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**VOLUNTARY EMISSION REDUCTIONS  
SALE AND PURCHASE AGREEMENT  
(SECONDARY TEMPLATE)**

Between

[THE BUYER]

And

[THE SELLER]



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EMISSION REDUCTION PURCHASE AGREEMENT

Between

[name BUYER], [*Insert details of the Buyer*] (hereinafter the **Buyer**),

and

[name SELLER] [*insert details of the Seller*] (hereinafter the **Seller**).

Hereinafter each referred to as a “**Party**” and together the “**Parties**”.

WHEREAS:

The Seller has entered into an agreement with the Primary Seller for the purchase of Voluntary Emission Reductions generated by [insert project name](hereinafter the “**Project**”), which is further described in Schedule I;

The Seller wishes to sell, and the Buyer wishes to purchase Voluntary Emission Reductions from the Project upon the terms and conditions of this Emission Reductions Purchase Agreement (this “**Agreement**”);

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 Available 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 B.

“**Alternative Contract Amount**” has the meaning ascribed thereto in Section 3.02(b).

“**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 tCO2e as calculated according to the Kyoto Protocol rules for the Annex B Country in question.

“**Arranger’s Fee**” has the meaning ascribed thereto in Section 6.03.



**“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.

**“Available VERs”** means those VERs generated by the Project from the start date of the Crediting Period up to and including [insert date] that: (A) are due to the Primary Seller under the Primary ERPA; and (B) that are Issued and forwarded through a Primary Transfer to the Seller’s Registry Account before [insert date]. The Available VERs are net of any Share of Proceeds.

**“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(c).

**“Contract VERs”** means the Indicative Annual Amount of the Available VERs set out in Schedule 2] 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 VCU 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(c).

**“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(a).

“**Default Notice**” has the meaning ascribed thereto in Section 12.02(a).

“**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).

“**Delivery Notification**” has the meaning ascribed thereto in Section 3.02.

“**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 the (i) 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 3.]

“**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 and obligation under this Agreement.
- (e) a Material Change in Law.

For the avoidance of doubt, the occurrence of a Force Majeure Event with respect to the Primary Seller under the Primary ERPA shall also be deemed occurrence of a Force Majeure Event with respect to the Seller under present Agreement.

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

"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 an RPO 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.

**“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.

**“Issuance Notification”** has the meaning ascribed thereto in Section 3.02(a).

**“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.

**“Letter of Credit”** means a revolving letter of credit for an amount of not less than [insert amount.]

**“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(a).

*“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 Premium” means the sum of [insert amount] paid by the Buyer to the Seller in return for the Seller granting the Option of the Seller]*

*“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”** has the meaning ascribed thereto in Section 5.01(c).

**“Payment Failure”** has the meaning ascribed thereto in Section 12.01(d).

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

**Primary ERPA** means the VER sale and purchase agreement entered into between the Primary Seller and the Seller with respect to the VERs to be generated by the Project.

**Primary Seller** means the original owner and developer of the Project with whom the Seller has





executed the Primary ERPA.

**“Primary Transfer”** means the successful forwarding and crediting of the VERs purchased under the Primary Agreement from [the Gold Standard Registry][ the VCS Registry]to the Seller’s Registry Account.

**“Project”** has the meaning ascribed thereto in Recital A.

*[“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 Decree No. 466 and the VCS 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 VER Registration Fee, Share of Proceeds Deduction, Issuance Fee or Share of Proceeds Registry 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 and which is chosen by the Seller for Verification.*

*"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 Interpretation; Annexes; Headings**

(a) In this Agreement unless specifically stated otherwise, a reference to:

(i) 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

- (ii) the singular includes the plural and vice versa; and
  - (iii) the words “including”, “include” or “includes” when introducing an example do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and
  - (iv) 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 expression “person” includes any natural and/or legal person.
  - (c) The terms of this Agreement shall be interpreted in a manner that is consistent with the Standard of Verification.
  - (d) The Annexes to this Agreement are an integral part hereof.
  - (e) The headings of the clauses are inserted for convenience of reference only and do not affect the interpretation of this Agreement.

### **Section 1.03 Effective Date**

This Agreement shall take effect upon execution by both Parties, except as otherwise provided herein.

