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## Emission Reduction Purchase Agreement (ERPA)

Project:

[Carbon Project]

by and between

[•]

and

[•]

Contract Date

[•]



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## EMISSION REDUCTION PURCHASE AGREEMENT

between

[*Insert name of seller*], having its registered office at [●], herein represented by [●] (hereinafter referred to as the "Seller"),

and

[*insert name of buyer*], having its registered office at [●] herein represented by [●] (hereinafter referred to as the "Buyer"),

Hereinafter each referred to as a "Party" and together the "Parties".

### WHEREAS:

- A. The Seller is implementing the [*insert name*] project as a voluntary carbon project – further described in Annex I – which will result in GHG Reductions that are additional to any that would occur in the absence of the project (the "Project");
- B. The Seller will have all existing and future GHG Reductions associated with the Project Verified and Issued as Voluntary Emission Reductions (VERs) under the Standard of Verification;
- C. The Seller wishes to sell, and the Buyer wishes to purchase, upon the terms and conditions of this Emission Reductions Purchase Agreement (this "Agreement"), VERs arising from the Project,

The Parties hereby agree as follows:

## ARTICLE I

### DEFINITIONS AND INTERPRETATION

#### Section 1.01 Definitions

Unless the context otherwise requires, the following capitalized terms shall have the following meanings wherever used in this Agreement and its recitals:

[*"Additional VERs means any VERs in excess of the Contract VERs generated by the Project with respect to a given Vintage Year and Issued.*]

"Affected Party" has the meaning ascribed thereto in Section 11.01(a).

"Agreement" has the meaning ascribed thereto in Recital C.

"Annex B" means Annex B to the Kyoto Protocol. "Annex B Country" means a country listed in Annex



B. **"Annex B Target"** means the capped amount of tCO<sub>2</sub>e as calculated according to the Kyoto Protocol rules for the Annex B Country in question.

*["Authorized Representative" means an entity authorized by the project proponent to communicate with and provide instructions to the VCS registry administrator on its behalf, such authorization granted through a communications agreement signed by both/all parties and submitted to the VCS registry administrator, who is recognised as authorised representative by the VCS.]*

**"Business Day"** means a day other than a Saturday, Sunday or public holiday in [*insert name of Seller's principle place of business*] and [*insert name of Buyer's principle place of business*].

**"Carbon Dioxide Equivalent"** or **"CO<sub>2</sub>e"** means the base reference for measuring GHG Emission Reductions taking into account the determination of the global warming potential of Greenhouse Gases in comparison to a similar amount of carbon dioxide.

**"CDM"** means the Clean Development Mechanism as established by Article 12 of the Kyoto Protocol and Decision 3.CMP 1.

**"Confidential Information"** means this Agreement and all written information provided under or in connection with it and any written information communicated to either Party or its Representatives by the other or its Representatives in connection with the Project, unless otherwise indicated by the provider.

**"Consent"** means any permit, registration or filing under any applicable law (including, without limitation, public procurement regulations; building law; health, safety and consumer protection; foreign exchange control or foreign investment regulations; environmental law) required or advisable for (a) for the validity and enforceability of this Agreement, (b) for the implementation of the Project and performance of this Agreement, (b) the conduct of the Seller's business.

**"Continuing Event of Default"** has the meaning ascribed thereto in section 12.02(d).

**"Contract VERs"** means [*all*][*the Guaranteed Annual Amount set out in Schedule 2*][*insert number %*][*of*] VERs resulting from the Project generated with respect to each Vintage Year from [*insert date*] through [*insert date*], and Issued, and includes all rights, title and interest in, and other associated benefits in relation to those VERs.

**"Contract VER Price"** means the price indicated in Schedule 2 for one Contract VER generated with respect to a given Vintage Year [*which is exclusive of VAT*], that has been agreed by the Parties under this Agreement..

**"Crediting Period"** means the time period for which GHG Emission Reductions generated by the Project are eligible for issuance as VERs, the rules with respect to the length of such time period and the renewal of the Project's crediting period being set out in the [*VCS Rules*][*Gold Standard Rules*].

**"Cure Period"** has the meaning ascribed thereto in Section 12.02(d).

**"Damages"** has the meaning ascribed thereto in Section 14.02.

*["Declaration of Comfort" means a mutually acceptable declaration confirming that the Seller's parent company (or the Buyer's parent company) will be jointly and severally liable for all payments resulting from legal acts performed by the Seller (or by the Buyer, respectively).]*



**"Defaulting Party"** has the meaning ascribed thereto in Section 12.02(b).

**"Default Notice"** has the meaning ascribed thereto in Section 12.02(b).

**"Delivery"** means the transfer by the Seller of all or any portion of the Contract VERs [or Option VERs] or Replacement VERs to a Registry Account held in the name of the Buyer or assigned by the Buyer for Delivery; **"Deliver"** and **"Delivered"** shall be construed accordingly.

**"Delivery Date"** means each date specified as such in Schedule II

**"Delivery Failure"** has the meaning ascribed thereto in Section 12.01(c).

**"Designated Operational Entity"** or **"DOE"** means an entity designated by the [VCS][Gold Standard Foundation] as qualified to Validate the Project and/or Verify the GHG Reductions.

**"Double Counting"** means (i) the issuance of more than 1 (one) VER or other form of certified GHG emission reduction unit under either the laws of Turkey or International Rules from a single tCO<sub>2</sub>e of GHG; or (ii) the counting of a tCO<sub>2</sub>e of GHG in respect of which a VER or other form of certified GHG emission reduction unit has been issued toward the achievement of any regional, national or international emission reduction or limitation target or commitment; or (iii) the issuance of a VER or other form of certified GHG emission reduction unit in respect of a tCO<sub>2</sub>e of GHG that has been counted toward the achievement of any regional, national or international emission reduction or limitation target or commitment.

**"Encumbrances"** means (i) any claim, mortgage, charge, pledge, lien, assignment, security interest, title restriction, preferential right, trust arrangement, contractual right of set-off or any other security arrangement or arrangement in favour of any person by way of security for the payment of debt or any monetary obligation created or permitted to arise by the Seller, and (ii) any restriction of any kind under any regulatory or voluntary regime that applies to the Seller, which may affect the ability of the Buyer to use the Contract VERs [and Option VERs] purchased under this Agreement; **"Encumber"** shall be construed accordingly.

**"Event of Default"** has the meaning ascribed thereto in Section 12.01.

*["Exercise Notice" means a written notice issued by the [Buyer][Seller] to the [Seller][Buyer] specifying the number of Additional VERs which [Buyer][Seller] seeks to [purchase][sell], such Exercise Notice to be substantially in the form provided in Schedule 4]*

**"Exercise Period"** shall have the meaning ascribed thereto in Section 4.01(a).

**"Force Majeure Event"** means in respect of either Party, a relevant occurrence of one or more of the following event(s) or circumstance(s) which are beyond the reasonable control of the affected Party acting (and having acted) in accordance with prudent operating practice and which is the proximate cause of a delay in performing or the failure of the affected Party to perform any of its obligations under this Agreement:

- a) act of a public enemy, war declared or undeclared, threat of war, extreme weather conditions or events, terrorist act, blockade, revolution, riot, insurrection, civil commotion or public demonstration, the expropriation, confiscation, compulsory purchase, nationalization of any part or the whole of the affected Party's assets by any competent governmental authority.



