

EFET

European Federation of Energy Traders

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Individual Biomass Contract

WAIVER: THE FOLLOWING INDIVIDUAL BIOMASS CONTRACT WAS PREPARED BY EFET'S MEMBERS EXERCISING ALL REASONABLE CARE. HOWEVER, EFET, THE EFET MEMBERS, REPRESENTATIVES AND COUNSEL INVOLVED IN ITS PREPARATION AND APPROVAL SHALL NOT BE LIABLE OR OTHERWISE RESPONSIBLE FOR ITS USE AND ANY DAMAGES OR LOSSES RESULTING OUT OF ITS USE IN ANY PARTICULAR CASE AND IN WHATEVER JURISDICTION. IT IS THEREFORE THE RESPONSIBILITY OF EACH PARTY WISHING TO USE THIS INDIVIDUAL BIOMASS CONTRACT TO ENSURE THAT ITS TERMS AND CONDITIONS ARE LEGALLY BINDING, VALID AND ENFORCEABLE AND BEST SERVE TO PROTECT THE USER'S LEGAL INTERESTS. USERS OF THIS INDIVIDUAL BIOMASS CONTRACT ARE URGED TO CONSULT THEIR OWN COUNSEL AS WELL AS RELEVANT LEGAL OPINIONS WHEN AND IF THEY ARE MADE AVAILABLE THROUGH EFET AS WELL AS THEIR OWN COUNSEL.

USAGE NOTES TO EFET INDIVIDUAL BIOMASS CONTRACT (VERSION [2.1]/[November 4], 2021):

IBOR transition. In consultation with EFET's Members, amendments have been made to this Individual Biomass Contract in order to replace references to Sterling LIBOR (which is being phased out) with references to Compounded SONIA. **This version shall substitute all previous versions of the Individual Biomass Contract.**

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[FOR INFORMATION PURPOSES ONLY - NOT PART OF APPENDIX]

EFET

European Federation of Energy Traders

CONFIRMATION OF INDIVIDUAL BIOMASS CONTRACT

between

_____ as “Seller”

and

_____ as “Buyer”

and collectively, “Parties,” with an “Effective Date” of _____

the commercial terms of which are set forth below in, as applicable, either the FOB or CIF delivery portion of its Part I, and the general terms and conditions of which are set forth below in its Part II, and which incorporate by reference herein, and make a part hereof, its applicable Annexes.

Part I. Commercial Terms of This Individual Biomass Contract

FOB (Free On Board)

1. NEGOTIATED COMMERCIAL & ECONOMIC TERMS

(A) Biomass and Biomass Specification:

If Biomass is wood pellets this shall be in compliance with the Biomass Specification in Part 1 of Annex B-1 and the following Industrial Category as set out in Part 2 of Annex B-1:

- Industrial Category 1;
- Industrial Category 2; or
- Industrial Category 3.

If Biomass is not wood pellets it shall be in compliance with the Biomass Specification in:

- Biomass Specification B-2

(B) Additions or Amendments to the Biomass Specification:

- _____

(C) Origin:

(D) Contract Quantity: Tonnes +/- % at Buyer’s option

(E) Quantity Per Shipment (if applicable):

Shipping Tolerance:

FOB - 3

(F) Contract Price (§12.2(b)):

 NCVcp Measurement only at Loading Port

The Contract Price applicable to each Shipment shall be determined in accordance with the following:

Buyer shall pay [...] [*currency*] basis FOB Loading Port delivery per Tonne, based upon a minimum tested NCVcp of [*benchmark CV....*] GJ/Tonne (“the **Base Price**”).

Price Adjustment: The Base Price shall be adjusted as per the below formula to reflect the Actual NCVcp of the Biomass as determined at the Loading Port in accordance with the terms of the Individual Biomass Contract:

$$\text{Adjusted Price} = \{ \text{Actual NCVcp (GJ/Tonne)} \times \text{Base Price} \} \div \{ [\textit{benchmark CV}] \text{ GJ/Tonne} \}$$

The Adjusted Price as determined in accordance with the above formula for each Shipment shall be the Contract Price in respect of that Shipment. The Contract Price shall be inclusive of all Taxes but shall exclude VAT.

 NCVcp Measurement at Loading Port and Discharge Port

The Contract Price applicable to each Shipment shall be determined in accordance with the following:

Buyer shall pay [...] [*currency*] basis FOB Loading Port delivery per Tonne, based upon a minimum tested NCVcp of [*benchmark CV....*] GJ/Tonne (“the **Base Price**”).

First Installment Price Adjustment: The Base Price for the purposes of the first installment shall be adjusted as per the below formula to reflect the Actual NCVcp of the Biomass as determined at the Loading Port in accordance with the terms of the Individual Biomass Contract:

$$\text{Adjusted Price} = \{ \text{Actual NCVcp (as measured at Loading Port) (GJ/Tonne)} \times \text{Base Price} \} \div \{ [\textit{benchmark CV}] \text{ GJ/Tonne} \}$$

Second Installment Price Adjustment: The Base Price for the purposes of the second installment shall be re-adjusted as per the below formula to reflect the Actual NCVcp of the Biomass as determined at both the Loading Port and Discharge Port in accordance with the terms of the Individual Biomass Contract:

$$\text{Adjusted Price} = \{ \text{Actual NCVcp (Average of results as measured at the Loading Port and Discharge Port) (GJ/Tonne)} \times \text{Base Price} \} \div \{ [\textit{benchmark CV}] \text{ GJ/Tonne} \}$$

The total Adjusted Price as determined in accordance with the above formulas for each Shipment shall be the Contract Price in respect of that Shipment. The Contract Price shall be inclusive of all Taxes but shall exclude VAT.

 (other) _____

(G) Delivery Period:

Shipment Period(s):

(H) Delivery Type: FOB

(I) Nomination of Vessel:

Buyer shall nominate no less than _____ days prior to estimated time of arrival at Loading Port (such arrival must occur within the applicable Shipment Period)

(J) Loading Port:
(K) Loading Rate:
(L) <input type="checkbox"/> Alternative Laytime Provisions (Annex C):
(M) The Inspection Company / Independent Laboratory pursuant to Annex F shall be: Survey: Sampling: Analysis:
(N) Sampling and testing procedures to be performed at Loading Port in accordance with Annex F; and, <input type="checkbox"/> if applicable, the following Parameters shall be assessed, sampled or tested (as appropriate) at the Discharge Port:
(O) Designated Agents (Annex C) <input type="checkbox"/> of Buyer: _____ <input type="checkbox"/> of Seller: _____
(P) Account Details Seller's bank account payment details: Buyer's bank account payment details (if applicable):
2. ELECTIONS TO, AND VARIATIONS FROM, GENERAL TERMS AND CONDITIONS
(A) <input type="checkbox"/> all Active Individual Biomass Contracts shall be part of the Agreement (§1.2)
(B) <input type="checkbox"/> Sustainability Requirements shall apply (§7A.1(c)), then, (i) the Sustainability Requirements shall be: <input type="checkbox"/> as provided in form Annex G; or <input type="checkbox"/> as provided in an any agreed amendment or replacement of form Annex G (as appended hereto) (ii) the Independent Inspector appointed to verify sustainability data shall be: <input type="checkbox"/> (iii) the methodology adopted for the collection of sustainability data shall be: <input type="checkbox"/> (iv) Additional Remedies for Non-Conforming Biomass: <input type="checkbox"/> failure to comply with Sustainability Requirements shall constitute an additional Material Reason for §8.4
(C) <input type="checkbox"/> One-way Termination Payment (§8.2(d)): Notwithstanding anything to the contrary in §8 (<i>Term and Termination Rights</i>) and §9 (<i>Calculation of the Termination Amount</i>), for any Early Termination resulting from a Material Reason other than those set forth in §8.4(c) (<i>Winding-</i>

<p>up/Insolvency/Attachment) there shall be no Termination Amount owed by the Terminating Party to the Defaulting Party, and any such Termination Amount which but for this election would have been calculated as owing by the Terminating Party shall be deemed to be zero.</p>
<p>(D) Automatic Termination (§8.3)</p> <p><input type="checkbox"/> shall apply to Seller, with termination effective _____</p> <p><input type="checkbox"/> shall apply to Buyer, with termination effective _____</p>
<p>(E) Credit Provisions, Material Reason and Material Adverse Change definitions (§8, 14 & Annex H):</p> <p>(a) Material Reason:</p> <p>§ 8.4(b) Cross Default and Acceleration:</p> <p><input type="checkbox"/> §8.4(b)(i) shall apply to Seller and the Threshold Amount for Seller shall be _____, or</p> <p><input type="checkbox"/> §8.4(b)(i) shall <u>not</u> apply to Seller</p> <p><input type="checkbox"/> §8.4(b)(i) shall apply to Buyer and the Threshold Amount for Buyer shall be _____, or</p> <p><input type="checkbox"/> §8.4(b)(i) shall <u>not</u> apply to Buyer</p> <p><input type="checkbox"/> §8.4(b)(ii) shall apply to Seller and the Threshold Amount for Seller shall be: _____, or</p> <p><input type="checkbox"/> §8.4(b)(ii) shall <u>not</u> apply to Seller</p> <p><input type="checkbox"/> §8.4(b)(ii) shall apply to Buyer and the Threshold Amount for Buyer shall be: _____, or</p> <p><input type="checkbox"/> §8.4(b)(ii) shall <u>not</u> apply to Buyer</p> <p>§ 8.4(c) Winding-up/Insolvency/Attachment:</p> <p><input type="checkbox"/> §8.4(c)(iv) shall apply only if such proceedings (as are referred to in §8.4(c)(iv)) are not withdrawn, dismissed, discharged, stayed or restrained within <input type="checkbox"/> days of their institution; or</p> <p><input type="checkbox"/> §8.4(c)(iv) shall apply without any applicable grace period for the Party to have such proceedings (as are referred to in §8.4(c)(iv)) withdrawn, dismissed, discharged, stayed or restrained.</p> <p>§ 8.4(d) Failure to Deliver or Accept:</p> <p><input type="checkbox"/> §8.4(d)(i) failure to deliver or accept single Shipment shall apply.</p> <p><input type="checkbox"/> §8.4(d)(ii) failure to deliver or accept on three (3) Shipments out of seven (7) Shipments shall apply, or</p> <p><input type="checkbox"/> §8.4(d)(ii) failure to deliver or accept on <input type="checkbox"/> Shipments out of <input type="checkbox"/> Shipments shall apply.</p> <p>Annex H (Credit Support Annex) shall apply: <input type="checkbox"/> to Buyer; and/or <input type="checkbox"/> to Seller, in which case the following shall apply in addition to the above elections relating to Material Reason and the Material Reasons defined above in respect of a Party shall, unless noted to the contrary, apply equally to, as applicable, a Party's Credit Support Provider and/or Controlling Party as specified in Annex H (Credit Support Annex):</p> <p>(b) Material Adverse Change:</p> <p>The following categories of Material Adverse Change shall apply to Seller:</p> <p><input type="checkbox"/> §14.3(a) (Credit Rating), and the minimum rating shall be: _____;</p> <p><input type="checkbox"/> §14.3(b) (Credit Rating of Credit Support Provider that is a Bank) and the minimum rating shall be: _____;</p> <p><input type="checkbox"/> §14.3(c) (Financial Covenants), and</p> <p style="padding-left: 40px;">the EBIT to Interest ratio shall be: _____,</p> <p style="padding-left: 40px;">the Funds From Operations to Total Debt ratio shall be: _____, and</p>

the Total Debt to Total Capitalisation ratio shall be: _____;

§14.3(d) (**Decline in Tangible Net Worth**), and the relevant figure is: _____;

§14.3(e) (**Expiry of General Assurance or Credit Support Document**), and

the relevant time period shall be _____, or

no time period shall apply;

§14.3(f) (**Failure of General Assurance or Credit Support Document**);

§14.3(g) (**Failure of Control and Profit Transfer Agreement**);

§14.3(h) (**Impaired Ability to Perform**); and

§14.3(i) (**Amalgamation/Merger**)

The following categories of Material Adverse Change shall apply to Buyer:

§14.3(a) (**Credit Rating**), and the minimum rating shall be: _____;

§14.3(b) (**Credit Rating of Credit Support Provider that is a Bank**) and the minimum rating shall be: _____;

§14.3(c) (**Financial Covenants**), and

the EBIT to Interest ratio shall be: _____,

the Funds From Operations to Total Debt ratio shall be: _____, and

the Total Debt to Total Capitalisation ratio shall be: _____;

§14.3(d) (**Decline in Tangible Net Worth**), and the relevant figure is: _____;

§14.3(e) (**Expiry of General Assurance or Credit Support Document**), and

the relevant time period shall be _____, or

no time period shall apply;

§14.3(f) (**Failure of General Assurance or Credit Support Document**);

§14.3(g) (**Failure of Control and Profit Transfer Agreement**);

§14.3(h) (**Impaired Ability to Perform**); and

§14.3(i) (**Amalgamation/Merger**)

(c) Provision of Financial Statements and Decline in Tangible Net Worth

§14.4 shall not apply: to Buyer; and/or to Seller.