## **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); Article VII (Obligations of the Parties); Article XII (Events of Default and Remedies); and Section 13.01 (Termination on Fulfilment) are conditional upon each of the following conditions precedent occurring (hereinafter “Conditions Precedent”):
  - (i) the entrance into full force and effect of all clauses of the agreement for the sale and purchase of Voluntary Emission Reductions generated by the Project between the Seller and the Primary Seller (the “Primary ERPA”); and
  - (ii) The Buyer’s provision to the Seller of a [*Letter of Credit/other security*] in a form acceptable to the Seller.
  - (iii) [*the issuance of a Declaration of Comfort from the Buyer to the Seller*][*the issuance of a Declaration of Comfort from the Seller to the Buyer.*]



- (iv) *[The Buyer having received a legal opinion from the Seller’s legal counsel in a form acceptable to the Buyer dealing with the validity and enforceability of the Primary ERPA of the Seller against the Project Developer.]*
- (b) The Condition Precedent set forth in Section 2.01 (a)(i) is for the benefit of both Parties. If this Condition Precedent has not been satisfied within the Condition Precedent Fulfilment Period, the Parties may mutually agree to extend the Condition Precedent Fulfilment Period. Where no such agreement is reached, this Agreement shall terminate without liability to any of the Parties.
- (c) The Conditions Precedent in Section 2.01 (a)(ii) and (iii) are for the sole benefit of the Seller and can only be waived or deferred by written notice of the Seller. The Condition Precedent set forth in Section 2.01(a)(iv) is for the sole benefit of the Buyer and can only be waived or deferred by written notice of the Buyer.
- (d) The 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 Date for Fulfilling Conditions**

Unless otherwise agreed to in writing by the Parties, the Parties have the right to terminate this Agreement without liability to the other Party if the Conditions Precedent are not met by *[insert date]*.

Conditions Precedent	Condition Precedent Fulfilment Period
the entrance into full force and effect of all clauses of the agreement for the sale and purchase of Voluntary Emission Reductions generated by the Project between the Seller and the Primary Seller (the “Primary ERPA”); and	<i>[insert date]</i>
The Buyer’s provision of a [Letter of Credit/other security] in a form acceptable to the Seller.	<i>[insert date]</i>
[the issuance of a Declaration of Comfort from the Buyer to the Seller as set out in Schedule IV.]	<i>[insert date]</i>
[the issuance of a Declaration of Comfort from the Seller to the Buyer as set out in Schedule IV.]	<i>[insert date]</i>



<p>The Buyer having received a legal opinion from the Seller’s legal counsel in a form acceptable to the Buyer dealing with the validity and enforceability of the Primary ERPA of the Seller against the Project Developer</p>	<p>[insert date]</p>
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**Section 2.03 Notifications Regarding Conditions Precedent**

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

- (a) a Condition Precedent for which it is responsible has been fulfilled; or
- (b) 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.

**ARTICLE III**  
**Sale and Purchase of Voluntary Emission Reductions**

**Section 3.01 Sale and Purchase**

- (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:
- (b) the Contract VERs; [*and*
- (c) *the Option VERs;*

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

- (d) For avoidance of doubt, the Seller’s obligations to sell and Deliver Contract VERs generated by the Project to the Buyer are subject to the timely Issuance and Transfer of these VERs to the Seller’s Registry Account by the Primary Seller. Notwithstanding, the Seller shall use its best efforts to ensure that all VERs to which the Seller is entitled to under the Primary ERPA will be transferred to the Seller’s Registry Account.

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

- (a) Upon the Seller receiving notification from the Primary Seller of the Issuance of the Contract VERs, the Seller shall forward the relevant details of such notification to the Buyer, the “Issuance Notification”, [*including the exact amount of Additional VERs that have been issued*];
- (b) Where the amount of VERs available for Delivery is less than the Indicative Annual Amount for the Vintage Year, the Buyer shall have the sole discretion as to whether to accept or reject



the Delivery of these VERs. The Seller may additionally and at its sole discretion propose the provision of Replacement VERs, the acceptance of which shall be at the discretion of the Buyer. The total amount of VERs that the Buyer accepts for Delivery under this Section 3.02(b) shall be termed the “Alternative Contract Amount”. The Alternative Contract Amount will be deemed to constitute the Contract VERs for that Vintage Year.