- b) A lack of funds that is directly and proximately caused by the expropriation, confiscation, compulsory purchase, nationalization of any part or the whole of the affected Party's assets by any competent governmental authority. A lack of funds due to any other cause shall not be a Force Majeure Event.
- c) any [*Gold Standard*][VCS] Registry failure or malfunction that prevents the Issuance or Delivery of Contract VERs [*or Option VERs*];
- d) any decision of the [*Gold Standard Foundation*][VCSA] or change in the International Rules that substantially prevents either Party from fulfilling an obligation under this Agreement.
- e) Material Change in Law.

"Force Majeure Notice" has the meaning given to that term in Section 11.01(a).

"Greenhouse Gases" or "GHGs" means any of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride, and any other substance recognised as a greenhouse gas under the International Rules.

"GHG Emission Reduction" or "Reduction" means the removal, sequestration, reduction, or avoidance of greenhouse gases by the Project below the Project baseline and measured in tonnes of carbon dioxide equivalent, which have been generated in a manner consistent with the [*Gold Standard*][VCS].

*["Gold Standard" means the standard for Voluntary Offset Projects as developed by the Gold Standard Foundation, governing the rules and procedures for issuance of Gold Standard VERs. The latest version of the rules and procedures can be found on [www.cdmgoldstandard.org](http://www.cdmgoldstandard.org);*

"Gold Standard Foundation" means the Gold Standard Foundation, a non-profit organisation registered under the Swiss law, funded by public and private donors whose operational activities are managed by the Gold Standard secretariat based in Basel, Switzerland.

*"Gold Standard Passport" means a document as defined by the Gold Standard that presents additional information to the information covered by the PDD and that is required for registration under the Gold Standard.*

*"Gold Standard Registry" means the registry operated by the Gold Standard that issues, holds, transfers, retires, suspends, cancels and provides custodial services over VERs, which is located online at <http://goldstandard.apx.com/>.*

*"Gold Standard Rules" means the entirety of rules and requirements as set by the Gold Standard, as amended from time to time.]*

"Gross Negligence" means acts or omissions seriously departing from the standard of care which would be expected of a Reasonable and Prudent Operator performing tasks of the kind covered by this Agreement, taking into account the degree of lack of care, the seriousness of the loss or damage reasonably foreseeable as a result of the relevant act or omission, and the degree of likelihood of such loss or damage arising, and shall include recklessness;

"Governmental Entity" means the Government of the Seller's or Buyer's country and any department,



branch, authority, agency, board, commission, bureau or other instrument thereof.

*["Guaranteed Annual Amount" means the minimum amount of VERs the Seller Agrees to Deliver to the Buyer for each Vintage Year, such amounts being specified in Schedule 2.]*

*["Indicative Annual Amount" means the amount of VERs that the Parties expect will constitute the Contract VERs in a given Vintage Year.]*

"International Rules" means the UNFCCC, Kyoto Protocol, the Marrakesh Accords, [Gold Standard Rules][VCS Rules], other international or foreign or bilateral or multilateral rules on emissions trading, and any relevant decisions, guidelines, modalities and procedures made pursuant to them and of successor international agreements or supplementary international agreements or decisions regarding Greenhouse Gas emissions and which include those rules specifically required to be met for the issuance of VERs and the forwarding of VERs by the [Gold Standard Registry][VCS Registry].

"Issuance" means the issuance of VERs from the Project by the [Gold Standard Registry][VCS Registry] into the Registry Account nominated by the Seller. "Issue" and "Issued" shall be construed accordingly.

"Kyoto Protocol" means the optional protocol to the UNFCCC adopted at the Third Conference of the Parties to the Convention in Kyoto, Japan on December 11, 1997.

"Market Price" means the price calculated in accordance with Section 12.03(c).

"Marrakesh Accords" means Decision 2/CP.7 through to Decision 24/CP.7 inclusive of the Conference of the Parties to the UNFCCC in its seventh session, held at Marrakesh, Morocco from October 29 to November 10, 2001.

"Material Change in Law" means any change in applicable law which renders or which will render this Agreement illegal or unenforceable or results or will result in either Party being unable legally to perform its material obligations under this Agreement or prevents the VERs from being sold, Verified, Delivered or transferred. For the avoidance of doubt, a Material Change in Law does not include the imposition of any law, regulation, rule, administrative order, new tax on income or revenue or other restriction that is accepted in writing by both Parties as not constituting a Material Change in Law, such acceptance not to be unreasonably withheld.

"Material Term" means any condition or innominate term of this Agreement.

"Monitoring" means activities of collecting and recording data in a manner that allows the assessment of the GHG Emission Reductions resulting from the Project pursuant to the terms of the Monitoring Plan.

"Monitoring Plan" means the set of requirements for Monitoring incorporated in the Project Description.

"Monitoring Report" means a document indicating the result of the monitoring process conducted by the Seller or an entity contracted by the Seller in accordance with the Monitoring Plan and calculating the amount of GHG Reductions that the Project has generated during the Verification Period.

"Non-Affected Party" has the meaning ascribed thereto in Section 11.01(a).

"Non-Defaulting Party" has the meaning ascribed thereto in Section 12.02(b).



*["Option" shall have the meaning ascribed thereto in Section 4.01(a).*

*"Option Delivery Failure" has the meaning ascribed thereto in Section 12.01(d).*

*"Option VER" means any Additional VER over which the Option has been exercised in accordance with Section 4.02(a).*

*"Option VER Price" means [the price indicated in Schedule 2 for one Option VER generated with respect to a given Vintage Year [which is exclusive of VAT], that has been agreed by the Parties under this Agreement for one Option VER.][the prevailing market price at the time that the Option is exercised, such price to be reasonably agreed by both Parties.]*

*"Payment Date" shall have the meaning ascribed thereto in Section 5.01(c)*

*["Payment Failure" has the meaning ascribed thereto in Section 12.01(e).]*

*"Parties" means the Seller and the Buyer, and each of them shall be individually referred to as a "Party".*

*"Project" means [insert name of project].*

*["Project Description" or "PD" means the document describing the Project and estimating the volume of GHG Reductions Emission Reductions expected to be generated by the Project during the Crediting Period and that uses VCS PD template to be submitted for Validation and Registration in accordance with the VCS Rules.]*

*or*

*["Project Design Document" or "PDD" means the document that describes the Project as a project activity to be submitted for Validation and Registration in accordance with the Gold Standard Rules]*

*"Project Development Costs" means any and all costs associated with Validation, Registration and Issuance of the Contract VERs [and Option VERs], with the exception of the costs referred to in clause 6.02 (a).*

*"Project Documents" means together or individually the [PD][PDD], the Monitoring Report, the Validation Report, Validation Statement, the Verification Report and Verification Statement as defined and/or described by the [VCS Rules][Gold Standard Rules].*

*[Project Participant' means any entity or person, that is responsible for, or is working closely with the Project Proponent to carry out, the Project activities and is recognised by the Gold Standard as a project participant.*

*"Project Representative" means the entity or person who will serve as the focal point for the Project and is recognised by the Gold Standard as the Project Representative.]*

*["Project Proponent" means the individual or organization that has overall control and responsibility for the Project, or an individual or organization that, together with others, each of which is also a Project Proponent, has overall control or responsibility for the Project, and is recognised by the VCS as a project proponent.]*

*"Project Registration" means [the formal acceptance of the Project by the Gold Standard Foundation as a Gold Standard project activity][the approval by the VCS Registry of the Project's registration request and entry of the Project on the VCS project database]. "Register" and "Registered" shall be*





construed accordingly.

"Reasonable Prudent Operator" or "RPO" means a person or legal entity seeking in good faith to perform its contractual obligations and in so doing and in the general conduct of its undertaking exercising that degree of skill, diligence, prudence, and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator complying with all applicable laws, 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.