§14.4 shall apply: to Buyer; and/or to Seller, in which case the following shall apply:

§14.5 shall not apply: to Buyer; and/or to Seller.

§14.5 shall apply: to Buyer; and/or to Seller, in which case the following shall apply:

Seller shall have a duty to notify as provided in §14.5, and the applicable figure for it shall be _____, or

Seller shall have no duty to notify as provided in §14.5, and

Buyer shall have a duty to notify as provided in §14.5, and the applicable figure for it shall

be _____, or

Buyer shall have no duty to notify as provided in §14.5

(F) The percentage payment structure as set out in §12.2 will be changed to:

the first installment shall be []%, and the second installment shall be []%, of the Contract Price (subject to re-adjustment if NCVcp measurement at Discharge Port is elected in accordance with Part I, Section 1 relating to Contract Price).

(G) Currency of payments to be made under this Individual Biomass Contract (§12.2): _____

(H) "Interest Rate" shall be Compounded SONIA + _____ percent (%) per annum (§12.6).

(I) Disputed Amounts (§12.7) :

<p><input type="checkbox"/> §12.7(a) shall apply, or</p> <p><input type="checkbox"/> §12.7(b) shall apply</p>
<p>(J) <input type="checkbox"/> §16.2, (<i>Assignment to Affiliates</i>) shall apply</p>
<p>(K) This Individual Biomass Contract shall be, as applicable:</p> <p><input type="checkbox"/> an Uncovered Transaction, as defined in and under the terms of the EFET form Cross-Product Master Netting Agreement made between the Parties and dated []</p> <p><input type="checkbox"/> an Additional Netted Agreement, as defined in and under the terms of the EFET form Master Netting Agreement made between the Parties dated []</p> <p><input type="checkbox"/> {other} _____</p>
<p>(L) Time Zone: [] (if applicable)</p>
<p>(M) <input type="checkbox"/> Annex I (<i>Code of Conduct</i>) applies</p> <p>OR</p> <p><input type="checkbox"/> Code of Conduct of [Supplier]/[Buyer] will apply to this Individual Biomass Contract and will become part of this Individual Biomass Contract.</p>
<p>3. ANY OTHER AGREED TERMS</p>

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Part I. Commercial Terms of This Individual Biomass Contract**CIF (Cost Insurance and Freight)****1. NEGOTIATED COMMERCIAL & ECONOMIC TERMS**

(A) Biomass and Biomass Specification:

If Biomass is wood pellets this shall be in compliance with the Biomass Specification in Part 1 of Annex B-1 and the following Industrial Category as set out in Part 2 of Annex B-1:

- Industrial Category 1;
- Industrial Category 2; or
- Industrial Category 3.

If Biomass is not wood pellets this shall be in compliance with the Biomass Specification in:

- Biomass Specification Annex B-2

(B) Additions or Amendments to the Biomass Specification:

(C) Origin:

(D) Contract Quantity: Tonnes +/- % at Buyer's option

(E) Quantity Per Shipment (if applicable):

Shipping Tolerance:

(F) Contract Price (§12.2(b)):

NCVcp Measurement only at Loading Port

The Contract Price applicable to each Shipment shall be determined in accordance with the following:

Buyer shall pay [...] [*currency*] basis CIF Discharge Port delivery per Tonne, based upon a minimum tested NCVcp of [*benchmark CV....*] GJ/Tonne ("the **Base Price**").

Price Adjustment: The Base Price shall be adjusted as per the below formula to reflect the Actual NCVcp of the Biomass as determined in accordance with the terms of the Individual Biomass Contract:

$$\text{Adjusted Price} = \{ \text{Actual NCVcp (GJ/Tonne)} \times \text{Base Price} \} \div \{ [\text{benchmark CV}] \text{ GJ/Tonne} \}$$

The Adjusted Price as determined in accordance with the above formula for each Shipment shall be the Contract Price in respect of that Shipment. The Contract Price shall be inclusive of all Taxes but shall exclude VAT.

NCVcp Measurement at Loading Port and Discharge Port

The Contract Price applicable to each Shipment shall be determined in accordance with the following:

Buyer shall pay [...] [*currency*] basis FOB Loading Port delivery per Tonne, based upon a minimum tested NCVcp of [*benchmark CV....*] GJ/Tonne ("the **Base Price**").

<p>First Installment Price Adjustment: The Base Price for the purposes of the first installment shall be adjusted as per the below formula to reflect the Actual NCV_{cp} of the Biomass as determined at the Loading Port in accordance with the terms of the Individual Biomass Contract:</p> <p>Adjusted Price = {Actual NCV_{cp} (as measured at Loading Port) (GJ/Tonne) x Base Price} ÷ {[benchmark CV] GJ/Tonne}</p> <p>Second Installment Price Adjustment: The Base Price for the purposes of the second installment shall be re-adjusted as per the below formula to reflect the Actual NCV_{cp} of the Biomass as determined at both the Loading Port and Discharge Port in accordance with the terms of the Individual Biomass Contract:</p> <p>Adjusted Price = {Actual NCV_{cp} (Average of results as measured at the Loading Port and Discharge Port) (GJ/Tonne) x Base Price} ÷ {[benchmark CV] GJ/Tonne}</p> <p>The total Adjusted Price as determined in accordance with the above formulas for each Shipment shall be the Contract Price in respect of that Shipment. The Contract Price shall be inclusive of all Taxes but shall exclude VAT.</p> <p>[] (other) _____</p>	
(G) Delivery Period:	
Shipment Period(s):	
(H) Delivery Type:	CIF
(I) Pre-Advice of Vessel's Estimated Time of Arrival:	
<p>Seller shall advise Buyer no less than _____ days prior to Vessel's estimated time of arrival at Loading Port (such arrival must occur within the applicable Shipment Period).</p> <p>Seller shall provide the Buyer with an estimated date or range of dates within which the Vessel is reasonably likely to arrive at the Discharge Port and keep the Buyer updated of any significant change in such date or range of dates. The Seller's estimate shall be indicative only and made without any guarantee whatsoever.</p>	
(J) Loading Port:	
(K) Discharge Port:	
(L) Discharge Rate:	
(M) [] Alternative Laytime Provisions (Annex D):	
(N) Commingling:	<p>[] Seller shall ensure that there shall be no commingling of Shipments from different suppliers within a Vessel's hold.</p> <p>OR</p> <p>[] Commingling permitted.</p>
(O) The Inspection Company / Independent Laboratory pursuant to Annex F shall be:	
Survey:	
Sampling:	

Analysis:
(P) Sampling and testing procedures to be performed at Loading Port in accordance with Annex F; and, <input type="checkbox"/> if applicable, the following Parameters shall be assessed, sampled or tested (as appropriate) at the Discharge Port: _____
(Q) Designated Agents (Annex D) <input type="checkbox"/> of Buyer: _____ <input type="checkbox"/> of Seller: _____
(R) Account Details Seller's bank account payment details: Buyer's bank account payment details (if applicable):
2. ELECTIONS TO, AND VARIATIONS FROM, GENERAL TERMS AND CONDITIONS
(A) <input type="checkbox"/> all Active Individual Biomass Contracts shall be part of the Agreement (§1.2)
(B) <input type="checkbox"/> Sustainability Requirements shall apply (§7A.1(c)), then, (i) the Sustainability Requirements shall be: <input type="checkbox"/> as provided in form Annex G; or <input type="checkbox"/> as provided in an any agreed amendment or replacement of form Annex G (as appended hereto) (ii) the independent inspector appointed to verify sustainability data shall be: <input type="checkbox"/> (iii) the methodology adopted for the collection of sustainability data shall be: <input type="checkbox"/> (iv) Additional Remedies for Non-Conforming Biomass: <input type="checkbox"/> failure to comply with Sustainability Requirements shall constitute an additional Material Reason for §8.4
(C) <input type="checkbox"/> <u>One-way Termination Payment</u> (§8.2(d)): notwithstanding anything to the contrary in §8 (<i>Term and Termination Rights</i>) and §9 (<i>Calculation of the Termination Amount</i>), for any Early Termination resulting from a Material Reason other than those set forth in §8.4(c) (<i>Winding-up/Insolvency/Attachment</i>) there shall be no Termination Amount owed by the Terminating Party to the Defaulting Party, and any such Termination Amount which but for this election would have been calculated as owing by the Terminating Party shall be deemed to be zero.
(D) Automatic Termination (§8.3): <input type="checkbox"/> shall apply to Seller, with termination effective _____ <input type="checkbox"/> shall apply to Buyer, with termination effective _____

(E) Credit Provisions, Material Reason and Material Adverse Change definitions (§8, 14 & Annex H):

(a) Material Reason:

§8.4(b) Cross Default and Acceleration:

- §8.4(b)(i) shall apply to Seller and the Threshold Amount for Seller shall be _____, or
 §8.4(b)(i) shall not apply to Seller
 §8.4(b)(i) shall apply to Buyer and the Threshold Amount for Buyer shall be _____, or
 §8.4(b)(i) shall not apply to Buyer

- §8.4(b)(ii) shall apply to Seller and the Threshold Amount for Seller shall be: _____, or
 §8.4(b)(ii) shall not apply to Seller
 §8.4(b)(ii) shall apply to Buyer and the Threshold Amount for Buyer shall be: _____, or
 §8.4(b)(ii) shall not apply to Buyer

§8.4(c) Winding-up/Insolvency/Attachment:

- §8.4(c)(iv) shall apply only if such proceedings (as are referred to in §8.4(c)(iv)) are not withdrawn, dismissed, discharged, stayed or restrained within days of their institution; or
 §8.4(c)(iv) shall apply without any applicable grace period for the Party to have such proceedings (as are referred to in §8.4(c)(iv)) withdrawn, dismissed, discharged, stayed or restrained.

§8.4(d) Failure to Deliver or Accept:

- §8.4(d)(i) failure to deliver or accept single Shipment shall apply.
 §8.4(d)(ii) failure to deliver or accept on three (3) Shipments out of seven (7) Shipments shall apply, or
 §8.4(d)(ii) failure to deliver or accept on Shipments out of Shipments shall apply.

Annex H (*Credit Support Annex*) shall apply: to Buyer; and/or to Seller, in which case the following shall apply in addition to the above elections relating to Material Reason and the Material Reasons defined above in respect of a Party shall, unless noted to the contrary, apply equally to, as applicable, a Party's Credit Support Provider and/or Controlling Party as specified in Annex H (*Credit Support Annex*):

(b) Material Adverse Change:

The following categories of Material Adverse Change shall apply to Seller:

- §14.3(a) (**Credit Rating**), and the minimum rating shall be: _____;
 §14.3(b) (**Credit Rating of Credit Support Provider that is a Bank**) and the minimum rating shall be: _____;
 §14.3(c) (**Financial Covenants**), and
the EBIT to Interest ratio shall be: _____,
the Funds From Operations to Total Debt ratio shall be: _____, and
the Total Debt to Total Capitalisation ratio shall be: _____;
 §14.3(d) (**Decline in Tangible Net Worth**), and the relevant figure is: _____;
 §14.3(e) (**Expiry of General Assurance or Credit Support Document**), and
 the relevant time period shall be _____, or
 no time period shall apply;
 §14.3(f) (**Failure of General Assurance or Credit Support Document**);
 §14.3(g) (**Failure of Control and Profit Transfer Agreement**);
 §14.3(h) (**Impaired Ability to Perform**); and
 §14.3(i) (**Amalgamation/Merger**)

The following categories of Material Adverse Change shall apply to Buyer:

- §14.3(a) (**Credit Rating**), and the minimum rating shall be: _____;
- §14.3(b) (**Credit Rating of Credit Support Provider that is a Bank**) and the minimum rating shall be: _____;
- §14.3(c) (**Financial Covenants**), and
the EBIT to Interest ratio shall be: _____,
the Funds From Operations to Total Debt ratio shall be: _____, and
the Total Debt to Total Capitalisation ratio shall be: _____;
- §14.3(d) (**Decline in Tangible Net Worth**), and the relevant figure is: _____;
- §14.3(e) (**Expiry of General Assurance or Credit Support Document**), and
 the relevant time period shall be _____, or
 no time period shall apply;
- §14.3(f) (**Failure of General Assurance or Credit Support Document**);
- §14.3(g) (**Failure of Control and Profit Transfer Agreement**);
- §14.3(h) (**Impaired Ability to Perform**); and
- §14.3(i) (**Amalgamation/Merger**)

(c) Provision of Financial Statements and Decline in Tangible Net Worth

§14.4 shall not apply: to Buyer; and/or to Seller.