- (c) Where the Buyer decides not to accept any Alternative Contract Amount in accordance with Section 3.02(b) an “Alternative Contract Amount Rejection” will be deemed to have occurred.
- (d) Upon the Delivery 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 (“Delivery Notification”):
  - (i) the Delivery Date of the Contract VERs, such date being no less than 15 (fifteen) Business Days after the date of the Delivery Notification.
- (e) 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 VERs*]

- (a) *In addition to the Contract VERs, and in consideration of [the Option Premium][its purchase of the Contract VERs], the Seller grants the Buyer a call option to purchase from the Seller the Additional VERs on the same terms and conditions with the exception of price, which shall be the Option VER Price(the “Option”). The Option is dependent on the Seller exercise of the option under the Primary Agreement. This Option shall be valid for [insert timeframe] after the Issuance Notification (the “Exercise Period”).]*

#### **Section 4.02** *Entry into force of Option*

- (a) The Option shall enter into force upon receipt of payment of the Option Premium by the Seller]

#### **Section 4.03** *Exercise of Option*



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

#### **Section 4.04 Delivery of Option VERs**

- (a) *If Buyer 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 XI and XII, 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® 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, Costs and Arranger’s Fee**

#### **Section 6.01 Taxes**







- (a) The VAT (Value Added Tax) 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) *[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 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 shall be responsible for paying its own costs and expenses including legal costs incurred in the negotiation, preparation and completion of this Agreement. Moreover, the Buyer will not be responsible for any costs or fees levied by the *[Gold Standard Registry and the Gold Standard Foundation][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 or any Project Development Costs.
- (b) Each Party shall pay all costs related to the creation and maintenance of a Registry Account in its name.

#### **Section 6.03 Arranger's Fee**

- (a) To compensate the Seller for its identification and participation in arranging *[and financing]* the Project, the Buyer shall pay to the Seller a fee of EUR *[insert amount]* within 30 (thirty) Business Days after the signature of this Agreement and the receipt of an invoice from the Seller ("Arranger's Fee").

### **ARTICLE VII**

#### **Obligations of the Parties**



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### **Section 7.01 Seller's Obligations**

- (a) The Seller shall duly inform the Buyer in due time upon receipt of notice from the Primary Seller of the occurrence of the following events:
  - (i) The achievement of Project Commissioning;
  - (ii) Any material delays or anticipated material delays in the Issuance and/or delivery to the Seller by the Primary Seller of the Contract VERs; and
  - (iii) the results of all Verification Reports being made available.

### **Section 7.02 Buyer's Obligations**

The Buyer shall:

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

### **Section 7.03 Cooperation**

- (a) The Seller and the Buyer shall cooperate fully to ensure that the purposes of this Agreement will be accomplished. To that end, the Seller and the Buyer shall:
  - (i) from time to time, at the request of either of them, exchange views with regard to the progress of the Projects, the purpose of this Agreement and their respective obligations under this Agreement; and furnish to the other Party all such information related thereto as it shall reasonably request; and
  - (ii) promptly inform each other of any condition which interferes with, or threatens to interfere with, the matters referred to in Section 7.01(a) above.
- (b) 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 that Party shall notify the other Party in writing immediately.

## **ARTICLE VIII**

### **Transition of Turkey to Compliance Market**

#### **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 Seller may propose to the Buyer that the Seller will seek to negotiate with the Primary Seller to have the Project Registered under the Alternative Standard. Where the Buyer so agrees, the Seller shall enter into negotiations with the Primary Seller for this purpose.

- (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].

## **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;
- (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 the each of the Parties enforceable in accordance with its terms;



- (h) all applicable information that is furnished in writing by or on behalf of either Party 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's Representations and Warranties**

The Seller represents and warrants that:

- (a) It shall use its reasonable endeavours to assist the Primary Seller in the Registration of the Projects and to procure that the Primary Seller carries out the Projects as described in the related Project Design Documents; and
- (b) it holds all material Consents necessary to perform its obligations under this Agreement; and
- (c) *[it shall procure that the Primary Seller nominates the Seller as a [Project Participant][Project Proponent];*
- (d) The Seller represents and warrants upon the Delivery of Contract VERs, after due inquiry and to the best of its knowledge, that it has full ownership rights in and to any such VERs and has not otherwise Encumbered the whole or any part of its rights or interest in any such VERs to any person (other than to the Buyer) and to its knowledge no rights, including rights of set-off, have arisen in respect of any such VERs in favour of any person.

### **Section 9.03 Buyer's Representations and Warranties**

- (a) The Buyer represents and warrants, as of the date of this Agreement and again upon the Delivery of Contract VERs, that it has and shall continue to have sufficient funds to make all payments due under this Agreement.
- (b) The Buyer warrants that there are no Bankruptcy Proceedings pending or being contemplated by it or, to its knowledge, threatened against the Buyer.