"Registry Account" means an account for the Issuance, holding, trading and retirement of VERs in [*the Gold Standard Registry*][ *the VCS Registry*] in the name of either the Buyer or the Seller.

"Replacement VERs" means VERs generated by a project activity other than the Project that, in the reasonable opinion of the Buyer, are of the same quality and utility as the Contract VERs.

"Representatives" means, in relation to a Party, its employees, officers, directors, attorneys, agents, associated companies (including holding companies, subsidiaries, or subsidiaries of a Party's holding company), representatives and professional consultants.

*["Share of Proceeds" means, in relation to the Contract VERs, any Registration Fee, Share of Proceeds Deduction, Issuance Fee, Share of Proceeds or Registration Fee deducted by the Gold Standard in accordance with the Gold Standard Fee Schedule, as contained in Annex L of the Gold Standard Rules.]*

"Standard of Verification" means the [*Gold Standard*][*VCS*].

"Taxes" means any tax, duty, fee, assessment or charge of any kind imposed by any Governmental Entity, including a sales tax, purchase tax, income tax, turnover tax or value-added tax, whether in effect at the date of this Agreement or thereafter imposed, together with any interest and any penalties, additions to tax or additional amounts with respect thereto.

"tCO<sub>2</sub>e" means metric tonnes of Carbon Dioxide Equivalent.

"Third Party" means a person or legal entity other than the Buyer or the Seller.

"Under Delivery" has the meaning ascribed thereto in Section 12.01(b).

"United Nations Framework Convention on Climate Change" or "UNFCCC" means the United Nations Framework Convention on Climate Change adopted in New York on May 9, 1992.

"Validation" means the process of independent evaluation of the Project by the Validator in accordance with the Standard of Verification. "Validated" and "Validate" shall be construed accordingly.

"Validation Report" means a written report of the validation made by the Validator in accordance with the Standard of Validation.

"Validation Statement" means the deed issued by the Validator either as part of the Validation Report, or as a separate deed referencing the Validation Report to which it relates, containing a unilateral representation that it has validated the Project's compliance with the applicable VCS Rules.

"Validator" means an entity accredited by the [*UNFCCC*][*VCS*] to Validate projects and qualified to conduct Validation on proposed [*Gold Standard*][*VCS*] project activities in the sector of the Project, that has been contracted to Validate the Project.

*["VCS" or "Verified Carbon Standard" means the operating standard for project-level quantification, monitoring and reporting as well as Validation and Verification of GHG Emission, as governed by the*



Verified Carbon Standard Association (VCSA).

**"VCSA" or "Verified Carbon Standard Association"** means the Verified Carbon Standard Association, a non-profit corporation incorporated in the District of Columbia, USA.

**"VCS Rules"** means the standard rules and program guidelines published by the VCSA, such rules being amended from time to time and as such rules are relevant and applicable at time of Delivery.

**"VCS Registry"** means an independent registry approved by the VCSA that Issues, holds, transfers, retires, suspends, cancels and provides custodial services over VERs and to which inter alia the Project Documents are submitted for approval and Registration, such registry to be nominated by the Seller.]

**"Verification", "Verify" and "Verified"** each means the periodic independent review and ex-post determination of GHG Reductions monitored in accordance with the Monitoring Plan that have occurred during the relevant period as a result of the Project being carried out, and such Verification has been made by a Verifier in accordance with Standard of Verification.

**"Verification Period"** means the period in time for which Verification is carried out.

**"Verification Report"** means a written report prepared by the Verifier in accordance with the Standard of Verification, which independently assesses the amount of GHG Reductions or emission reductions generated by the Project for the preceding year(s).

**"Verification Statement"** means, in respect of a VER, the deed issued by the Verifier as part of the Verification Report, or a separate deed referencing the Verification Report to which it relates, containing a unilateral representation that it has verified that the relevant GHG Reductions have occurred in accordance with the applicable [Gold Standard][VCS Rules].

**"Verifier"** means a [CDM][VCS] accredited entity that shall Verify and certify the GHG Reductions generated by the Project..

**"Vintage Year"** means, with respect to a VER, the calendar year in which the associated GHG Reduction was generated.

**"Voluntary Emission Reduction" or "VER"** means one [Gold Standard Verified Emission Reduction][Verified Carbon Unit], equal to one GHG Reduction representing one metric tonne of Carbon Dioxide Equivalent that has been calculated and Verified in accordance with the [Gold Standard][Verified Carbon Standard] and that has been Registered in [the Gold Standard Registry][a VCS Registry] and Issued in a Registry Account.

## Section 1.02 Interpretations, headings, schedules

(a) In this Agreement unless the context requires another meaning, a reference:

- (i) to any document (including this Agreement) is to that document as varied, amended, novated, ratified or replaced from time to time;
- (ii) to any Party includes that Party's executors, administrators, successors and permitted assigns, including without limitation any person who is a Party to this Agreement by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (iii) to the singular includes the plural and vice versa, and to a gender includes all genders;



- (iv) to a Party means a Party to this Agreement, and to an Article, Section or Schedule is to an Article, Section or Schedule of this Agreement (unless specified otherwise); and
  - (v) to the Standard of Verification includes any modification or re-enactment of it and all protocols, rules, modalities, guidelines, procedures, ordinances, regulations and rules issued under it
- (b) The terms of this Agreement shall be interpreted in a manner that is consistent with the Standard of Verification.
- (c) The Schedules to this Agreement are an integral part hereof.
- (d) The headings of the Articles and Sections are inserted for convenience of reference only and do not affect the interpretation of this Agreement.

## ARTICLE II

### CONDITIONS PRECEDENT

#### Section 2.01 Conditions Precedent

- (a) The provisions of *[Article III (Contract VERs), Article IV (Option VERs), Section 5.01 (Payment for Contract VERs); Article VI (Taxes and Costs), Section 7.02, subs (b), (c) and (d), Article VIII (Transition of Turkey to Compliance Markets), Article IX (Representations and Warranties), and Article XII (Events of Default and Remedies)]* are conditional upon the following Conditions Precedent occurring in respect to the Project:
- (i) *[The completion of due diligence of the Seller by an entity nominated by the Buyer and the acceptance of its results by the Buyer];*
  - (ii) *[The Project has achieved successful Validation];*
  - (iii) *[The execution of a financing agreement, which ensures the financial viability of the Project;]*
  - (iv) *[The issuance of a Declaration of Comfort from the Seller to the Buyer;]*
  - (v) *[The issuance of a Declaration of Comfort from the Buyer to the Seller;]*
  - (vi) *[The Project has achieved Registration;]*
- (b) The *[Seller/Buyer/Parties]* shall use all reasonable endeavours to procure satisfaction of the Conditions Precedent in good faith as soon as practicable following the execution of this Agreement.

#### Section 2.02 Notifications Regarding Conditions Precedent

Each Party shall send a written notice to the other Party as soon as:



- 
- (i) a Condition Precedent for which it is responsible has been fulfilled; or
  - (ii) it becomes aware or has reason to believe that it shall not meet the deadline for fulfilling a Condition Precedent for which it is responsible.

For the avoidance of doubt, for the purposes of Section 2.03, the Buyer shall be considered to have responsibility for the Condition Precedent set forth in Section 2.01 (a), subparagraphs (i) and (v), and the Seller shall be considered to have responsibility for the Conditions Precedent set forth in Section 2.01 (a), subparagraphs (ii), (iii), (iv) and (vi)..