§14.4 shall apply: to Buyer; and/or to Seller, in which case the following shall apply:

§14.5 shall not apply: to Buyer; and/or to Seller.

§14.5 shall apply: to Buyer; and/or to Seller, in which case the following shall apply:

Seller shall have a duty to notify as provided in §14.5, and the applicable figure for it shall be _____, or

Seller shall have no duty to notify as provided in §14.5, and

Buyer shall have a duty to notify as provided in §14.5, and the applicable figure for it shall be _____, or

Buyer shall have no duty to notify as provided in §14.5

(F) The percentage payment structure as set out in §12.2 will be changed to:

the first installment shall be []%, and the second installment shall be []%, of the Contract Price (subject to re-adjustment if NCVcp measurement at Discharge Port is elected in accordance with Part I, Section 1 relating to Contract Price)

(G) Currency of payments to be made under this Individual Biomass Contract (§12.2): _____

(H) "Interest Rate" shall be Compounded SONIA + _____percent (%) per annum (§12.6).

(I) Disputed Amounts (§12.7) :

§12.7(a) shall apply, or

§12.7(b) shall apply

(J) §16.2, (*Assignment to Affiliates*) shall apply

(K) Insurance CIF Individual Biomass Contracts (Annex D)

Institute Cargo Clauses (A)

<p>(L) This Individual Biomass Contract shall be, as applicable:</p> <p><input type="checkbox"/> an Uncovered Transaction, as defined in and under the terms of the EFET form Cross-Product Master Netting Agreement made between the Parties and dated []</p> <p><input type="checkbox"/> an Additional Netted Agreement, as defined in and under the terms of the EFET form Master Netting Agreement made between the Parties dated []</p> <p><input type="checkbox"/> {other} _____</p>
<p>(M) Time Zone: [] (if applicable)</p>
<p>(N) <input type="checkbox"/> Annex I (<i>Code of Conduct</i>) applies</p> <p>OR</p> <p><input type="checkbox"/> Code of Conduct of [Supplier]/[Buyer] will apply to this Individual Biomass Contract and will become part of this Individual Biomass Contract.</p>
<p>3. ANY OTHER AGREED TERMS</p>

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Part II. General Terms and Conditions of Individual Biomass Contract

§1

Subject of Individual Biomass Contract

1. **Subject of Individual Biomass Contract.** This document memorialises an agreement between the Parties to purchase and sell Biomass (the “**Individual Biomass Contract**”), the commercial terms of which are set forth in Part I of this Individual Biomass Contract.
2. **Completely or Partially Unperformed Contracts.** If this §1.2 (*Completely or Partially Unperformed Contracts*) is specified as applying in Part I (Section 2) of this Individual Biomass Contract, and if any other individual biomass contracts and agreements between the Parties for the purchase, sale, delivery and acceptance of Biomass, remain either completely or partially unperformed during the Term of this Individual Biomass Contract (each being known as an “**Active Individual Biomass Contract**”), then all other Active Individual Biomass Contracts, together with this Individual Biomass Contract, shall form a single agreement between the Parties (collectively referred to as the “**Agreement**”). This clause is intended to facilitate netting provisions and permit the Parties to net exposures across any other current and outstanding individual biomass contracts and agreements between them under terms similar to those of this Individual Biomass Contract.

§2

Definitions and Construction

1. **Definitions.** Terms used in this Individual Biomass Contract shall have the meanings set out in its Annex A (*Defined Terms Annex*).
2. **Inconsistencies.** In the event of any inconsistency between Parts I and II of this Individual Biomass Contract, its Annexes, and INCOTERMS, the following order of precedence shall apply: Part I, Part II, Annex, and finally, INCOTERMS.
3. **Interpretation.** Headings and titles are for convenience only and do not affect the interpretation of this Individual Biomass Contract.
4. **Annexes.** All Annexes referenced and attached to this Individual Biomass Contract are legally binding, incorporated herein via this reference, and shall form a part of this Individual Biomass Contract unless and then only except as expressly agreed otherwise and specified by the Parties in Part I of this Individual Biomass Contract.
5. **Industry Standards.** Notwithstanding any reference to a specific version or date of an industry standard found in this Individual Biomass Contract (including its Annexes), such reference shall be deemed to refer to the then current or latest version of such standard.

§3

Concluding and Executing This Individual Biomass Contract

1. **Entry into Individual Biomass Contract.** This Individual Biomass Contract shall be legally binding upon the Parties upon their mutual execution hereof through their duly appointed, authorised and empowered representatives. Execution of this Individual Biomass Contract may be affected via execution by each Party of one or more counterparts, each of which when so executed shall be deemed to be and constitute an original document and one and the same binding agreement between the Parties. Entry into this Individual Biomass Contract may be effected by the exchange of such counterparts between the Parties.

§4

Primary Obligations for Delivery and Acceptance of Biomass

1. **Delivery and Acceptance.** In accordance with this Individual Biomass Contract, the Seller shall Schedule, sell and deliver, or cause to be delivered, and the Buyer shall Schedule, purchase and accept, or cause to be accepted, the Contract Quantity at the Delivery Point; and the Buyer shall pay to the Seller the Contract Price.
2. **Definition of Schedule.** "Schedule" shall mean, as applicable, those actions necessary for a Party to effect its respective delivery or acceptance obligations, which may include nominating, scheduling, notifying, requesting and confirming with the other Party, their respective designated agents and authorised representatives, and the relevant Operator(s), as applicable, the Biomass, its Origin, the Contract Quantity, Contract Price, Delivery Period, Shipment Period(s), Delivery Schedule, Biomass Specifications, relevant Loading Port and/or Discharge Port, Vessel(s) and any other relevant commercial terms of this Individual Biomass Contract in accordance with all applicable rules of the Operators and other customary industry practices and procedures for those making and accepting deliveries of Biomass, and the procedures and requirements outlined for Buyers and Sellers in, as applicable, either Annex C (*FOB Annex*) or in Annex D (*CIF Annex*).

§5

Delivery, Measurement, Transportation and Risk

1. **Quality and Other Specifications of Biomass.** Biomass delivered by the Seller hereunder shall fully comply with the specifications contained in the Annex B (*Biomass Specifications*) applicable to the designated Biomass.
2. **Delivery Schedules.** Biomass shall be delivered according to the relevant Delivery Schedule specified in Part I (Section 1) and the relevant terms, as applicable, of either Annex C (*FOB Annex*) or Annex D (*CIF Annex*) of this Individual Biomass Contract.
3. **Transfer of Risk, Costs and Title.** Risk of the Shipment of Biomass and related costs shall pass to the Buyer in accordance with the relevant INCOTERMS rules applicable to the Delivery Type specified in Part I (Section 1) and title to the Biomass shall, unless otherwise agreed, pass with transfer of the Bill of Lading corresponding to the Shipment of Biomass.
4. **Measurement of Biomass Deliveries and Receipts.** Each Party is responsible for ensuring that Biomass deliveries and receipts are measured or verified by means that can be reasonably evidenced in accordance with the Operators' procedures governing the relevant Delivery Point. Sampling and testing of Shipments of Biomass shall be made in accordance with Annex E (*Quantity Measurement and Weighing Annex*) and Annex F (*Sampling and Testing Procedures Annex*).
5. **Documentation of Actual Deliveries and Receipts.** Upon reasonable request, a Party shall:
 - (a) provide to the other Party documentation in its possession or control that evidences Schedules, quantities, deliveries and receipts of Biomass for the purposes of determining the cause of any deviations between the terms of this Individual Biomass Contract and actual deliveries and receipts of Biomass; and
 - (b) use its reasonable and diligent efforts to request and acquire from the Operators, and shall share with the requesting Party, any additional documentation necessary to reconcile inconsistencies between Scheduled and actual quantities of Biomass.
6. **Loading & Unloading of Vessels.** Loading and, if applicable, unloading of Vessels shall be performed in compliance with, as applicable, either Annex C (*FOB Annex*) or Annex D (*CIF Annex*) of this Individual Biomass Contract.

§6

Non-Performance Due to Force Majeure

1. **Definition of Force Majeure.** Unless otherwise specified herein, "**Force Majeure**" means an occurrence beyond the reasonable control of the Party claiming Force Majeure (the "**Claiming Party**") which it could not reasonably have avoided or overcome and which makes it impossible for the Claiming Party to perform its delivery or acceptance obligations.

2. **Release From Delivery and Acceptance Obligations.** If a Party is fully or partly prevented due to Force Majeure from performing its obligations of delivery or acceptance under, as applicable, either this Individual Biomass Contract, or if the same constitutes an Individual Biomass Contract of more than a single Shipment, then to any and all such Shipments affected by the Force Majeure and such Party complies with the requirements of §6.3 (*Notification and Mitigation of Force Majeure*), no breach or default on the part of the Claiming Party shall be deemed to have occurred and it shall be released (and not merely suspended) from those obligations for the period of time and to the extent that such Force Majeure prevents its performance. No obligation to pay damages pursuant to §7 (*Remedies for Failure to Deliver and Accept*) will accrue to the Claiming Party with respect to those quantities not delivered or received.

3. **Notification and Mitigation of Force Majeure.** The Claiming Party shall as soon as practical after learning of the Force Majeure notify the other Party of the commencement of the Force Majeure and, to the extent then available, provide to it a non-binding estimate of the extent and expected duration of its inability to perform. The Claiming Party shall use all commercially reasonable efforts to mitigate the effects of the Force Majeure and shall, during the continuation of the Force Majeure, provide the other Party with reasonable updates, when and if available, of the extent and expected duration of its inability to perform. The Claiming Party shall provide to the Non-Claiming Party reasonable facilities for examining such circumstances, including facilities for a site inspection, provided that the Claiming Party has the right to do so, by a representative of the other Party promptly upon the request, and at the expense and risk, of the other Party. The Claiming Party shall give and continue to give periodic reports to the other Party on the status of the Force Majeure (including the effects thereof) and progress in its efforts to overcome the same; and, as soon as reasonably possible after the end of the Force Majeure, it shall notify the other Party that the Force Majeure has ended.

4. **Effects of Force Majeure on Other Party.** In the event, and to the extent, a Seller's delivery obligations are released by Force Majeure, the Buyer's corresponding acceptance and payment obligations shall also be released. In the event and to the extent a Buyer's acceptance obligations are released by Force Majeure, Seller's corresponding delivery obligations shall also be released. As soon as reasonably possible after the provision of the notice of the cessation of Force Majeure required pursuant to §6.3 (*Notification and Mitigation of Force Majeure*), the Claiming Party shall notify the other Party whether it is able to deliver/accept delivery of (as applicable) any or part of the Biomass delivery affected by the Force Majeure. The other Party shall then notify the Claiming Party within fourteen (14) days whether:

- (a) it requires the Claiming Party to increase the volumes of Biomass to be delivered for the remainder of the Delivery Year(s) up to the Contract Quantity, to the extent such Biomass is available in accordance with this §6.4 (*Effect of Force Majeure on Other Party*); or
- (b) it requires the Claiming Party to reduce the Contract Quantity to be delivered by an amount not exceeding the affected quantity of Biomass,

and the Parties shall amend this Individual Biomass Contract as appropriate to reflect the Non-Claiming Party's requirements in accordance with this §6.4 (*Effect of Force Majeure on Other Party*).

5. **Long Term Force Majeure Termination Right.** If the Delivery Period of this Individual Biomass Contract is six (6) months or longer and the Force Majeure continues for sixty (60) or more consecutive days commencing on the date of the initial notice of Force Majeure, the Party which is not the Claiming Party may, at its option, at any time during such continuance of the Force Majeure beyond the sixty (60) day period terminate this Individual Biomass Contract and no compensation shall be due on

termination. If the Delivery Period of this Individual Biomass Contract is less than six (6) months and the Force Majeure continues for thirty (30) or more consecutive days commencing on the date of the initial notice of Force Majeure, the Party which is not the Claiming Party may, at its option, at any time during such continuance of the Force Majeure beyond the thirty (30) day period terminate this Individual Biomass Contract and no compensation shall be due on termination.

§7

Remedies for Failure to Deliver and Accept

1. **Seller's Duty to Notify and Revised Delivery Instructions.** The Seller shall notify the Buyer immediately when it knows that it is, or reasonably expects that it will be, unable to deliver (in whole or in part) the Contract Quantity and/or any Shipment in accordance with the Delivery Schedule. The Buyer may, but is not obligated to, offer the Seller alternative delivery terms which, if accepted by the Seller, shall constitute a mutual agreement to so amend the Delivery Schedule, and, absent such agreement to revise the Delivery Schedule, §7.2 (*Failure to Deliver*) shall apply.