## **ARTICLE X**

### **Notice of Deviation in Quantity of VERs from the Project**

#### **Section 10.01 Deviation in quantity of VERs**

- (a) Should the Seller receive notice from the Primary Seller 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 to be performed and that non-performance continues for a period of sixty (60) 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 other 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 X 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, failure to deliver Contract VERs that have been Issued and received from the Primary Seller, within 15 Business Days of the provision of the Delivery Notification (“**Delivery Failure**”);
- (c) [the Seller fails to Deliver Option VERs that have been issued and transferred to its Account by the Primary Seller, within [insert number] Business Days after the Buyer’s valid provision of the Exercise Notice in accordance with Section 4.02(a). (“**Option Delivery Failure**”)];
- (d) the Party fails to pay when due any monies payable by it under this Agreement, including payment of Arranger’s Fee, 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**”);
- (e) the Party knowingly or negligently makes a false representation or warranty, including without limitation any representation or warranty under Article VII;
- (f) 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;
- (g) 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) Upon the occurrence of an Event of Default specified in Section 12.01, subs (a), (b), (c), or (d) 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 (the “**Cure Period**”).
- (b) If the Defaulting Party fails to demonstrate that the Event of Default has been cured within the Cure Period a “**Continuing Event of Default**” will be deemed to have occurred.
- (c) Where an Event of Default is the result of 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) Where a Continuing Event of Default arising out of Section 12.01(d) relates to failure to pay for Contract VERs [or Option VERs], the Seller shall be entitled to, in addition to the remedy specified in Section 5.02, recover from the Buyer all Delivered VERs for which payment has not been received and liquidated damages equal to the sum of the following amounts.



- (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; and
  - (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 Selling in selling VERs concerning which a Payment Failure has occurred.
- (b) If the Event of Default under Section 12.01 (b) [*or (c)*] is the result of an Intentional Breach or gross negligence by the Seller, in addition to the remedies in Section 11.03(a) the Buyer shall be entitled to liquidated damages equal to the product of the amounts calculated pursuant to subs (i) and (ii) below.
- (i) The number of VERs to which the Delivery Failure or Option Delivery Failure relates;
  - (ii) [*insert damage fee per VER*].
- (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 Termination on Fulfilment**

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.

#### **Section 13.02 Suspension on Default**

Upon the occurrence of any material Event of Default or at any time thereafter while such Event of Default persists, 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 clause shall be deemed to be withdrawn automatically.



### **Section 13.03 Termination upon Default**

- (a) 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.
- (b) Upon the occurrence of an Event of Default as set forth in Section 12.01, subs (e), (f), or (g), the non-defaulting Party may by written notice to the defaulting Party terminate this agreement forthwith.

### **Section 13.04 Termination upon Consecutive Alternative Contract Amount Rejection**

The Buyer may terminate this Agreement by written notice on or at any time after Alternative Contract Amount Rejection has taken place upon two consecutive years.

### **Section 13.05 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 sixty (60) consecutive days or for more than [*insert number*] days in any Year; or
  - (ii) 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.

### **Section 13.06 Primary ERPA Termination**

The Parties agree to terminate this Agreement, with no right for either Party to claim any damages or compensation or to be liable to the other, under this Agreement for the event of termination if the Primary ERPA is terminated for reasons other than termination due to fulfilment, unless the termination arises out of the Gross Negligence or wilful misconduct of the Seller.

### **Section 13.07 Enforcement of the Seller's Rights under the Primary ERPA**

- (a) The Seller agrees to enforce, as far as can be reasonably expected, its rights under the Primary ERPA to obtain the payment of damages if the Primary ERPA is terminated as a result of a breach of an obligation on the part of the Primary Seller under the Primary ERPA.