If the Conditions Precedent set forth in Section 2.01 (a) subparagraphs (ii), (iii), (iv) and (vi) have not been satisfied by [*insert number of days*] after the entry into force of this Agreement or the results of the due diligence pursuant to Clause 2.01 (a)(i) are not, in the reasonable judgment of the Buyer, deemed acceptable, the Buyer has the right to terminate this Agreement. The Agreement shall terminate upon the issuance of a termination notice by the Buyer. If the Buyer terminates the Agreement in accordance with this provision the Buyer shall not pay any further costs and expenses after termination. The Buyer will not be liable for any loss suffered by the Seller regarding termination.

If the Condition Precedent set forth in Section 2.01 (a) subparagraphs (i) and (v) have not been satisfied by [*insert number of days*] the Seller has the right to terminate this Agreement. The Agreement shall terminate upon the issuance of a termination notice by the Seller to the Buyer. If the Seller terminates the Agreement in accordance with this provision the Seller shall not pay any further costs and expenses after termination. The Seller will not be liable for any loss suffered by the Buyer regarding termination.

### Section 2.03 Waiver

The conditions set forth in Section 2.01 (a) subparagraphs (ii), (iii), (iv) and (vi) are for the benefit of, and may only be waived or deferred by the Buyer in writing.

The condition set forth in Section 2.01 (a) subparagraph (v) is for the benefit of the Seller and may only be waived or deferred by the Seller in writing.

The condition set forth in Section 2.01 (a) subparagraphs (i) is for the benefit of both Parties and may only be waived or deferred by both Parties in writing.



## ARTICLE III

### CONTRACT VERS

#### Section 3.01 Purchase and Sale

(a) The Seller agrees to sell and Deliver to the Buyer by the Delivery Date, and the Buyer agrees to purchase, pay for and accept from the Seller:

(i) the Contract VERS; and

(ii) the Option VERS;

in accordance with the terms and conditions set forth in this Agreement.

(b) *[For each Vintage Year the Seller shall Deliver all Contract VERS and Option VERS that have been Issued since the last Delivery (or in the case of the first Delivery, since the start of the Crediting Period) to the Buyer. However, for each Vintage Year the Seller shall ensure that the number of VERS that are Issued is not less than the Guaranteed Annual Amount set out in Schedule 2 for that Vintage Year and have these VERS Delivered on or before the respective Delivery Date set out in Schedule 2.]*

or

*[The Seller shall undertake its best efforts to Deliver the Indicative Annual Amount for each Vintage Year (as specified in Schedule 2) by the relevant Delivery Dates. For avoidance of doubt, the Seller shall not be under any obligation to Deliver any minimum amount where the Project fails to generate or secure Issuance of the Indicative Annual Amount with respect to a given Vintage Year.]*

#### Section 3.02 Delivery, Notification and Registry Account

(a) Upon Issuance of the Contract VERS *[and any Additional VERS]* in the Seller's Registry Account, the Seller shall within 10 (ten) Business Days notify the Buyer of the following ("**Issuance Notification**"):

(i) the exact volume of Contract VERS to be Delivered to the Buyer [such volume being no less than the Guaranteed Annual Amount for the Vintage Year in question];

(ii) [the exact number of Additional VERS that have been Issued.]

(iii) the Delivery Date of the Contract VERS, such date being no less than 15 (fifteen) Business Days after the date of the Issuance Notification *[and in no case later than the Delivery Date specified in Schedule 2 for the Vintage Year in question]*.

(b) Delivery shall be made to the Buyer's Registry Account no *[insert number]* in the *[insert registry]*, unless otherwise notified by the Buyer. If the aforementioned Registry Account is not established or incapable of receiving VERS, other than as a result of a Force Majeure Event, the Seller shall give written notice to the Buyer who will have *[insert number]* Business Days to remedy the situation and notify the Seller that the Account is established and capable of receiving VERS. The Seller shall Deliver no later than *[insert number]* Business Days after receipt



of this notification. If the Buyer has failed to make notification or if the second attempt at Delivery fails because the Registry Account is not established or incapable of receiving VERs, other than as a result of a Force Majeure Event, Delivery shall be deemed on the [insert number] Business Day after the notification of the Seller to the Buyer (“Deemed Delivery”) and the Buyer shall make payment in accordance with Section 5.01(c).

## ARTICLE IV

### [OPTION VERs]

#### Section 4.01 Option to [Buy][Sell] Additional VERs

- (a) *[In addition to the Contract VERs, and in consideration of [the Option Premium][its purchase of the Contract VERs], the Buyer shall have an option, exercisable at its sole discretion, to purchase from the Seller][and in consideration of [the Option Premium][its sale to the Buyer of the Contract VERs], the Seller shall have the option, exercisable at its sole discretion, to sell to the Buyer] the Additional VERs on the same terms and conditions with the exception of price, which shall be the Option VER Price) as the Contract VERs (the “Option”). This Option shall be valid for [insert timeframe] after Issuance of the Additional VERs (the “Exercise Period”).]*



#### Section 4.02 Exercise of Option

- (a) *The [Buyer][Seller] may exercise its Option, in respect of some or all of the Additional VERs, at any time during the Exercise Period by providing [Seller][Buyer] with an Exercise Notice specifying the number of the Additional VERs which [Buyer][Seller] seeks to [purchase][sell].*
- (b) *If the [Buyer][Seller] does not exercise its Option within the Exercise Period, the Option shall be deemed to have terminated.*

#### Section 4.03 Delivery of Option VERs

- (a) *If [Buyer][Seller] exercises its Option the Seller shall Deliver the Option VERs within [insert number] Business Days after the provision of the Exercise Notice.]*

## ARTICLE V

### PRICE AND PAYMENT

#### Section 5.01 Payment for Contract VERs

- (a) The Buyer shall pay to the Seller the Contract VER Price specified in Schedule 2 for each Contract VER Delivered.
- (b) *[Where the [Buyer][Seller] has elected to exercise the Option in accordance with Section 4.02, the Buyer shall pay to the Seller the Option VER Price specified in Schedule 2 for each Option VER Delivered.]*
- (c) The Buyer shall pay the amounts due under Section 5.01(a) *[and 5.01(b)] [insert number] Business Days after Delivery and receipt of an invoice from the Seller (“Payment Date”), whichever is later, to a bank account nominated by the Seller in an invoice, free of any expenses and without any withholdings and deductions. Payment shall be remitted by bank transfer. Transaction fees charged by the Buyer’s bank are borne by the Buyer and transaction fees charged by the Seller’s bank are borne by the Seller.*
- (d) If the Buyer has not paid the purchase price for any VERs within *[insert number] Business Days after the Payment Date, the Seller shall, in addition to any remedies that may be available to it under Articles XII and XIII, be entitled to recover from the Buyer all VERs for which payment has not been received.*

#### Section 5.02 Late Payments

If any payment under this Agreement is overdue, the late-paying Party shall pay interest on the overdue amount at an annual percentage rate equal to the 3 Months Euribor<sup>®</sup> quoted at 11:00 CET the day the payment is due, or- if this is not a Banking Day - on the first Banking Day thereafter. Interest will be calculated from and including the date when payment was due until the date of payment.