2. **Failure to Deliver.** If, for any reason other than Force Majeure or reasons attributable to the Buyer, the Seller fails to deliver all or any part of the Contract Quantity, any Shipment or any portion of a Shipment in accordance with the Delivery Schedule (taking into account the Shipping Tolerance), if and as amended in accordance with §7.1 (*Seller's Duty to Notify and Revised Delivery Instructions*), or the Seller fails to deliver at any such re-scheduled time, then the Seller shall pay to the Buyer as compensation for damages incurred an amount for such quantity of undelivered Biomass equal to the product of:

- (a) the amount, if positive, by which the price (per metric tonne), if any, at which the Buyer acting in a commercially reasonable manner is or would be able to purchase or otherwise acquire in the market the quantity of undelivered Biomass exceeds the Base Price; and
- (b) the quantity of undelivered Biomass,

such amount to be increased by any actually incurred incremental transportation costs and other reasonable and verifiable costs and expenses incurred by the Buyer as a result of the Seller's failure.

3. **Replacement Quantities.** When procuring replacement quantities of undelivered Biomass, the Buyer shall use commercially reasonable endeavors to purchase Biomass of approximately equivalent quality specifications and energy value and on reasonably similar delivery terms.

4. **Payment.** The Buyer shall calculate and set out the amount payable to it by Seller in an invoice to the Seller and show in reasonable detail how it is calculated; and the Seller shall pay the Buyer's invoice within ten (10) Business Days of receipt; provided, however, that upon receipt of the invoice, if the Seller disputes the Buyer's calculation in accordance with this clause, the Parties will cooperate reasonably and in good faith to negotiate and resolve any such dispute within thirty (30) calendar days of receipt of Buyer's invoice. Following resolution of any dispute, Seller will make payment of the agreed amount plus interest at the Interest Rate within ten (10) Business Days of the dispute resolution, and §12 (*Price, Invoicing and Payment*) of this Individual Biomass Contract is hereby amended accordingly. In the event that the Parties have failed to resolve any dispute within thirty (30) calendar days of receipt of Buyer's invoice, such dispute shall be referred to Arbitration in accordance with §19.3 (*Arbitration*) below.

5. **Buyer's Duty to Notify and Revised Delivery Instructions.** The Buyer shall notify the Seller immediately when it knows that it is, or reasonably expects that it will be, unable to take delivery (in whole or in part) of the Contract Quantity and/or any Shipment in accordance with the Delivery Schedule. The Seller may, but is not obligated to, offer to the Buyer alternative delivery terms which, if accepted by the Buyer, shall constitute a mutual agreement to amend the Delivery Schedule, and, absent such agreement to revise the Delivery Schedule, §7.6 (*Failure to Accept Delivery*) shall apply.

6. **Failure to Accept Delivery.** If, for any reason other than Force Majeure or reasons attributable to Seller, the Buyer fails to take delivery of all or any part of the Contract Quantity, any Shipment or any

portion of a Shipment in accordance with the agreed Delivery Schedule (taking into account the Shipping Tolerance), if and as amended in accordance with §7.5 (*Buyer's Duty to Notify and Revised Delivery Instructions*), or the Buyer fails to accept delivery at any such re-scheduled time, in which event the Buyer shall pay the Seller as compensation for damages an amount for the quantity of non-accepted Biomass equal to the product of:

- (a) the amount, if positive, by which the Base Price exceeds the price at which the Seller is or would be able to sell the quantity of non-accepted Biomass in the market acting in a commercially reasonable manner; and
- (b) the quantity of the non-accepted Biomass,

such amount to be increased by any actually incurred incremental transportation costs and other reasonable and verifiable costs and expenses incurred by the Seller as a result of the Buyer's failure.

7. **Payment.** The Seller shall calculate and set out the amount so payable in an invoice to the Buyer and show in reasonable detail how it is calculated and the Buyer shall pay the Seller's invoice within ten (10) Business Days of receipt; provided, however, that upon receipt of the invoice, if the Buyer disputes the Seller's calculation in accordance with this clause, the Parties will cooperate reasonably and in good faith to negotiate and resolve any such dispute within thirty (30) calendar days of receipt of the Seller's invoice. Following resolution of any dispute, the Buyer will make payment of the agreed amount plus interest at the Interest Rate within ten (10) Business Days of the dispute resolution, and §12 (*Price, Invoicing and Payment*) of this Individual Biomass Contract is hereby amended accordingly. In the event that the Parties have failed to resolve any dispute within thirty (30) calendar days of receipt of Seller's invoice, such dispute shall be referred to Arbitration in accordance with §19.3 (*Arbitration*) below.

8. **Amounts Payable.** Amounts that are due according to this §7 (*Remedies for Failure to Deliver and Accept*) shall be invoiced and paid in accordance with §12 (*Price, Invoicing and Payment*).

9. **Reduction in Contract Quantity.** Upon the entitled Party's receipt of damages provided for in §7 (*Remedies for Failure to Deliver or Accept*) in respect of any non-performed or underperformed delivery or acceptance of delivery, the applicable Contract Quantity or portion thereof attributable to the non-performance or underperformance shall be reduced by a quantity equal to the quantity to which the damages correspond.

10. **Cover Cost Market Price Determinations.** For the avoidance of doubt, the obligation of a Party to calculate damages owed to it in a commercially reasonable manner may, but need not, be satisfied, by determination of prevailing Biomass market prices in accordance with the following: a commercially reasonable "**Market Price**" may be established for such purposes as the price of Biomass as indicated by the available relevant market indices for industrial wood pellets pricing based on wood pellets settlement prices (including if reasonably applicable, the relevant freight adjustment) or the price at which the relevant Party would be able to sell or purchase the quantity of under-delivered or under-accepted quantity in the market acting in a reasonable manner which will be determined by taking the average of the price quotations for the Biomass of similar quality and Loading and/or Discharge Port (as appropriate for the INCOTERM applicable) for a similar period obtained from at least two (2) and no more than four (4) independent internationally recognised dealers/brokers or counterparties (such brokers to be appointed by the non-defaulting Party). When assessing Market Price, the non-defaulting Party may elect to either use market indices or may appoint brokers, in accordance with this clause. For the avoidance of doubt neither the Buyer nor Seller is obliged to enter into a replacement transaction.

§7A
Non-Conforming Biomass Deliveries

1. **Definition.** The Shipment shall be defined as “**Non-Conforming Biomass**” where either:
 - (a) the final and binding result for any characteristic, test or measurement set forth in the Analysis Certificate(s), Inspection Certificate or the Umpire Analysis Certificate(s), as the case may be, falls outside of the Acceptance Level for such characteristic (each such characteristic and corresponding Acceptance Level being specified in the applicable Biomass Specification as specified in Part I (Section 1) and in Annex B (***Biomass Specifications Annex***)); or
 - (b) the Shipment cannot be conformed to the required quality such that it may be handled and/or the Extraneous Material cannot be removed (after the Seller has had an opportunity to remedy the Shipment in accordance with §7A.2 (***Extraneous Material***)); or,
 - (c) if the Parties have elected to apply specific Sustainability Requirements as set forth in Annex G (***Sustainability Requirements Annex***) or as otherwise agreed and provided herein, and any Shipment following the application of those practices and procedures fails to comply with the Sustainability Requirements as agreed between the Parties in this Individual Biomass Contract. For the avoidance of doubt, failure of a Shipment to conform to the agreed requirements of Annex G (***Sustainability Requirements Annex***), even if discovered after completion of the applicable delivery and irrespective of whether the Shipment has been used or burnt during a subsequent combustion process or consumed for any other purpose thereafter, shall not prevent Buyer from making a claim against Seller for applicable damages, declaratory relief or any other remedy, notwithstanding the prior termination or expiration of this Individual Biomass Contract, and the agreement shall survive, or be deemed to have survived, any such termination or expiration in order to facilitate the prosecution of such a claim.

2. **Extraneous Material.** If a Shipment is found by Buyer to contain Extraneous Material, Buyer shall immediately inform Seller, and shall appoint an Inspection Company within forty eight (48) hours after discovery of the Extraneous Material at Buyer's sole cost and expense, to conduct an inspection of the Shipment. If the Inspection Company verifies that the Shipment supplied by Seller contains Extraneous Material, then subject to this §7A.2 (***Extraneous Material***), Seller shall procure that the Shipment is conformed so that all Extraneous Material is removed within a reasonable time at no cost to Buyer, and shall reimburse Buyer for any proven reasonable costs incurred by Buyer as a result of the Extraneous Material. Under no circumstances shall Seller be liable for the replacement or remedy of a Shipment or for any costs, damages or losses incurred by Buyer if the Extraneous Material was introduced after completion of loading of the Vessel, it being acknowledged and agreed by the Parties that Buyer shall bear the burden of proof to establish that such Extraneous Material was present in the Shipment prior to completion of loading. In the event that the Shipment cannot be or is not conformed by Seller within a reasonable time, then Buyer may notify Seller in writing of its intention to reject the Shipment. Such notice in writing from Buyer shall call upon Seller to conform the Shipment by removing the Extraneous Material within three (3) Business Days of the date of the notice. Should Seller not conform the Shipment to the required standard within three (3) Business Days then Buyer may on written notice reject the Shipment in accordance with this §7A.6 (***Rejection Notice***). In the event of Buyer’s rejection for reasons of Extraneous Material, Seller shall refund to Buyer or indemnify Buyer for any costs of Shipment which Buyer may have incurred.

3. **Notification.** As soon as reasonably practicable after the Seller becomes aware that the Shipment which is being delivered at the Delivery Point, or which is about to be delivered contains Non-Conforming Biomass, it shall:

- (a) serve notice of that fact on the Buyer, specifying the nature and extent of the Non-Conforming Biomass in regards to §7A.1 (**Definition**) and the cause and probable duration of the Non-Conforming Biomass; and
- (b) take such steps as are reasonably practicable to procure that the Shipment complies with §7A.1 (**Definition**) as soon as reasonably practicable.

The Seller shall keep the Buyer fully informed in relation to the problem and the steps being taken to remedy it. If the Buyer becomes aware that the Shipment being delivered at the Delivery Point is Non-Conforming Biomass (before it receives notice from the Seller pursuant to §7A.3(a) (**Notification**)) it shall notify the Seller of that fact and of any information available to it as to the nature, extent and cause of the Non-Conforming Biomass.

4. **Rights of the Buyer.** If a Shipment is found by the Buyer, as applicable, at loading or on discharge, to contain Non-Conforming Biomass under §7A.1 (**Definition**) as a result of sampling and analyzing the Shipment in accordance with Annex F (**Sampling and Testing Procedures Annex**), the Buyer shall promptly notify the Seller thereof.

5. **Non-Conforming Biomass.** If the Shipment supplied by the Seller is found to contain Non-Conforming Biomass, the Buyer and the Seller shall, commencing on the date of the first notice given by one Party to the other thereof, commence good faith negotiations for a period not to exceed three (3) calendar days to determine whether there are amended terms under which they are prepared to proceed with, as applicable, this Individual Biomass Contract, or, the relevant Shipment. If agreement on such amended terms is reached within the three (3) calendar days of negotiations, as applicable, this Individual Biomass Contract or the relevant Shipment shall continue under the agreed amended terms. If no agreement is reached by the end of the third calendar day of negotiations, Buyer shall be entitled to reject the Shipment in accordance with §7A.6 (**Rejection Notice**) to §7A.12 (**Reasonable Efforts to Mitigate Damages**). All costs incurred by Buyer in connection with its rejection of the Non-Conforming Biomass shall be for the account of, and shall be reimbursed upon receipt of an invoice by, the Seller.

6. **Rejection Notice.** If the Buyer wishes to reject the Shipment, the Buyer shall give notice to the Seller by telephone or in writing stating that the Shipment is to be qualified as Non-Conforming Biomass.

7. **Risk and Damages.** Upon the Buyer giving a valid notice of rejection to the Seller, any title and/or risk of the Shipment so rejected shall immediately pass, or, as applicable, return, to the Seller, and the Buyer shall be discharged from all obligations under this Individual Biomass Contract in relation to the rejected Shipment as of the time of the giving of such notice of rejection. In the event Buyer has paid in respect of all or part of the Shipment to the Seller, Seller will immediately refund the amount paid by Buyer. Until repayment by the Seller, Buyer is entitled to withhold the Shipment and may, to mitigate its damages, procure its resale to a third party, applying any proceeds of such sale first in settlement of damages owed to it by the Seller. Buyer may require Seller to pick up, at Seller's sole expense, any Shipment rejected after its delivery to Buyer.