- (b) The Seller shall exercise best efforts to enforce its legal rights under the Primary ERPA as specified in clause (a) above. Provided that the Seller successfully obtains compensation from the Primary Seller, the Parties agree to:
- (i) enter into good faith negotiations, in an open and transparent manner, seeking to establish a mutually agreeable, equitable and proportional division of the compensation obtained by the Seller from the Primary Seller, if any, taking into account the actual damages of each Party, according to the following procedures:
  - (ii) The Party initiating negotiation shall send to the other party a written invitation to negotiate, including a general description of the nature of the dispute which led to the invitation.
  - (iii) Negotiation commences on the date the Party being invited to negotiate receives the invitation to negotiate, and shall continue from the date of commencement for a period of forty-five (45) calendar days. If the Party being invited to negotiate elects to reject the invitation to negotiate, it must do so in writing to the Party inviting to negotiate within seven days of receipt of the invitation
  - (iv) if any of the Parties reject an invitation to negotiate or if the Parties have not resolved the dispute within forty-five (45) calendar days from the date of commencement of aforementioned negotiations, the dispute 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 (PCA) shall administer the proceedings. The appointed arbitrator shall be same who have been appointed by PCA Secretary General to hear the dispute between the Seller and the Primary Seller. The language of the arbitration is English. The place of the arbitration shall be The Hague.
  - (v) the Parties agree that the mandate of the arbitrator shall be to determine an equitable and proportional division between the Parties of the actual compensation obtained by the Seller from the Primary Seller, taking into account the actual damages of each of the Parties under this Agreement.
- (c) The Parties agree that the Seller shall first recover any advance payment it has made to the Primary Seller and not yet set-off under the Primary Transfer before any division of compensation between the Parties can be determined.

## 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 12.03, 14.03 and 14.04 and the specific provisions laid down in Section 5.01(d), 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, 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 [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 [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:

- (i) directors, officers, employees or shareholders of the other Party; or
- (ii) subsidiaries of the other Party; or
- (iii) directors, officers, employees, advisors, legal counsel, or shareholders of the entities described in clause (b) above; or



- (iv) 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 Section 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 Survival**

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 Section 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.

#### **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 Waiver**

Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this Agreement by any Party shall not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other right, power or remedy provided by law or under this Agreement.

**Section 15.09 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.

Signed for and on behalf of

Signed for and on behalf of

By its duly authorised representative:

By its duly authorised representative:

\_\_\_\_\_  
Signature of authorised representative

\_\_\_\_\_  
Signature of authorised representative

\_\_\_\_\_  
Name of authorised representative

\_\_\_\_\_  
Name of authorised representative

\_\_\_\_\_



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SCHEDULE 1

DESCRIPTION OF THE PROJECT



SCHEDULE 2

CONTRACT AMOUNT AND CONTRACT VER PRICE

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



SCHEDULE 3

FORM OF EXERCISE NOTICE

EXERCISE NOTICE

[BUYER LETTERHEAD]

TO: [Seller]

**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





## SCHEDULE 4

### DECLARATION OF COMFORT FROM THE BUYER

Declaration of *[insert name of Buyer]*

For the attention of *[insert name of Seller]*.

*[insert location]*, *[insert date]*

Subject: Declaration of Comfort

*[insert name of parent company]* is aware that *[insert name of Seller]* (hereinafter referred to as the "Counterparty") has entered into or shall enter into a an emission reduction purchase agreement ("the Contract") regarding the purchase of Voluntary Emission Reductions with *[insert name of Buyer]*, a company incorporated in *[insert jurisdiction]* whose registered office is located at *[insert address]*. In connection therewith, XXX hereby confirms that:

(a) *[insert name of parent company]* declares ("hereinafter referred to as the "Declaration") that it is jointly and severally liable for all payments resulting from legal acts performed by *[insert name of Buyer]*.

(b) *[insert name of parent company]* agrees to maintain and not revoke the Declaration of joint and several liability for as long as any indebtedness (whether actual, conditional or contingent) remains outstanding under the Contract unless it gives the Counterparty prior written notice at least two months prior to the effective date of such revocation;

(c) If *[insert name of parent company]* revokes the Declaration without giving the Counterparty written notice as provided in (b) above, the Declaration will be deemed as between the Counterparty, *[insert name of parent company]* and *[insert name of Buyer]* to have remained in place and fully effective in respect of any indebtedness (whether actual, conditional or contingent), which remains outstanding under the Contract until the day which is two months after written notice of revocation has been to given to the Counterparty;

(d) No revocation of this Declaration shall affect any such indebtedness (whether actual, conditional or contingent) outstanding, not fully performed, contracted or committed for at the time of revocation and this Declaration shall remain in full force and effect with respect to such indebtedness until finally and irrevocably paid in full.

(e) This declaration of comfort shall be governed exclusively by the law of *[England and Wales]*. Disputes arising in connection with this letter agreement, including disputes concerning the existence and validity thereof, shall be resolved exclusively by the competent courts in *[London]*.



Yours faithfully,

[insert name of Buyer]

Yours faithfully,

Buyer]