## ARTICLE VI



## TAXES AND COSTS

### Section 6.01 Taxes

- (a) The VAT treatment of any Delivery or payment shall be determined pursuant to the VAT law of the jurisdiction where a taxable transaction for VAT purposes is deemed to have taken place.
- (b) [(b) *If VAT is properly chargeable on the Contract VERs [or Option VERs], the Buyer will pay to the Seller an amount equal to the VAT, if any, chargeable in Seller's jurisdiction provided that Seller provides the Buyer with a valid VAT invoice in relation to that amount] or [The Seller agrees to provide a certificate of residency that confirms that its principal offices are located in [Seller's country of residence], so that the Seller is not subject to VAT (Value Added Tax) in the [Buyer's jurisdiction], therefore any VAT liability shall be solely that of the Buyer] or [The Seller shall be responsible for any VAT imposed on the transfer of VERs to the Buyer. Any payment of the Buyer shall be net of Taxes.]*
- (c) Seller shall be responsible for the payment of any fees, charges, taxes or other costs [other than VAT] imposed on Seller by [insert country of Seller's principal place of business] in relation to the sale and purchase of the Contract VERs [and Option VERs].
- (d) Buyer shall be responsible for the payment of any fees, charges, taxes or other costs [other than VAT] imposed on Buyer by [insert country of Buyer's principal place of business] in relation to the sale and purchase of the Contract VERs [and Option VERs].
- (e) In the event that either Party is required by law to pay a tax which is properly for the account of the other Party, the second Party must reimburse the first Party in respect of such Tax.
- (f) Both Parties shall use reasonable endeavours to minimise, where possible, the accrual of tax payment obligations.

### Section 6.02 Costs

- (a) Each Party will bear its own costs and expenses in connection with the preparation, negotiation and execution of this Agreement.
- (b) The [Seller/Buyer shall bear][Parties shall share in equal parts, the Buyer reimbursing the Seller for 50% of relevant monetary deductions or fees paid by the Seller upon production of valid proof of payment] any deductions or fees levied by the [Gold Standard Registry and the Gold Standard Foundation, including any Share of Proceeds][VCS Registry and the VCS] or any other body responsible under the International Rules or Voluntary Rules in relation to the Issuance or Delivery of the Contract VERs.
- (c) The [Seller][Buyer] shall pay the transfer fee for each Contract VER transferred from the Seller's Registry Account to the Buyer's Registry Account. The Buyer shall [also] pay those costs that result from any failed transfer that occurs as a consequence of the Buyer's Registry Account not being established or being incapable of receiving VERs.
- (d) Each Party shall pay all costs related to the creation and maintenance of a Registry Account in its name.





(e) The Seller shall be responsible for all Project Development Costs.

## ARTICLE VII

### OBLIGATIONS OF THE PARTIES

#### Section 7.01 Implementation

In the course of implementing, operating, maintaining and monitoring the Project the Seller shall:

- (a) strictly comply with the [*Gold Standard*][VCS] Rules;
- (b) co-operate with and provide any reasonable support to the Validator and any Verifier (and, in particular, respond immediately to any clarification or reasonable request) and any entity involved in the generation, purchase and transfer of VERs;
- (c) implement, operate, maintain and monitor the Project as an RPO with due diligence and efficiency and in conformity with appropriate administrative, financial and engineering practices;
- (d) provide semi-annual Project progress reports from the date of execution of this Agreement until Issuance of the first VERs under this Agreement; thereafter and until issuance of the last Contract VERs under this Agreement, Seller shall send annual Project progress reports; such reports will be due on [*insert date for annual reports*] each year and shall include the Seller's audited and certified financial statements.
- (e) implement, operate, maintain and monitor the Project in compliance with applicable law, in particular environmental, health, safety and building law, obtain all Consents for the generation, sale and transfer of VERs, and comply at all times with all applicable Consents;

#### Section 7.02 Project Cycle

- (a) The Seller shall take best efforts to ensure that the Project is Validated in accordance with the [*Gold Standard*][VCS Rules] that fulfil any domestic rules, where applicable, and that the Project is Registered in [*the Gold Standard Registry*][*a VCS Registry*].
- (b) The Seller may nominate itself and/or another entity as [*Project Participant*][*Project Proponent*] for the Project. [*At the Buyer's request, the Seller shall also nominate the Buyer or an entity chosen by the Buyer as [Project Participant][Project Proponent].*] The Seller may nominate itself or any other person as the [*Project Representative*][*Authorized Representative*] of the Project [*and the Buyer shall cooperate in ensuring such person is appointed as [Project Representative][Authorized Representative].*]
- (c) The Seller shall ensure that a Verifier is contracted to Verify the GHG Emission Reductions resulting from the Project [*in good time to ensure Delivery of the Contract VERs on or before the Delivery Date*] [*pursuant to the following time schedule:*

Verification (dd/mm/yyyy)	Period	Tentative Verification Date (dd/mm/yyyy)	Indicative Amount of VERs



		(tCO <sub>2</sub> e)
[•]	[•]	[•]
[•]	[•]	[•]
[•]	[•]	[•]

(d) the VERs corresponding to the GHG Reductions that are the subject of each Verification are Issued in the Seller’s VCS Registry Account as soon as practicable after Verification.

**Section 7.03 Buyer’s obligations**

The Buyer shall:

- (a) make the payment in accordance with Section 5.01;
- (b) take Delivery in accordance with this Agreement and not take any action to prevent or interfere with Delivery of the Contract VERs *[and Option VERs]*;
- (c) maintain sufficient funds to make any payments due under this Agreement and refrain from all actions that would put at risk its ability to make any payments due under this Agreement.



## ARTICLE VIII

### TRANSITION OF TURKEY TO COMPLIANCE MARKETS

#### Section 8.01 Transfer of Project to Alternative Standard

- (a) Upon Turkey becoming a party listed in Annex B to the Kyoto Protocol or otherwise becoming eligible to participate in any existing or new market mechanism under the UNFCCC, the Kyoto Protocol, a successor treaty, or any bilateral or other emission reduction agreement or scheme (“**Alternative Standard**”), the Parties shall, where the [*Seller*][*Buyer*] so requests, enter into good faith negotiations to decide whether and on what terms to seek to have the Project registered under the Alternative Standard.
- (b) Where the Project is registered under an Alternative Standard pursuant to an agreement between the Parties under clause 8.01 (a), unless otherwise agreed by the Parties, this Agreement shall remain in force and, subject to any terms that the Parties mutually agree to alter, its provisions shall be deemed to have been amended such that the rights and obligations of Buyer and Seller hereunder continue, *mutatis mutandis*, with reference to the operation of the Project under the Alternative Standard as they would have had the Project continued to be operated under the [*Gold Standard*][*VCS*]

#### Section 8.02 Avoidance of Double Counting

- (a) The Seller will take all reasonable measures, including but not limited to any measures required by the International Rules for the avoidance of Double Counting, to ensure that Double Counting will be avoided, if and at such time that Turkey:
  - (i) becomes an Annex B Country and the GHG Emission Reductions become accounted for against the Annex B Target; or
  - (ii) adopts a similar domestic or international target against which the GHG Emission Reductions become accounted for; or
  - (iii) adopts a domestic emission reduction scheme or begins participation in an international emission reduction scheme which includes the GHG Emission Reductions; or
  - (iv) adopts any other domestic market legislation that could lead to a Double Counting effect.

