA Eligible Label" means the Carbon Standard Label certifying that the VCC meets the eligibility criteria for use in the CORSIA program, for the phase specified in the label.

7 Related Definitions

"Californian Cap-and-Trade Program" means the program established by the Californian Air Resources Board.

"CORSIA" means the Carbon Offsetting and Reduction Regime for International Aviation, adopted by ICAO pursuant to ICAO assembly resolution A39-4.

"Gold CCB Distinction" means the relevant project satisfies all the required CCB Standard requirements and satisfies at least one of the optional criteria.

"Gold Standard Certified SDG Outcomes" mean outcomes that relate to contributions towards the achievement of one or more of the Sustainable Development Goals that have been independently audited in accordance with the Gold Standard for the Global Goals.

"ICAO" means the International Civil Aviation Organization.

"REDD+" means the reduction of emissions from deforestation and forest degradation, as well as the restoration and protection of intact forests.

"Verra" means the not-for-profit organisation incorporated in the District of Columbia, USA, whose registered office is at 1090 Vermont Ave, NW, Suite 910, 20005.

"WOCAN" means Women Organizing for Change in Agriculture and Natural Resource Management and is a women-led international membership network of women and men professionals and women's associations.



Schedule 2

Part A Retirement

1 Electing Retirement

Where this Schedule 2 applies in accordance with Clause 3.8, the Receiving Party may elect for Retirement to apply in respect of some or all Contract VCCs by delivering a Retirement Instruction to the Transferring Party in accordance with this Schedule 2.

2 Retirement Instructions

- **2.1** A Retirement Instruction in connection with any Contract VCC:
- may be given at any time up to the Retirement Instruction Cut-Off Time (and any instruction given after the Retirement Instruction Cut-Off Time shall not be binding on the Transferring Party);
- (b) shall be irrevocable; and
- (c) shall be effective on receipt by the Transferring Party on or prior to the Retirement Instruction Cut-Off Time.
- 2.2 In respect of any Contract VCC, where this Schedule 2 applies in accordance with Clause 3.8 and the Receiving Party fails to issue a Retirement Instruction in respect of such Contract VCC, such Contract VCC shall be purchased and Transferred on the relevant Transfer Date in accordance with Clause 3 of this Agreement.

3 Receipt of a Retirement Instruction

Where the Transferring Party receives a Retirement Instruction in respect of any Contract VCCs then:

- 3.1 the Transferring Party shall confirm receipt of such Retirement Instruction by no later than one Banking Day following the date on which that Retirement Instruction is effective;
- with effect from the relevant Transfer Date, the Transferring Party shall hold such Contract VCCs for the benefit of the Receiving Party and to its order;
- 3.3 the Transfer of any Contract VCCs shall be deemed to be complete and final on the relevant Transfer Date; and
- by no later than ten (10) Banking Days following the relevant Transfer Date, the Transferring Party shall:
- (a) notify the relevant Registry of any information specified by the Receiving Party in the Retirement Instruction; and
- (b) instruct the relevant Registry to, and ensure that the relevant Registry does, in accordance with the relevant Registry Rules and the relevant Carbon Standard Rules:
 - (i) irrevocably Retire the relevant Contract VCCs in accordance with the Retirement procedures specified by the relevant Carbon Standard; and



(ii) record the relevant Contract VCCs as Retired or otherwise cancelled in the name of the Receiving Party on the relevant Registry.

4 Retired VCCs

Each Party acknowledges and agrees that upon a Contract VCC being recorded by the relevant Registry in accordance with the relevant Registry Rules and the relevant Carbon Standard Rules as Retired or otherwise cancelled pursuant to paragraph 3.4 above:

- **4.1** all legal and beneficial title held by such Party in such Contract VCC shall be extinguished; and
- 4.2 no further transfer of that Contract VCC may be made and such Contract VCC shall become non-transferable.

5 Receiving Party and Retired VCCs

Other than in the context of claiming the benefit of having offset their GHG emissions in connection with any Contract VCC, once such Contract VCC has been Retired, the Receiving Party:

- shall not exercise or purport to exercise any right or interest or otherwise use such Contract VCC or any Environmental Attribute corresponding to such Contract VCC;
- acknowledges that no person has any further right to take the benefit of such Contract VCC or any Environmental Attribute corresponding to such Contract VCC;
- 5.3 shall have no recourse to the Transferring Party in respect of any Claims which are erroneously made by the Receiving Party in respect of such Contract VCC and acknowledges that the Transferring Party shall bear no liability for any erroneous Claims made by the Receiving Party in respect of any such Contract VCC; and
- 5.4 shall not make any Claim in relation to such Contract VCC to the extent that such Claim is inconsistent with any Claim specified in the Retirement Instruction given to the relevant Carbon Standard and recorded on the relevant Registry.

6 Cancellation prior to Retirement

Each Party agrees and acknowledges that cancellation by a Carbon Standard of any Contract VCC after Transfer to the Receiving Party is deemed complete and final pursuant to paragraph 3.3 of this Part A of Schedule 2 (*Retirement*) but prior to the Retirement of the Contract VCC pursuant to paragraph 3.4 of this Part A of Schedule 2 (*Retirement*) shall discharge the Transferring Party of its obligation to the Receiving Party to Retire the relevant Contract VCC, subject to any Claims of the Receiving Party against the Transferring Party under this Agreement.

7 Representations and Warranties of the Transferring Party

- 7.1 In respect of any Contract VCC for which the Receiving Party has delivered a Retirement Instruction in accordance with the requirements of paragraph 2 of this Part A of Schedule 2 (*Retirement*), the Transferring Party represents and warrants to the Receiving Party on the relevant Transfer Date that, to the Transferring Party's knowledge:
 - (a) such Contract VCC has been validly Issued in accordance with the relevant Registry Rules and the relevant Carbon Standard Rules;



- (b) no claim has been asserted against the project in respect of which such Contract VCC has been Issued alleging that the Emissions Reduction giving rise to the Contract VCC was obtained through the misrepresentation of any fact or circumstance to the applicable Carbon Standard or verifier of the underlying project or Emissions Reductions achieved; and
- (c) no claim or allegation has been made in connection with the projects giving rise to the Contract VCC alleging that the free, prior, informed consent of any community affected by the projects has not been obtained.

8 No Transferring Party Liability

In respect of any Contract VCC for which the Receiving Party has delivered a Retirement Instruction to the Transferring Party, and without prejudice to any of the Transferring Party's obligations under this Agreement, the Transferring Party shall have no liability for any actions, omissions, negligence or errors of the relevant Registry in connection with the Retirement of such Contract VCC.



Part B Form of Retirement Instruction

Date of Retirement Instruction	
Contract VCC Specification and number of Contract VCCs to be Retired	
[Date(s) for Retirement of any portion of the Contract VCCs which are the subject of this Retirement Instruction (if incremental)]	[Note: this is information which will be passed on to the Registry by the Transferring Party]
Reason for Retirement	
Claims and/or other information required by Registry Rules	
[Other]	

Ву:	 	
Name: [●]		
Title: [●]		
Date: [●]		