8. **Partial Rejection.** In the event that the Buyer elects to reject part of a Shipment and accepts part of that same Shipment, the Contract Price shall be reduced in compliance with §7.2 (**Failure to Deliver**). To the extent that the first instalment paid by the Buyer pursuant to §12.2(a) (**Payment**) below exceeds the Contract Price after adjustment to take account of rejected Biomass, Seller shall reimburse the Buyer within seven (7) Business Days of a written demand, taking into account any rights or amounts due under §10 (**Set-Off**) of this Individual Biomass Contract.

9. **Under delivery Resulting from Rejection.** In the event of any rejection by the Buyer in accordance with this clause unless such failure is due to Force Majeure or the acts or omissions of the Buyer or any agent of the Buyer, the quantity not delivered shall constitute an under delivery due to Seller's default and the provisions of & 7.2 (**Failure to Deliver**) shall apply in relation to the rejected Contract Quantity.

10. **Indemnity.** In respect of this Individual Biomass Contract:
- (a) any Shipment is delivered at the Delivery Point without or prior to the Buyer becoming aware that such Shipment contains Non-Conforming Biomass;
 - (b) any Shipment is delivered to the Buyer when the Buyer gives notice to the Seller in accordance with §7A.6 (**Rejection Notice**) and before the Non-Conforming Biomass has been remedied; or
 - (c) Buyer is charged with additional costs pursuant to §7A.2 (**Extraneous Material**) and/or §7A.5 (**Non-Conforming Biomass**) as a result of the delivery of the Non-Conforming Biomass,

then the Seller shall (irrespective of any event of Force Majeure affecting the Seller in relation to such Non-Conforming Biomass) indemnify the Buyer from and against all direct loss, damage and expense for which the Buyer is or becomes liable (including, without limitation, demurrage during negotiations or otherwise and wasted or increased shipping costs incurred by the Buyer) as a result of the delivery of such quantities of Non-Conforming Biomass. In regards to §7A.10 (**Indemnity**) only, the Buyer shall be entitled to withhold the second installment until all outstanding issues are resolved as provided for under §12.3 (**Withholding Second Installment**).

11. **Waiver.** Any acceptance by the Buyer of any of the Shipments which the Buyer may contractually be entitled to reject shall not be construed as a waiver of any of the Buyer's rights under this Individual Biomass Contract and shall not affect any other Shipment under this Individual Biomass Contract.

12. **Reasonable Efforts to Mitigate Damages.** Notwithstanding anything herein to the contrary, the Parties shall use commercially reasonable efforts to cooperate to mitigate losses and damages that may otherwise be incurred under any Individual Biomass Contract. Further each Party will, for the purposes of this Individual Biomass Contract, seek to perform its contractual obligations while exercising that degree of skill, diligence, prudence and foresight that would reasonably and ordinarily be expected from a skilled and experienced entity engaged in the same type of undertaking.

13. **Sustainability Audit Rights.** Buyer shall have the right, at its sole discretion and cost to cause a suitably qualified auditor, on reasonable notice to audit Seller's premises, storage facility and accounts as it deems necessary in order to verify Seller's compliance with the Sustainability Requirements as set forth in Annex G (**Sustainability Requirements Annex**) or as otherwise agreed and provided for between the Parties, subject to such auditor executing a confidentiality agreement reasonably acceptable to Seller, such acceptance not to be unreasonably withheld.

§8

Term and Termination Rights

1. **Term.** This Individual Biomass Contract shall commence and come into force on its Effective Date and shall, other than as provided to the contrary herein with respect to the survival of certain obligations, expire, unless terminated earlier in accordance with its terms, upon the date of the full and complete performance and final settlement of all obligations relating to and arising from or as a result of the purchase(s) and sale(s) of Biomass hereunder.

2. **Termination for Material Reason.**

- (a) If a Material Reason (as defined below) with respect to a Party has occurred and is continuing, the other Party (the "**Terminating Party**") may terminate this Individual Biomass Contract ("**Early Termination**") by giving the other Party notice. If §1.2 (**Completely or Partially Unperformed Contracts**) has been elected as operative in Part I

(Section 2) of this Individual Biomass Contract, such termination may also be an Early Termination of the Agreement, as defined in §1.2 (***Completely or Partially Unperformed Contracts***). A notice of Early Termination may be given by telephone if that notice is confirmed in writing within two (2) Business Days.

- (b) A notice of Early Termination shall specify the relevant Material Reason for the Early Termination and shall designate a day as an early termination date (the "**Early Termination Date**"). The Early Termination Date may not be earlier than the day the notice is deemed to have been received under this Individual Biomass Contract nor later than twenty (20) calendar days after such day. With effect from the Early Termination Date all further payments and performance in respect of this Individual Biomass Contract shall be released (and not merely suspended) and existing duties and obligations of the Parties shall be replaced by the obligation of one Party to pay damages for non- fulfillment to the other Party in an amount (if any) calculated in accordance with §9.1 (***Termination Amount***) (the "**Termination Amount**").
- (c) If notice designating an Early Termination Date is given, the Early Termination Date shall occur on the date so designated even if the applicable Material Reason is no longer continuing. On, or as soon as practicable after, the Early Termination Date, the Terminating Party shall calculate in a commercially reasonable manner, and shall notify the other Party of, the Termination Amount (if any) to be received or paid by it deriving from aggregating all Settlement Amounts as stipulated in §9 (***Calculation of the Termination Amount***).
- (d) The Termination Amount shall be payable (other than when One-Way Termination Payment has been made operative in Part I (Section 2) of this Individual Biomass Agreement) by the relevant Party to the other Party within three (3) Business Days of its notification by the Terminating Party.
- (e) The right to designate an Early Termination Date under this §8.2 (***Termination for Material Reason***) is in addition to any other remedies available under this Individual Biomass Contract or at law.

3. **Automatic Termination.** If "Automatic Termination" is specified as applying to one or both Parties in Part I (Section 2) of this Individual Biomass Contract, and upon the occurrence of a Material Reason described in §8.4(c) (***Winding-up/Insolvency/Attachment***), the Terminating Party need not send that Party any notice of the designation of an Early Termination Date and the Early Termination Date in such event shall be upon the date of the triggering event or as otherwise specified in Part I of this Individual Biomass Contract. Except as provided in this §8.3 (***Automatic Termination***), Early Termination by virtue of operation of Automatic Termination shall be as provided in §8.2 (***Termination for Material Reason***).

4. **Definition of Material Reason.** The Individual Biomass Contract may be terminated at any time for one or more of the following reasons (each, a "**Material Reason**"):

- (a) **Non-Performance.** The failure of a Party, when required, to make a payment or to perform any other material obligation (other than when such obligation is released pursuant to §6 (***Non-Performance Due to Force Majeure***)) under the Individual Biomass Contract; provided, that in the case of a failure to pay, such failure is not cured within two (2) Business Days of a written demand, or, in the case of any other failure of performance, such failure is not cured within ten (10) Business Days of a writtendemand;
- (b) **Cross Default and Acceleration.** If "Cross Default and Acceleration" is specified as applying to one or both Parties in Part I (Section 2) in the Individual Biomass Contract:

- (i) any payment default under any Specified Indebtedness with an aggregate outstanding principal balance equal to three percent (3%) of the Tangible Net Worth of the Party as of the date of the default, or
- (ii) the failure of a Party to make one or more payments in an aggregate amount (individually or collectively) of not less than the Threshold Amount specified in the Individual Biomass Contract for that Party under such agreements or instruments entered into between such Parties or their Affiliates (after giving effect to any applicable notice requirement or grace period).

(c) Winding-up/Insolvency/Attachment.

A Party:

- (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (iv) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation and, if a time period is specified in Part I (Section 2) of this Individual Biomass Contract, is not withdrawn, dismissed, discharged, stayed or restrained within such specified time period;
- (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets;
- (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in §8.4(c)(i) to §8.4(c)(vii) (inclusive); or
- (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts referred to in this §8.4(c) (***Winding-up/Insolvency/Attachment***).

(d) Failure to Deliver or Accept.

- (i) If specified as applying in Part I (Section 2) of this Individual Biomass Contract, the failure of a Party to comply with its obligation to deliver or accept Biomass in relation to a single Shipment under this Individual Biomass Contract (taking into account any mutually agreed upon adjustment to the original Delivery Schedule in accordance with §7.1 (*Seller's Duty to Notify and Revised Delivery Instructions*)) (other than, when such obligation is released pursuant to §6 (*Non-Performance Due to Force Majeure*)) and subject further to the Party having not cured such failure via payment of damages owed pursuant to, as applicable, §7 (*Remedies for Failure to Deliver and Accept*) or §7A (*Non-Conforming Biomass Deliveries*).
- (ii) If specified as applying in relation to a failure to deliver or accept three (3) out of seven (7) Shipments, or in accordance with other specified parameters concerning multiple Shipments in Part I (Section 2) of this Individual Biomass Contract, the failure of a Party to comply with its obligation to deliver or accept Biomass in accordance with the parameters, if any, specified in Part I (Section 2) of this Individual Biomass Contract in relation to multiple Shipments, (taking into account any mutually agreed upon adjustment to the original Delivery Schedule in accordance with §7.1 (*Seller's Duty to Notify and Revised Delivery Instructions*)) (other than, when such obligation is released pursuant to §6 (*Non-Performance Due to Force Majeure*)) in compliance with the Delivery Schedule; and subject further to the Party having not cured such failure via payment of damages owed pursuant to, as applicable, §7 (*Remedies for Failure to Deliver and Accept*) or §7A (*Non-Conforming Biomass Deliveries*).
- (e) **Representation or Warranty.** A representation or warranty when made or repeated or deemed to have been made or repeated by a Party to this Individual Biomass Contract proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated.
- (f) **Credit Provisions.** If specified as applying in Part I (Section 2) of this Individual Biomass Contract, Annex H (*Credit Support Annex*) shall apply and act as the default credit provisions between the Parties.

Unless otherwise expressly specified in Part I of this Individual Biomass Contract, the above Material Reasons shall constitute the exclusive reasons for Early Termination under this §8 (*Term and Termination Rights*).

§9**Calculation of the Termination Amount**

1. **Termination Amount.** The Terminating Party shall calculate an amount (the "**Termination Amount**") to be paid, subject to the election, if any, made in Part I (Section 2) of this Individual Biomass Contract, in accordance with §8.2 (*Termination for Material Reasons*) or §8.3 (*Automatic Termination*) by calculating the sum (whether positive or negative) of all Settlement Amounts for this Individual Biomass Contract plus any or all other amounts payable between the Parties under or in connection with the Agreement.
2. **Settlement Amount.** The "**Settlement Amount**" for this Individual Biomass Contract and, if §1.2 (Completely or Partially Unperformed Contracts) is specified as applying in Part I (Section 2) of this Individual Biomass Contract), any other Active Individual Biomass Contracts, shall be the Gains less the aggregate of the Losses and Costs which the Terminating Party incurs as a result of the termination of this

Individual Biomass Contract, and, if applicable, the other Active Individual Biomass Contracts. For the purpose of this provision:

- (a) **"Costs"** means cost of transportation and handling the Biomass, brokerage fees, commissions and other third party costs and expenses reasonably incurred by the Terminating Party either in terminating any arrangement pursuant to which it has hedged its obligation or entering into new arrangements which replace a terminated Individual Biomass Contract and all reasonable legal fees, costs and expenses incurred by the Terminating Party in connection with its termination of this Individual Biomass Contract;
- (b) **"Gains"** means an amount equal to the present value of the economic benefit to the Terminating Party, if any, (exclusive of Costs), resulting from the termination of this Individual Biomass Contract, determined in a commercially reasonable manner; and
- (c) **"Losses"** means an amount equal to the present value of the economic loss to the Terminating Party, if any (exclusive of Costs), resulting from its termination of this Individual Biomass Contract, determined in a commercially reasonable manner.

In calculating the Settlement Amounts, the Terminating Party may, but is not obliged, to calculate its Costs and Losses as at the Early Termination Date, at its discretion, without entering into any replacement transactions.

§10 **Set-Off**

1. **Set-Off.** Upon the occurrence of an event set out in §12.3 (*Withholding Second Installment*), §8.1 (*Term*), §7 (*Remedies for Failure to Deliver or Accept*) or §7A (*Non-Conforming Biomass Deliveries*) or the termination of this Individual Biomass Contract pursuant to §8.1 (*Term*), §8.2 (*Termination for Material Reason*), the non-defaulting Party will have the right (but not the obligation) without prior notice to the defaulting Party or any other person to set-off any obligation of the defaulting Party owing to the non-defaulting Party against any obligation of the non-defaulting Party owing to the defaulting Party. For the avoidance of doubt, a Settlement Amount as noted in §9 (*Calculation of the Termination Amount*) may be included in the set-offs contemplated by this §10 (*Set-Off*).