## ARTICLE IX

### REPRESENTATIONS AND WARRANTIES

#### Section 9.01 General

Each Party represents and warrants to the other Party for the duration of this Agreement that:



- (a) it is duly organized and validly existing under the laws of [Turkey][insert country of incorporation] and is qualified to conduct its business in [Turkey][insert name of host country];
- (b) no litigation, arbitration or administrative proceedings of or before any court, arbitral tribunal or administrative body have been started or, to the Party's best knowledge, threatened against or affecting the Party which are reasonably likely to have a material adverse effect on the ability of the Party to meet its obligations under the Agreement;
- (c) the execution and delivery of this Agreement and the fulfilment and compliance with the terms of this Agreement will not materially conflict with any of, or require the consent of any person under, any loan or security agreement, or other material agreement to which it is a party;
- (d) it is duly authorized and possesses all relevant powers and capacities required to enter into this Agreement;
- (e) it has obtained or will obtain all Consents required to fulfil its obligations under this Agreement;
- (f) the entry into and observance and performance of its obligations under this Agreement do not violate or conflict with or require any consent or waiver under any of the terms or conditions in its governing documents or any material contract to which it is a party or by which any of its assets are bound or affected;
- (g) this Agreement constitutes the legal, valid, and binding obligations of each of the Parties enforceable in accordance with its terms;
- (h) all applicable information that is furnished in writing by or on behalf of it to the other Party and is identified as being subject to or connected to this Agreement is, as of the date furnished to the other Party and to the representing Party's best knowledge, true, accurate and complete in every material respect.

#### Section 9.02 Seller Representations

The Seller represents and warrants to the Buyer in each of the following terms as at the date of this Agreement and from there onwards:

- (a) the Project has been and will be carried out in accordance with the [PDD][PD][and Gold Standard Passport], the Validation Report, the Standard of Verification and the International Rules;
- (b) it has, to the best of its knowledge after due investigation, full legal title to all of the Contract VERs [and Option VERs] generated by the Project and the right to transfer the title of ownership in the Contract VERs [and Option VERs] free and clear of any Encumbrances to the Buyer;
- (c) other than as contemplated by this Agreement, it has not sold, transferred, assigned, licensed, disposed of, granted or otherwise created any interest in the Contract VERs [or Option VERs], and it shall not sell, transfer, assign, licence, dispose of, grant or otherwise create any interest in the Contract VERs [or Option VERs] while this Agreement remains in force;
- (d) it has taken all reasonable measures to avoid Double Counting and that, to the best of its knowledge after due investigation, no Double Counting has taken place in respect of any



Contract VERs [or Option VERs].

### Section 9.03 Buyer Representations

The Buyer represents and warrants to the Seller in each of the following terms as at the date of this Agreement and on the Delivery of Contract VERs [and Option VERs], it has and will continue to have sufficient funds to make all payments under this Agreement.

## ARTICLE X

### NOTICE OF DEVIATION IN QUANTITY OF VERs FROM THE PROJECT

#### Section 10.01 Deviation in quantity of VERs

- (a) Should the Seller know, or reasonably anticipate, at any point in time that less than [insert number] per cent of the [Guaranteed Annual Amount][Indicative Annual Amount] for a given Vintage Year has been or is likely to be generated by the Project, then the Seller shall immediately give notice in writing to the Buyer of the revised amount of GHG Reductions expected for that Vintage Year.

## ARTICLE XI

### FORCE MAJEURE

#### Section 11.01 Force Majeure

- (a) If a Party ("**Affected Party**") is, or anticipates that it will be, unable to perform an obligation under this Agreement due to the occurrence of a Force Majeure Event, it will, within [insert number] weeks, provide to the other Party ("**Non-Affected Party**") written notice providing full details of the Force Majeure Event ("**Force Majeure Notice**") after becoming aware of such Force Majeure Event.
- (b) The Affected Party must take all reasonable steps to remove or mitigate the relevant effects of the Force Majeure Event.

#### Section 11.02 Effect of Force Majeure Event

- (a) If the Affected Party is unable to perform an obligation under this Agreement due to the occurrence of a Force Majeure Event, such non-performance (and any corresponding or related performance obligation of the other party):
  - (i) will be excused during the time and to the extent that performance is prevented, wholly or in part, by the Force Majeure Event; and
  - (ii) will not give rise to any liability to the Non-Affected Party for any losses or damages arising out of, or in any way connected with, such non-performance.
- (b) No Party will be relieved by a Force Majeure Event from any obligation hereunder which it



remains able to fulfil notwithstanding the occurrence of such Force Majeure Event, including any obligation to provide any notice pursuant to this Agreement.

- (c) If by reason of a Force Majeure Event the Affected Party is unable to perform any obligation or condition required by this Agreement and that non-performance continues for a period of one hundred and eighty (180) days after the Force Majeure Notice without the Parties being able to negotiate a mutually acceptable alternative means of carrying out the intentions of this Agreement by the end of that period, the Non-Affected Party may terminate the Agreement by written notice to the Affected Party, provided that the terminating party has made a good faith effort to negotiate a mutually acceptable alternative means of carrying out the intentions of this Agreement.
- (d) Termination under this section 11.02 does not affect the liability of a Party to perform any obligations under this Agreement which were not affected by the relevant Force Majeure Event or the right of a Party to seek remedies for breach of this Agreement for non-performance of any such obligations.

## ARTICLE XII

### EVENTS OF DEFAULT AND REMEDIES

#### Section 12.01 Events of Default

The occurrence at any time with respect to a Party of any of the following events, provided that such events are not a case of Force Majeure in accordance with Article XI of this Agreement, constitutes an “Event of Default” with respect to such Party:

- (a) the Party fails to comply in any material respect with or fulfil in any material respect any Material Term under this Agreement;
- (b) with respect to the Seller, [*Delivery of the Guaranteed Annual Amount for a given Vintage Year is not made on or before the applicable Last Delivery Date*][*Delivery of Contract VERs by the Indicative Delivery Date is, for [insert number] consecutive Vintage Years, more than [insert number] per cent lower than the Indicative Annual Amounts for those Vintage Years*] (“**Under Delivery**”);
- (c) the Seller fails to Deliver Contract VERs Issued in its Registry Account within 25 Business Days of such Issuance, where such failure is not the result, in whole or in part, of the Buyer’s Registry Account not being established or being incapable of receiving VERs (“**Delivery Failure**”);
- (d) [*the Seller fails to Deliver Option VERs within [insert number] Business Days after the Buyer’s valid provision of the Exercise Notice in accordance with Section 4.02.*] (“**Option Delivery Failure**”);
- (e) the Party fails to pay when due any monies payable by it under this Agreement and such failure is not the result, in whole or in part, of the other Party’s bank account not being established or being incapable of receiving funds (“**Payment Failure**”);
- (f) the Party knowingly or negligently makes a false representation or warranty, including without



limitation any representation or warranty under Article IX;

- (g) a change in the ownership or control of that Party occurs that materially and detrimentally affects its ability to perform its obligations under this Agreement in the reasonable opinion of the other Party;
- (h) the commencement of insolvency, bankruptcy, or re-organisation proceedings in respect of either Party.

#### Section 12.02 Notice and Cure of Event of Default

- (a) In the event that either Party becomes aware or has reason to believe that an event has occurred that is likely to become an Event of Default it shall notify the other Party in writing immediately.
- (b) Upon the occurrence of an Event of Default specified in Section 12.01, subs (a), (b), (c), (d) or (e) with respect to a Party (the **"Defaulting Party"**), the other Party (the **"non-Defaulting Party"**) may serve the Defaulting Party with written notice (the **"Default Notice"**) specifying the Event of Default and requiring such Event of Default to be remedied within *[insert number]* calendar days of service of the Default Notice.
- (c) Where an Event of Default specified in Section 12.01(b) *[or (c) or (d)]* occurs, the Seller *[shall][shall not]* be entitled to remedy the Event of Default by Delivering to the Buyer Replacement VERs within the Cure Period. *[Where Replacement VERs are provided, the Seller shall be deemed to have provided Contract VERs [or Option VERs, as the case may be] to the Buyer under Article III [and Article IV.]]*
- (d) If the Defaulting Party fails to demonstrate that the Event of Default has been cured within *[insert number]* calendar days of service of the Default Notice (the **"Cure Period"**), a **"Continuing Event of Default"** will be deemed to have occurred.
- (e) Where an Event of Default is the result of Gross Negligence or Wilful Misconduct, a Cure Period will not apply, and a Continuing Event of Default will be deemed to exist immediately upon occurrence.

#### Section 12.03 Remedies for certain Continuing Events of Default

- (a) In the case of a Continuing Event of Default arising out of Section 12.01, subs (b) or (c) *[or (d)]*, the Buyer shall, in addition to the remedies stipulated in section 13.02, be entitled to liquidated damages equal to the sum of the amounts calculated pursuant to clauses 12.03 (b), subs (i) and (ii) below.
  - (i) where the Market Price is higher than the Contract VER Price *[or Option VER Price]*, the difference between the Market Price and the Contract VER Price *[or Option VER Price, as the case may be]* for the Vintage Year(s) to which the Under Delivery, Delivery Failure or Option Delivery Failure of a given Contract VER relates, times:



- a. In the case of an Under Delivery, [*the difference between the number of Contract VERs that have in fact been Delivered to the Buyer by the Delivery Date for the relevant Vintage Year and the Guaranteed Annual Amount for that Vintage Year*] [*the difference between the number of Contract VERs that have in fact been Delivered to the Buyer and [insert number] per cent of the Indicative Annual Amount for each of the Vintage Years in which an Under Delivery has occurred*];
- b. In the case of a Delivery Failure, the number of Issued Contract VERs that the Seller has failed to Deliver;
- c. [*In the case of an Option Delivery Failure, the number of Option VERs that the Seller has failed to Deliver*];

such difference to be calculated on the day of the Under Delivery, Delivery Failure, or Option Delivery Failure, as the case may be.

- (ii) The Buyer's reasonable itemised costs, limited to broker fees, commission and other third party expenses and other transaction costs reasonably incurred by the Buyer in purchasing alternative VERs].
- (b) Where a Continuing Event of Default arising out of Section 12.01(e) relates to failure to pay for Contract VERs [*or Option VERs*], the Seller shall be entitled, in addition to the remedies stipulated in clauses 5.01 (d) and 5.02, to liquidated damages equal to the sum of the amounts calculated pursuant to clauses 12.03 (c), subs (i) and (ii) below.
  - (i) Where the Market Price is lower than the Contract VER Price [*or Option VER Price*], the difference between the Market Price and the Contract VER Price [*or Option VER Price, as the case may be*] for the Vintage Year(s) to which Payment Failure for a given Contract VER relates, times the number of Contract VERs [*or Option VERs, as the case may be*] for which a Payment Failure has occurred, such difference to be calculated on the day that the VERs are recovered from the Buyer.
  - (ii) The Seller's reasonable itemised costs, limited to broker fees, commission and other third party expenses and other transaction costs reasonably incurred by the Seller in selling VERs concerning which a Payment Failure has occurred.

- (c) The Market Price shall be calculated as follows:

Each Party shall nominate one broker and both brokers shall choose a third independent broker. The so elected brokers shall communicate their price quotes for comparable VERs sold under a contract with comparable terms and conditions as this Agreement within 15 (fifteen) Business Days after having received the mandate and the Market Price shall equal the average of the brokers' price quotes. If either Party has not nominated a broker within 15 Business Days from the date it has received a notification by the other Party of its nomination, the first Party is deemed to have renounced its right to nominate a broker, and the Market Price shall be determined by the broker nominated by the second Party.





## ARTICLE XIII

### TERMINATION

#### Section 13.01 Suspension on Default

Upon the occurrence of any Event of Default or at any time thereafter while such Event of Default continues, the non-defaulting Party may by written notice to the defaulting Party suspend performance of its obligations under this Agreement. Such notice shall constitute a Default Notice. If the Event of Default is cured within the Cure Period, the notice served under this Section 13.01 shall be deemed to be withdrawn automatically.

#### Section 13.02 Termination upon Default

- (a) Where a Continuing Event of Default arises from an Under Delivery [*in [insert number] consecutive years*], the Buyer may by written notice to the Seller terminate this agreement forthwith.
- (b) Where a Continuing Event of Default arises from a Delivery Failure, [*Option Delivery Failure*] or Payment Failure, the non-Defaulting Party may by written notice to the defaulting Party terminate this agreement forthwith.
- (c) Upon the occurrence of an Event of Default as set forth in Section 12.01, subs (f), (g), or (h), the non-defaulting Party may by written notice to the defaulting Party terminate this Agreement forthwith.

#### Section 13.03 Non-Default Termination

Either Party may terminate this Agreement on or at any time after the occurrence of any of the following events:

- (a) Either Party's obligations under this Agreement being suspended by reason of (i) an event of Force Majeure continuing for more than 180 consecutive days or for more than [*insert number*] days in any Year; or
- (b) any Authority condemns, nationalizes, seizes, or otherwise expropriates all or any substantial part of the property or other material assets of the Seller or of its share capital, or assumes custody or control of that property or other assets or of the business or operations of the Seller or of its share capital, or takes any action for the dissolution or disestablishment of the Seller or any action that would prevent the Seller or its officers from carrying on all or a substantial part of the Project or the Seller's obligations under this Agreement, provided this case does not fall under any of the procedures set out under clause 12.01(h).

#### Section 13.04 Automatic Termination

This Agreement shall terminate the later of the date all Contract VERs [*and Option VERs*] are Delivered and paid for or all due obligations arising from the Agreement have been fulfilled and liabilities have been settled unless the Agreement is terminated earlier in accordance with its terms.



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## ARTICLE XIV

### LIABILITY AND LIMITATION OF LIABILITY

#### Section 14.01 Liability

This Agreement sets forth the full extent of the Parties' obligations and liabilities 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.

#### Section 14.02 Exclusion of Liability

Subject to Sections 14.03 and 14.04 and the specific provisions laid down in clause 5.01(d) and Section 12.03, a Party is not liable to the other Party for any loss, cost, expense or damages ("**Damages**") incurred by the other Party under or in connection with the Agreement, except where such Damages are due to Gross Negligence or Wilful Misconduct of a Party or its employees, officers, contractors and/or agents used by such Party in performing its obligations under the Agreement.

#### Section 14.03 Consequential Damage and Limitation of Liability:

- (a) Subject to Section 14.04 and without prejudice to the liabilities and damages laid down elsewhere in this Agreement, in particular in Section 5.01(d) and Section 12.03, subs (a) and (b), the total liability of a Party under or in connection with this Agreement does not include liability for any consequential Damages, including, without limitation, loss of profit, goodwill, business opportunity or anticipated saving;
- (b) The total liability of the Parties under this Agreement is limited to:
  - (i) in the case of the Buyer's liability, *[insert amount][the total amount payable for Delivery of the [Guaranteed Annual Amounts][Indicative Annual Amounts][and Option VERs] for all Vintage Years]* minus any amounts actually paid by the Buyer to the Seller under this Agreement at the time of the liability arising;
  - (ii) in the case of the Seller's liability, *[insert amount][the total amount payable for Delivery of the [Guaranteed Annual Amounts][Indicative Annual Amounts][and Option VERs] for all Vintage Years]* minus the value (as determined under this Agreement) of any Contract VERs actually Delivered to the Buyer at the time of the liability arising].