2. **Calculation.** Any amount not then due which is included in any aggregation, netting or set-off pursuant to this §10 (*Set-Off*) shall be discounted to net present value in a commercially reasonable manner determined by the non-defaulting Party as at the time of such aggregation, netting or set-off (to take account of the period between the time of the aggregation, netting or set-off and the date on which such amount would otherwise have been due). If an obligation is unascertained, the non-defaulting Party may in good faith estimate that obligation and aggregate, net or set-off in respect of the estimate, subject to a Party accounting to the other when the obligation is ascertained. For purposes of any cross-currency set-off, the non-defaulting Party may convert any obligation to another currency at a market rate determined by the non-defaulting Party. Any payment that is due under this §10 (*Set-Off*) following the termination of this Individual Biomass Contract shall be payable pursuant to the terms of this Individual Biomass Contract.

§11 **Limitation of Liability**

1. **Exclusion of Liability.** Subject to §11.2 (*Consequential Damage and Limitation of Liability*) and §11.3 (*Intentional Default, Fraud and other Mandatory Rules*) and except in respect of any amounts payable under §7 (*Remedies for Failure to Deliver and Accept*), §8.2 (*Termination for Material Reason*), §7A (*Non-Conforming Biomass*), §12 (*Price, Invoicing and Payment*) and §13 (*Taxes*) a Party and its employees, officers, contractors and/or agents, shall not be liable to the other Party for any losses, cost, expense or damages ("**Damages**"), (including, without limitation, any liability due to the irregularities in the supply of Biomass under this Individual Biomass Contract) incurred by the other Party under or in connection with this Individual Biomass Contract, except where such Damages are due to the negligence,

intentional default or fraud of a Party or its employees, officers, contractors and/or agents used by such Party in performing its obligations under this Individual Biomass Contract.

2. **Consequential Damage and Limitation of Liability.** Subject to §11.3 (*Intentional Default, Fraud and other Mandatory Rules*), the liability of each Party to the other Party under or in connection with this Individual Biomass Contract:

- (a) shall except as provided in §7 (*Remedies for Failure to Deliver and Accept*), §8.2 (*Termination for Material Reason*), §7A (*Non-Conforming Biomass*), §12 (*Price, Invoicing and Payment*) and §13 (*Taxes*) exclude liability for loss of profit, goodwill, business opportunity or anticipated savings and for indirect or consequential Damages (and the above categories of loss shall be considered independently and the eiusdem generis rule of construction under English law shall not apply); and
- (b) shall be limited to an aggregate amount equal to the aggregate amounts payable for Biomass supplied or to be supplied by a Party under this Individual Biomass Contract provided that such limitation shall not apply to payments due in accordance with §7 (*Remedies for Failure to Deliver and Accept*), §8.2 (*Termination for Material Reason*), §7A (*Non-Conforming Biomass*), §12 (*Price, Invoicing and Payment*) and §13 (*Taxes*).

3. **Intentional Default, Fraud and other Mandatory Rules.** Nothing in this Individual Biomass Contract operates to exclude or limit a Party's liability for:

- (a) intentional default;
- (b) fraud; or
- (c) personal injury or death resulting from the negligence of such Party or any of its officers or employees.

4. **Duty to Mitigate Losses.** 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 commercially reasonable efforts to minimise any Damages it may incur under or in connection with this Individual Biomass Contract.

§12 **Price, Invoicing and Payment**

1. **Contract Price.** In respect of each Shipment hereunder Buyer shall pay to Seller the Contract Price as stipulated in Part I (Section 1) of this Individual Biomass Contract based on the Weight Certificate and Actual NCVcp of the subject Shipment (as determined in accordance with Annex E (*Quantity Measurement and Weighing Annex*) and Annex F (*Sampling and Testing Procedures Annex*)).

2. **Payment.**

(a) The first instalment shall be ninety percent (90%) of the Contract Price, or such other percentage payment structure as is agreed and specified by the Parties in Part I (Section 2) of this Individual Biomass Contract, and shall be paid within five (5) Business Days of presentation by the Seller of electronic or email copies of the following documents to Buyer, provided that, Buyer shall not be obligated to tender payment to Seller until Buyer shall have received original documents where called for below:

- (i) All originals of the clean on board bill(s) of lading, made out to the order of Buyer and signed by the Master of the Vessel or Owner's authorised agent;

- (ii) Copy of Master's authorisation if the bill(s) of lading have been signed by the agent;
- (iii) Original Weight Certificate;
- (iv) Analysis Certificate(s) for the Shipment;
- (v) Original Seller's invoice;
- (vi) Original insurance policy or duly signed certificate (CIF only);
- (vii) Quality Condition Report and Temperature Certificate;
- (viii) MSDS;
- (ix) certificate of origin; and
- (x) if applicable, a Sustainability Certificate.

(b) Unless the percentage payment structure is expressly agreed to the contrary in Part I (Section 2) of this Individual Biomass Contract, the second instalment shall be the balance of the Contract Price (subject to re-adjustment if NCVcp measurement at Discharge Port is elected in accordance with the election in relation to Contract Price in Part I (Section 1) of this Individual Biomass Contract, and shall be paid within ten (10) Business Days after (i) where a Analysis Certificate(s) or Quality Condition Report is provided in relation to sampling at the Discharge Port, the provision of such documentation; or (ii) where there is no sampling at the Discharge Port, completion of discharge of the Shipment in question; provided that all of the documentation identified in the required sustainability documents as per Annex G (*Sustainability Requirement Annex*) have been received and accepted by Buyer; and provided further that in the event damage to the Biomass during Shipment occurs, a Shipment fails to arrive or to be discharged or, if elected, any other cause prevents Discharge Port sampling occurring, payment shall be made within ten (10) Business Days after the end of the applicable Shipment Period, and the Contract Price Adjustment, if applicable, shall be based solely upon the sample taken at the Loading Port.

Such payments shall be made, unless otherwise agreed in Part I (Section 2) of this Individual Biomass Contract, in EURO, and, subject to §13 (*Taxes*), and the remitter shall pay its own bank charges.

3. **Withholding Second Installment.** The second installment may be withheld depending on the results following the publication of any of the relevant certificates in accordance with Annex F (*Sampling and Testing Procedures Annex*). If the results of the relevant certificates indicate that the Seller has provided Non-Conforming Biomass under §7A (*Non-Conforming Biomass Deliveries*) of this Individual Biomass Contract, the second installment shall be subject to a reduction as provided for in §7A.5 (*Non-Conforming Biomass*) of this Individual Biomass Contract, and to the Buyer's rights of set off under §10 (*Set-Off*).

4. **Reimbursement of First Installment.** The first installment shall be reimbursed to the Buyer if the Shipment is rejected at a later date in accordance with §7A.6 (*Rejection Notice*). The Seller shall reimburse the Buyer for the full invoiced amount within four (4) Business Days of having received the Buyer's written notice rejecting the Shipment in accordance with §7A.6 (*Rejection Notice*). The Seller shall not be entitled to retrieve the rejected Shipment until it has reimbursed the Buyer in full for the outstanding amount.

5. **Aggregating Amounts.** If on any day the Parties are required to pay each other one or more amounts, under the terms of this Individual Biomass Contract, or if applicable under all Active Individual Biomass Contracts, then such amounts with respect to each Party shall be aggregated and set-off, such that

the Parties shall discharge their respective payment obligations by the Party owing the greater aggregate amount paying the other Party the difference between their respective aggregate amounts.

6. **Default Interest.** Overdue payments shall accrue interest from, and including, the relevant due date to, but excluding, the date of payment, at the Interest Rate as specified in Part I (Section 2) of this Individual Biomass Contract.

7. **Disputed Amounts.** If a Party, in good faith, disputes the accuracy of an invoice, it shall on or before the relevant due date provide a written explanation of the basis for the dispute and shall pay:

- (a) if this §12.7(a) (*Disputed Amounts*) is specified as applying in Part I (Section 2) of this Individual Biomass Contract, the full amount invoiced no later than the relevant due date. If any amount paid under dispute is finally determined to have not been due, such overpayment shall, at the election of the owed Party, be credited or returned to it within ten (10) calendar days of such determination, along with interest accrued at the Interest Rate from, and including, the date such amount was paid, to the other Party, but excluding, the date returned or credited; or
- (b) if this §12.7(b) is specified as applying in Part I (Section 2) of this Individual Biomass Contract, the undisputed amount invoiced no later than the relevant due date. If any amount withheld under dispute is finally determined to have been due, such withheld amount shall, at the election of the owed Party, be credited or returned to it within ten (10) calendar days of such determination, along with interest accrued at the Interest Rate from, and including, the date such amount was due, to the other Party, but excluding, the date paid or credited.

8. **Adjustments to Contract Price.** All Invoices provided for in this §12 (*Price, Invoicing and Payment*) shall, in the event of Shipments of Non-Conforming Biomass, employ such adjusted Contract Price as is determined pursuant to the procedures set forth in the terms of §7A (*Non-Conforming Biomass Deliveries*).

§13 Taxes

1. **Tax Obligations.** All export duties, Taxes, dues and levies present or in the future in the country of origin respectively in the country where the Loading Port is located are for Seller's risk and account and are already included in the agreed Contract Price and will not be charged in addition by the Seller. All import duties, Taxes, dues and levies present or in the future in the country of destination are for Buyer's risk and account. Seller warrants the free export of the Biomass from the country of origin respectively from the country where the Loading Port is located and any export licenses, restrictions and quotas that are required or which are introduced in the country of origin respectively in the country where the Loading Port is located after the date of this Individual Biomass Contract up to the moment of delivery.

§14 Guarantees and Credit Support

1. **Credit Provision.** The Parties may elect to implement additional credit support obligations by incorporating in Part I (Section 2) of this Individual Biomass Contract to apply Annex H (*Credit Support Annex*) and by providing suitable definitions and customization for the use thereof.

§15 Code of Conduct

1. **Code of Conduct.** In performance of this Individual Biomass Contract, the Buyer expects the Seller to share the fundamental principles regarding human rights, employee rights, the environment, and anti-corruption expressed herein. The Buyer expects the Seller to comply with Annex I (*Seller's Code of*

Conduct Annex) or comply with the Code of Conduct specified as applying in Part I (Section 2) of this Individual Biomass Contract.

2. **Breach of Code of Conduct and Related Audit Rights.** Where the Buyer, in good faith, has reasonable grounds to suspect non-compliance with respect to the obligations specified in §15.1 (**Code of Conduct**), the following shall apply:

- (a) The Buyer may, at any time, request clarifications, information and explanations (collectively, the “**Information**”) from the Seller, with regard to such potential non-compliance.
- (b) The Seller agrees, without any limitation and on the Buyer’s first written demand, to provide the Information to the Buyer, with all supporting evidence, as soon as reasonably practicable following receipt of the Buyer’s written demand.
- (c) The Seller shall ensure that any Information communicated to the Buyer shall be true, accurate and complete (as at the date of its disclosure to the Buyer), to the best of the Seller’s belief and knowledge.
- (d) If the Seller fails to provide the Information requested by the Buyer, the Buyer shall have the right, at its sole discretion and cost, to commission upon reasonable notice to the Seller, a suitably qualified auditor to conduct an audit of the Seller’s business activities to the extent necessary to verify the Seller’s compliance with the Code of Conduct as set forth in, as applicable, Annex I (**Seller’s Code of Conduct Annex**) or the Code of Conduct specified as applying in Part I (Section 2) of this Individual Biomass Contract, subject to such auditor executing a confidentiality agreement reasonably acceptable to Seller, such acceptance not to be unreasonably withheld by the Seller.

3. **Remedies for Breach of Code of Conduct.** Where the results of the audit described in §15.2(d) confirm the Seller’s failure to adhere to or otherwise comply with the Code of Conduct set forth in Annex I (**Seller’s Code of Conduct Annex**) or the Code of Conduct specified as applying in Part I (Section 2) of this Individual Biomass Contract, the Buyer shall be permitted to take such reasonable steps in relation to the Seller as it deems appropriate; and/or seek appropriate remedies from the Seller; and/or require the Seller to take appropriate remedial action, to the extent reasonable in the circumstances. Notwithstanding the foregoing, the Seller’s failure to:

- (a) provide the Information as required and within a reasonably practicable timeframe; or
- (b) permit the performance of an audit; or
- (c) honour the remedies requested by the Buyer; or
- (d) implement the remedial action requested by the Buyer,

in accordance with §15.2 (**Breach of Code of Conduct and Related Audit Rights**) above, shall constitute an additional Material Reason for the purposes of §8.4 (**Definition of Material Reason**).

§16 **Assignment**

1. **Prohibition.** Neither Party shall be entitled to assign its rights and obligations under this Individual Biomass Contract to a third party without the prior written consent of the other Party. Such consent shall not be unreasonably delayed, refused or withheld.

2. **Assignment to Affiliates.** If this §16.2 (**Assignment to Affiliates**) is specified as applying in Part I (Section 2) of this Individual Biomass Contract, each Party shall be entitled to assign its rights and

obligations under this Individual Biomass Contract without the prior written consent of the other Party to an Affiliate of an equivalent or greater creditworthiness. Such Assignment shall only become effective upon notice being received by the other Party and; provided that any Credit Support Document issued or agreed on behalf of the assigning Party has first been reissued or amended to support the obligations of the Affiliate for the benefit of the other Party.

§17 **Confidentiality**

1. **Confidentiality Obligation.** Subject to §17.2 (*Exclusions from Confidential Information*), neither Party shall disclose the terms of this Individual Biomass Contract ("**Confidential Information**") to a third party.
2. **Exclusions from Confidential Information.** Confidential Information shall not include information which:
 - (a) is disclosed with the other Party's prior written consent;
 - (b) is disclosed by a Party to the Operators, its directors, employees, Affiliates, agents, professional advisers, bank or other financing institution, rating agency or intended assignee;
 - (c) is disclosed to comply with any applicable law, regulation, or rule of any exchange, system operator or regulatory body, or in connection with any court or regulatory proceeding; provided that each Party shall, to the extent practicable and permissible under such law, regulation, or rule, use reasonable efforts to prevent or limit the disclosure and to give the other Party prompt notice of it;
 - (d) is in or lawfully comes into the public domain other than by a breach of this §17 (*Confidentiality*); or
 - (e) is disclosed to price reporting agencies or for the calculation of an index provided that such disclosure shall not include the identity of the other Party.
3. **Expiration.** A Party's obligation in respect of this Individual Biomass Contract under this §17 (*Confidentiality*) shall expire one (1) year after the expiration of this Individual Biomass Contract.

§18 **Representations and Warranties**

1. **Representations and Warranties.** The Seller represents and warrants to the Buyer upon entry into the Individual Biomass Contract that:
 - (a) all information supplied to the Buyer by it in connection with the source from which the Biomass is to be delivered (including the Origin specified in this Individual Biomass Contract, the quality of the Biomass and the Contract Quantity of the Biomass to be delivered) is and are true and accurate in all material respects;
 - (b) it is an Entity duly organised, validly existing and in good standing under the laws of its jurisdiction of incorporation or organisation;
 - (c) the signing and the entering by it into this Individual Biomass Contract, any Credit Support Document to which it is a party and the carrying out of the transactions contemplated therein, shall not violate any provision of its constitutional documents;

- (d) it has the power and is authorised to execute, deliver and perform its obligations under this Individual Biomass Contract and any Credit Support Document to which it is a party and has taken all necessary action to authorise that execution, delivery, performance and its entry into this Individual Biomass Contract and its execution, delivery and the performance of this Individual Biomass Contract and any Credit Support Document do not violate or conflict with any other term or condition of any contract to which it is a party or any constitutional document, rule, law or regulation applicable to it;
- (e) no Material Reason for termination as outlined in § 8.4 (*Definition of Material Reason*), with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Individual Biomass Contract;
- (f) it has all governmental and regulatory authorisations, approvals and consents necessary for it to legally perform its obligations under this Individual Biomass Contract and any Credit Support Document to which it is party;
- (g) it has negotiated, entered into and executed this Individual Biomass Contract and any Credit Support Document to which it is a party as principal (and not as agent or in any other capacity, fiduciary or otherwise);
- (h) it regularly enters into agreements for the trading of Biomass as contemplated by this Individual Biomass Contract, and does so on a professional basis in connection with its principal line of business, and may be reasonably characterised as a professional market party;
- (i) it is acting for its own account (and not as advisor, agent, broker or in any other capacity, fiduciary or otherwise), has made its own independent decision to enter into this Individual Biomass Contract and whether this Individual Biomass Contract is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of, and understands and accepts, the terms, conditions and risks of this Individual Biomass Contract;
- (j) the other Party is not acting as its fiduciary or adviser;
- (k) it is not relying upon any representation made by the other Party other than those expressly set forth in the Individual Biomass Contract or any Credit Support Document to which it is a party;
- (l) with respect to a Party, it is not insolvent, and there are no pending or threatened legal or administrative proceedings to which it is a party which to the best of its knowledge would materially adversely affect its ability to perform this Individual Biomass Contract or any Credit Support Document to which it is party, such that it could become insolvent; and
- (m) any Biomass subject to this Individual Biomass Contract complies and conforms to the sustainability provisions provided in Annex G (*Sustainability Requirements Annex*).

§19

Governing Law & Dispute Resolution

1. **Governing Law.** This Individual Biomass Contract shall be construed in accordance with the laws of England and Wales.

2. **Expert Determination.** Any issue of fact arising in dispute between the Parties in lieu of the Arbitration proceedings in accordance with §19.3 (*Arbitration*) may be referred to an independent third party expert (“**Expert**”) subject to both Parties agreeing on:

- (a) the appointment of a particular Expert;
- (b) the terms of the Expert’s appointment; and
- (c) the issue(s) of fact to be referred to the Expert.

Upon the agreement of the above by both Parties, the Expert’s written decision shall be final and binding on the Parties in the absence of manifest error or fraud.

3. **Arbitration.** Subject to §19.2 (*Expert Determination*), any dispute arising out of or in connection with this Individual Biomass Contract, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by Arbitration under the LCIA Rules, which Rules are deemed to be incorporated by reference into this §19.3 (*Arbitration*), and the following shall apply:

- (a) the number of Arbitrators shall be three (3);
- (b) the Arbitrators shall have a working knowledge of English;
- (c) the seat, or legal place, of Arbitration shall be London;
- (d) the language to be used in the Arbitration proceedings shall be English;
- (e) the Parties undertake to keep confidential all awards in any Arbitration, together with all materials in the proceedings created for the purpose of the Arbitration and all other documents produced by another party in the proceedings not otherwise in the public domain (save and to the extent that disclosure may be required of a Party by legal duty, to protect or pursue a legal right or to enforce or challenge an award in bona fide legal proceedings before a state court or other judicial authority); and
- (f) by agreeing to Arbitration in accordance with this §19.3 (*Arbitration*), the Parties do not intend to deprive any competent court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment or other order in aid of the Arbitration proceedings or the enforcement of any award. Any interim or provisional relief ordered by any competent court may subsequently be vacated, continued or modified by the Arbitration tribunal on the application of either Party;

4. **No Prejudice to Other Rights.** This §19.4 (*No Prejudice to Other Rights*) is without prejudice to either Party's right to seek interim relief against the other Party (such as an injunction) through the relevant courts to protect its rights and interests, or to enforce the obligations of the other Party, in which case each Party irrevocably agrees that the relevant courts shall have exclusive jurisdiction to hear and determine any proceedings for interim relief relating to or arising out of this Individual Biomass Contract.

§20 **Miscellaneous**

1. **Notices and Communications.** Except as otherwise provided herein or agreed with respect to this Individual Biomass Contract, all notices, declarations or invoices sent by one Party to the other shall be in writing and shall be delivered by letter (overnight mail or courier, postage prepaid) or facsimile as provided in this Individual Biomass Contract. Each Party may change its notice information by written notice to the other. Written notices, declarations and invoices shall be deemed received and effective:

- (a) if delivered by hand, on the Business Day delivered or on the first (1st) Business Day after the date of delivery if delivered on a day other than a Business Day;

- (b) if sent by first class post, on the second (2nd) Business Day after the date of posting, or if sent from one country to another, on the fifth (5th) Business Day after the day of posting; or
- (c) if sent by facsimile transmission and a valid transmission report confirming good receipt is generated, on the day of transmission if transmitted before 17.00 hours (recipient's time) on a Business Day or otherwise at 09.00 hours (recipient's time) on the first Business Day after transmission.

2. **Amendments.** Any amendments or additions to this Individual Biomass Contract shall be made only in writing signed by both Parties.

3. **Partial Invalidity.** If, at any time, any provision of this Individual Biomass Contract or any Active Individual Contract is or becomes illegal, invalid or unenforceable, in any respect, under the law of any relevant jurisdiction, neither the legality, validity nor enforceability of the remaining provisions of this Individual Biomass Contract or of any Active Individual Contract, shall be in any way affected or impaired thereby. The Parties undertake to replace any illegal, invalid or unenforceable provision with a legal, valid and enforceable provision which comes as close as possible to the invalid provision as regards its economic intent.

4. **Third Party Rights.** The Parties do not intend that any third party shall have any rights under or be able to enforce this Individual Biomass Contract and the Parties exclude to the extent permitted under applicable law any such third party rights that might otherwise be implied.

Executed by the duly authorised representative of each Party effective as of the Effective Date:

[Name of Party]

[Name of Party]

[Name of Signatory/ies]

[Name of Signatory/ies]

[Title of Signatory/ies]

[Title of Signatory/ies]

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Annex A to the Individual Biomass Contract

Defined Terms

Terms used in this Individual Biomass Contract shall have the following meanings:

“**Acceptance Level**” means the Parameters and rejection limits set out in Annex B (*Biomass Specifications Annex*);

“**Actual NCVcp**” means the average NCVcp of the relevant Sub Samples, as collected at the Loading Port (and Discharge Port, if so elected, in accordance with Part I (Section 1)) and used in accordance with Annex F (*Sampling and Testing Procedures*);

“**Active Individual Contract**” has the meaning specified in §1.2 (*Completely or Partially Performed Contracts*)

“**Affiliate**” means with respect to a Party, any Entity Controlled, directly or indirectly, by that Party, any Entity that Controls, directly or indirectly that Party or any Entity which is Controlled, directly or indirectly, by the same entity as Controls a Party;

“**Agent(s)**” shall have the meaning as specified in the election for Designated Agents in Part I (Section 1) of this Individual Biomass Contract;

“**Agreement**” has the meaning specified in §1.2 (*Completely or Partially Performed Contracts*);

“**Alternative Laytime Provisions**” means any amendments to the Laytime provisions specified in §4 (*Laytime and Demurrage*) of Annex C (*FOB Annex*) or Annex D (*CIF Annex*), as specified in Part I (Section 1) of this Individual Biomass Contract;

“**Annex(es)**” shall have the meaning as specified in §2.4 (*Annexes*);

“**Analysis Certificate(s)**” means one or more of the relevant certificate(s) of analysis referred to in an Individual Biomass Contract, including First Analysis Certificate(s), Second Analysis Certificate(s), or Umpire Analysis Certificate(s) for all measurements, checks and tests as described in Part 2 of Annex B-1 (*Biomass Specifications Annex*) in the ‘Performed by’ column to be executed by the relevant Independent Laboratory;

“**Arbitration**” has the meaning as specified in §19.3 (*Arbitration*);

“**Arbitrator(s)**” means the three persons making up the Tribunal and appointed in accordance with the LCIA Rules, pursuant to §19.3 (*Arbitration*);

“**Automatic Termination**” has the meaning specified in §8.3 (*Automatic Termination*);

“**Base Price**” shall mean the per unit price of the Biomass set out in Part I (Section 1) of this Individual Biomass Contract, prior to any agreed adjustment to the per unit Contract Price to account for NCVcp deviations from any agreed minimum;

“**Bias**” means a systematic error that leads to the average value of a series of results being persistently higher or lower than those that are obtained using a reference sampling method;

“**Bias Test Report**” is a test which shows provable and systematic differences in the results of a mechanical sampling system with the aim of assessing reliability. In performing a bias test, mathematical and statistical techniques are used to determine whether there is a Bias (or not);

“**Biomass**” means the biomass identified in Part I (Section 1) of this Individual Biomass Contract and in Annex B-1 (*Biomass Specifications Annex*);

“**Biomass Specifications**” shall be such specifications, set forth in Annex B-1 (*Biomass Specifications Annex*) as apply to the Biomass identified in this Individual Biomass Contract;

“**Business Day**” means a day (other than Saturday or Sunday) on which commercial banks are open for general business at the places where each Party has its registered office;

“**Buyer**” has the meaning specified in the preamble and introduction to this Individual Biomass Contract;

“**Charter-Party**” means a contract whereby the Owner of the Vessel contracts with the Buyer (in the context of a FOB Delivery see Annex C (*FOB Annex*)) or the Seller (in the context of a CIF Delivery see Annex D (*CIF Annex*)) for the transportation of a Shipment or Shipments of Biomass delivered hereunder;

“**CIF**” means Cost, Insurance and Freight and shall be as defined in INCOTERMS;

“**Code of Conduct**” means as specified in §15 (*Code of Conduct*);

“**Combined Sample**” is a sample consisting of all the increments taken from a sub-lot;

“**Commingling**” has the meaning, if any, assigned to that term in Part I (Section 1) of this Individual Biomass Contract. In the absence of a specified meaning assigned by the Parties, Commingling shall mean any mixing or cross-contamination of two (2) or more Shipments of Biomass (whether or not such Shipments are of a different grade or specification) following loading onto the Vessel;

“**Compounded SONIA**” means the rate of return of a daily compounded interest investment (it being understood that the reference rate for the calculation of interest is the daily SONIA) for the relevant period applying a five business day lookback in respect of each date in the late payment period. When compounding the overnight SONIA rate, if SONIA is negative for any day during the period, SONIA shall be deemed to be zero for that day.