#### Section 14.04 Duty to Mitigate Loss

For the avoidance of doubt, and subject to applicable law, each Party agrees that it has a duty to mitigate its Damages and covenants that it will use best efforts to minimise any Damages it may incur under or in connection with the Agreement.

#### Section 14.05 Non-recourse

In no event shall any Party have any claim or recourse for breach of this Agreement against any person or entity other than the other Party, and in particular shall not have any claim or recourse against any:



- 
- (a) directors, officers, employees or shareholders of the other Party; or
  - (b) subsidiaries of the other Party; or
  - (c) directors, officers, employees, advisors, legal counsel, or shareholders of the entities described in clause (b) above; or
  - (d) financing institution that provides financing to such Party.

## **ARTICLE XV**

### **MISCELLANEOUS PROVISIONS**

#### **Section 15.01 Entire Agreement and Amendments**

The Parties agree that this Agreement constitutes the entire agreement between the Parties. Unless otherwise provided herein, this Agreement may not be amended except by a written agreement executed by the Buyer and the Seller.



## Section 15.02 Confidentiality

- (a) Confidential Information shall not be disclosed. In particular:
- (i) The Confidential Information will be kept confidential by the Parties.
  - (ii) No Party shall, without the prior written consent of the non-disclosing Party, disclose or use the Confidential Information other than in connection with this Agreement, or in any way that would be detrimental to the non-disclosing Party.
  - (iii) The Parties may only reveal the Confidential Information to their Representatives who need to know the Confidential Information and who are subject to confidentiality obligations at least as stringent as those in this Agreement.
- (b) The obligations of the Parties under this clause 15.02 shall not apply to any Confidential Information that:
- (i) is or becomes publicly known otherwise than pursuant to breach of this Agreement by either Party;
  - (ii) is (on the advice of legal counsel) required to be disclosed to a relevant authority under any law, authority, administrative guidelines, directive, provided that the Party who is required to disclose Confidential Information limits the disclosure to that information which is legally required to be disclosed;
  - (iii) is required to be disclosed to the Validator, Verifier, the [*Gold Standard Foundation*][VCSA], the [*Gold Standard Registry*][VCS Registry] or a stock exchange to which a Party is affiliated.
- (c) This Section 15.02 will continue to bind the Parties after the date of termination of this Agreement for a period of 2 years, or such other period as the Parties may agree in writing.

## Section 15.03

The respective rights and obligations of the Parties contained within Article XI (Force Majeure ); Section 12.03 (Remedies for certain Continuing Events of Default); Articles XIV (Liability and Limitation of Liability); and Article XV (Miscellaneous Provisions) of this Agreement shall survive any termination under this Agreement.

## Section 15.04 Notices

Any notice, communication, statement, request or correspondence required or permitted under the terms of this Agreement shall be in writing and shall be delivered personally, or via courier, mail, or facsimile to the address and telecopy numbers provided below.

For the Seller:                    [●]                    .

For the Buyer:                    [●]

Written notices, declarations, or other communications shall be deemed received:



- (a) If delivered by hand, on the Business Day delivered or on the first Business Day after the date of delivery if delivered on a day other than a Business Day; or
- (b) If sent by domestic post on the second Business Day after the date of posting or if sent from one country to another on the fifth Business Day after the day of posting; or
- (c) If sent by telefax and a valid transmission report confirming good receipt is generated, on the day of transmission if transmitted before 09.00pm (recipient's time) on a Business Day or otherwise at 09.00am (recipient's time) on the first Business Day after transmission; or
- (d) If sent by email, when received in legible form.

#### Section 15.05 Assignment

- (a) Subject to clause 15.04 (b), neither Party may assign or transfer its rights or obligations under this Agreement to any third party without the prior written consent of the other Party, such consent not to be unreasonably withheld;
- (b) The Seller may assign its rights to receive revenue under this Agreement without prior consent of the Buyer
- (c) The Parties agree that any reasonable additional costs incurred by a Party as a result of the other Party's assignment of, or novation of its rights or obligations, under this Agreement will be reimbursed by the other Party..

#### Section 15.06 Execution in counterparts; Language

This Agreement shall be executed in two counterparts in the English language, each of which shall be an original. Any subsequent counterparts in languages other than English shall be made for information purposes only, and in case of any conflict the English language versions shall prevail.

#### Section 15.07 Severability

If any provision or part of a provision of this Agreement is found by a court, arbitrator or other authority of competent jurisdiction to be void or unenforceable under English law, that provision or part of a provision is to be deemed deleted from this Agreement and the remaining provisions are deemed to continue in full force and effect. The Parties shall in this event seek to agree upon a valid and enforceable provision or part of a provision to replace the provision or part of a provision found to be void and unenforceable.

#### Section 15.08 Applicable Law and Dispute Settlement

This Agreement is governed by and to be construed in accordance with the law of England and Wales. Any dispute, controversy, or claim arising out of or relating to the interpretation, application or performance of this Agreement, including its existence, validity, or termination, shall be settled by final and binding arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration of Disputes Relating to Natural Resources and/or the Environment, as in effect on the date of this agreement. The Permanent Court of Arbitration shall administer the proceedings. The Secretary General of the PCA shall act as the appointing authority. The number of arbitrators is *[insert number]*.



The language of the arbitration is English. The place of the arbitration shall be the Hague, the Netherlands.

The Parties hereto have caused this Agreement to be duly executed as of the date below written.

For Seller

For Buyer

Place:

Place:

Date:

Date:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

Title:

Title:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

Title:

Title:



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SCHEDULE I  
PROJECT DESCRIPTION



SCHEDULE II

CONTRACT AMOUNT AND CONTRACT VER PRICE

Vintage Year	[Indicative][Guaranteed] Annual Amounts	Contract VER Price [including][excluding] tax	[Option VER Price [including][excluding] tax]	Delivery Date
[•]	[•]	EUR [ <i>insert amount</i> ]	[•]	[•]
[•]	[•]	EUR [•][•]	[•]	[•]
[•]	[•]	EUR [•][•]	[•]	[•]





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SCHEDULE 3

FORM OF EXERCISE NOTICE

EXERCISE NOTICE (CALL OPTIONS)

[BUYER LETTERHEAD]

TO: [Seller]

**Call Option Exercise Notice**

In accordance with the Option under Article IV of the Verified Emission Reduction Sale and Purchase Agreement dated [*insert date*] (the Agreement) between:

[*insert Seller*] (Seller)

and

[*insert Buyer*] (Buyer)

The Buyer hereby exercises its Option from the Seller on the same terms and conditions as set out in the Agreement and transferred in accordance with the following:

Transferor: Seller

Transferee: Buyer

Quantity of Option VERs:

Option VER Price:

Registry Account:



Dated:

[insert Buyer]

by its Authorized Representative

in the presence of

\_\_\_\_\_

Authorized Representative

\_\_\_\_\_

Please print name

### OPTION NOTICE (PUT OPTION)

[SELLER LETTERHEAD]

TO: [Buyer]

#### Exercise Notice

In accordance with the Option under Article IV of the Certified Emission Reduction Sale and Purchase Agreement, dated [insert date] (the Agreement) between:

[insert Seller] (Seller)

and



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[insert Buyer] (Buyer)

The Seller, hereby, exercises its Put Option from the Buyer on the same terms and conditions as set out in the Agreement and transferred in accordance with the following:

Transferor: Seller

Transferee: Buyer

Quantity of Option VERs:

Option VER Price:

Registry Account:

Dated:

[Seller]