“**Confidential Information**” has the meaning specified in §17.1 (*Confidentiality Obligation*);

“**Contract Price**” means, in respect of an Individual Biomass Contract, the price agreed between the Parties, as set out in of Part I (Section 1);

“**Contract Quantity**” the total quantity to be delivered by Seller as agreed upon in Part I (Section 1) of this Individual Biomass Contract; provided, however, that in respect of Contract Quantities involving multiple Shipments, there shall be a Quantity Per Shipment, the sum of which shall be the Contract Quantity;

“**Control**” means ownership of more than fifty per cent (50%) of the voting power of a Party or Entity and “**Controlled**” or “**Controlling**” shall be construed accordingly;

“**Control and Profit Transfer Agreement**” has the meaning specified in §1(b) of Annex H (*Credit Support Annex*);

“**Controlling Party**” has the meaning specified in §1(b) of Annex H (*Credit Support Annex*);

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"**Costs**" has the meaning specified in §9.2(a) (*Settlement Amount*);

"**Credit Rating**" means in respect of an Entity any of the following: (i) the long-term unsecured, subordinated (unsupported by third party credit enhancement) public debt rating; (ii) the debt issuer's credit rating; or (iii) the corporate credit rating given to that entity, in each of cases (i) to (iii) by Standard & Poor's Rating Group (a division of McGraw-Hill Inc.) or Moody's Investor Services Inc;

"**Credit Support Document(s)**" has the meaning, if any, specified with respect to a Party specified in this Individual Biomass Contract, which may include, without limitation, a parent guarantee, bank guarantee, letter of awareness, letter of credit or any credit support agreement;

"**Credit Support Provider**" has the meaning, if any, specified in Annex H (*Credit Support Annex*) of this Individual Biomass Contract;

"**Cross Default & Acceleration**" shall have the meaning as specified in §8.4(b) (*Cross Default Acceleration*);

"**Damages**" has the meaning specified in §11.1 (*Exclusion of Liability*);

"**Delivery Period**" means the period during which the Contract Quantity is to be delivered, as specified in Part I (Section 1) of this Individual Biomass Contract;

"**Delivery Point**" means the Loading Port;

"**Delivery Schedule**" is the schedule of Shipment(s) to be made under this Individual Biomass Contract, which sets out the relevant Shipment Period of each Shipment all to take place within the Delivery Period;

"**Demurrage**" means the financial compensation payable if time used in completing loading (FOB) or unloading (CIF) of the Vessel exceeds the allowed Laytime, the rate of which is as is notified by the Buyer (FOB) or the Seller (CIF);

"**Dispatch**" means the amount payable, if any, for Laytime saved and is a rate equal to fifty per cent (50%) of the Demurrage rate per day or pro-rata part thereof;

"**Discharge Port**" means, in relation to CIF deliveries, the port specified as such in Part I (Section 1) of this Individual Biomass Contract;

"**Discharge Port Weight Certificate**" has the meaning given in §1.2 of Annex E (*Quantity Measurement and Weighing Annex*);

"**Discharge Rate**" means, in relation to CIF deliveries, the rate as specified in Part I (Section 1) of this Individual Biomass Contract, at which the Biomass must be discharged by the Buyer from the Vessel;

"**Early Termination**" has the meaning specified in §8.2(a) (*Termination for Material Reason*);

"**Early Termination Date**" has the meaning specified in §8.2(b) (*Termination for Material Reason*);

"**EBIT**" means earnings before interest and Taxes which shall be, in respect of the relevant fiscal year, the net revenue of the Relevant Entity before deducting corporate Taxes (or any other Tax on income or gains in the relevant jurisdiction of the Relevant Party); plus the sum of all interest and any amounts in the nature of interest charged to expense relating to financial indebtedness for borrowed money (which amounts include debts payable to Affiliates as well as debt instruments to financial institutions) of the Relevant Entity;

"**Effective Date**" shall mean the date specified in the preamble and introduction to this Individual Biomass Contract;

"**Entity**" means an individual, government or state or division thereof, government or state agency, corporation, partnership or such other entity as the context may require;

"**EU**" means the European Community as it exists from time to time;

"**Extraneous Material**" means material, whether separate from or embedded in Biomass or not, which may cause damage to types of equipment, the Power Plant and/or related assets applicable to this Individual Biomass Contract, or affect the combustion process in the Power Plant, including mould or other substances present in concentrations harmful to health, metal, stone, pebbles, gravel, plastics, sacks, dunnage, process chemicals, demolition wood or wood containing halogenated compounds or wood preservatives or other foreign objects or material;

"**Expert**" means any independent body or person who both Parties agree can provide an expert opinion on certain referred issues of fact;

"**First Analysis Certificate(s)**" means the Analysis Certificate(s) issued by the Independent Laboratory appointed by and at the cost of the Seller and approved by the Buyer, for all Parameters required to be analysed by the Independent Laboratory as prescribed in Annex B (*Biomass Specifications Annex*) in accordance with the Testing Standard;

"**FOB**" means Free On Board and shall be as defined in INCOTERMS;

"**Force Majeure**" has the meaning specified in §6.1 (*Definition of Force Majeure*);

"**Free Pratique**" means the permission granted by the authorities at a port, being satisfied as to the state of health of those on board a Vessel on arrival, for them to make physical contact with the shore and the Vessel to berth;

"**Funds from Operations**" means the amount of cash generated or employed by the Relevant Entity in its operating activities;

"**Gains**" has the meaning specified in §9.2(b) (*Settlement Amount*);

"**General Assurance**" has the meaning specified in Annex H (*Credit Support Annex*);

"**Harbor Masters**" is an officer charged with the duty of executing the regulations, as applicable, relevant to the Discharge Port or Loading Port;

"**INCOTERMS**" shall mean Incoterms® 2010, as published by the International Chamber of Commerce, the referenced provisions of which are hereby incorporated in this Individual Biomass Contract;

"**Independent Laboratory**" means a mutually accepted internationally recognised independent and ISO/IEC 17025 accredited laboratory with the required analyses standards prescribed in Annex B (*Biomass Specifications Annex*) in their accreditation scope;

"**Independent Marine Surveyor**" means a mutually accepted internationally recognized Independent Marine Surveyor which shall have demonstrable skills to perform the draught survey in compliance with the United Nations Draught Survey Code, such as accredited to ISO/IEC 17020 with the United Nations Draught Survey Code in its scope;

"**Index Cessation Effective Date**" means, in respect of an Index Cessation Event, the first date in respect of which SONIA, or (if an Applicable Fallback Rate is being used) such Applicable Fallback Rate, is no longer provided. If SONIA, or, as the case may be, such Applicable Fallback Rate, ceases to be provided on the same day that it is required to determine the rate pursuant to the terms of the contract but it was provided at the time at which it is to be observed pursuant to the terms of the contract (or, if no such time

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is specified in the contract, at the time at which it is ordinarily published), then the Index Cessation Effective Date will be the next day on which the rate would ordinarily have been published;

“**Index Cessation Event**” means, in respect of SONIA or, in the event an Applicable Fallback Rate is being used, such Applicable Fallback Rate:

- (a) a public statement or publication of information by or on behalf of the administrator of the index announcing that it has ceased or will cease to provide the index permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the index; or
- (b) a public statement or publication of information by the regulatory supervisor for the administrator of the index, the central bank for the currency of the index, an insolvency official with jurisdiction over the administrator for the index, a resolution authority with jurisdiction over the administrator for the index or a court or an entity with similar insolvency or resolution authority over the administrator for the index, which states that the administrator of the index has ceased or will cease to provide the index permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the index;

“**Individual Biomass Contract**” means the Biomass purchase and sale agreement between the Buyer and the Seller, the terms and conditions of which are set forth within this Individual Biomass Contract;

“**Institute Cargo Clause**” means, in respect of a CIF Delivery Type Individual Biomass Contract, various forms of terms issued by the Institute of London Underwriters;

“**Inspection Certificate**” is a report from the Inspection Company containing all relevant information and any notes on deviation from procedures during the inspection process. If performed, it will include the sampling certificate as described in the Sampling Standard, a preparation report, the Temperature Certificate and the Quality Condition Report;

“**Inspection Company**” means a mutually accepted internationally recognised independent and ISO/IEC 17020 or ISO/IEC 17025 accredited inspection company with the sampling and Preparation Standard prescribed in Annex F (*Sampling and Testing Procedures Annex*) in their accreditation scope;

“**Interest Rate**” has the meaning specified in Part I (Section 2) to this Individual Biomass Contract;

“**Laytime**” means the amount of time allowed (in hours and/or days) for loading the Vessel at the Loading Port (FOB) or unloading the Vessel at the Discharge Port (CIF), calculated in accordance with §4.2 of Annexes C (*FOB Annex*) or D (*CIF Annex*) (as applicable);

“**LCIA Rules**” means the London Court of International Arbitration Rules;

“**Letter of Credit**” means an irrevocable standby letter of credit payable on demand in a form and substance satisfactory to the Requesting Party and issued by a financial institution whose Credit Rating is at least the rating specified in this Individual Biomass Contract as provided in Annex H (*Credit Support Annex*);

“**Loading Port**” means the port at which the relevant Shipment shall be loaded onto the Vessel, as specified in Part I (Section 1) of this Individual Biomass Contract;

“**Loading Rate**” means the rate as specified in Part I of this Individual Biomass Contract at which, in FOB deliveries, the Biomass must be loaded by the Seller onto the Vessel;

“**Losses**” has the meaning specified in §9.2(c) (*Settlement Amount*);

“**Master**” is the captain of a merchant ship;

“**Material Adverse Change**” has, in respect of a designated Party, the meaning specified in Annex H (*Credit Support Annex*);

"**Material Reason**" has the meaning specified in §8.4 (*Definition of Material Reason*) & Annex H (*Credit Support Annex*), and §8.2 (*Term and Termination Rights*) as applicable;

"**MSDS**" means Material Safety Data Sheet;

"**NOR**" means Notice of Readiness;

"**NCVcp**" means Net Calorific Value at constant pressure;

"**Net Calorific Value at Constant Pressure**" means the absolute value of the specific heat (enthalpy) of combustion, for unit mass of the fuel burned in oxygen at constant pressure under such conditions that all the water of the reaction Biomass remains as water vapour (at 0,1 MPa), the other Biomass being as for the gross calorific value, all at the reference temperature. It shall be expressed in GJ per Tonne on as received basis and analyzed per sub lot in agreement of the Parties;

"**Non-Conforming Biomass**" shall have the meaning specified in §7A.1 (*Definition*);

"**Notice of Pre-Advice**" shall have the meaning specified in §1.1 of Annex D (*CIF Annex*);

"**Operators**" means Surveyors, Charter Parties, Harbor Masters, and all other similar entities who take possession and are involved in making, readying, delivering and/or participating at the Delivery Point, the operator(s) of, as applicable to context, the Loading Port, the Discharge Port, loading equipment, loading and unloading facilities at these ports and/or the nominated Vessel(s);

"**Origin**" means the origin of the Biomass, as specified in Part I (Section 1) of this Individual Biomass Contract;

"**Owner**" means the owner or operator of the Vessel;

"**Parameter(s)**" are the characteristics described in Annex B (*Biomass Specifications Annex*) that define the quality of the Biomass;

"**Preparation Standard**" means the latest version of the standard for preparation as prescribed in Annex B (*Biomass Specifications Annex*);

"**Price Adjustment**" has the meaning, if any, assigned to that term in the elections for Contract Price in Part I (Section 1) of this Individual Biomass Contract;

"**Quality Condition Report**" means the official report issued by the Inspection Company appointed by and at the cost of the Seller and approved by the Buyer, for all measurements, checks and tests as described in Annex B (*Biomass Specifications Annex*) in the 'Performed by' column to be executed by the Inspection Company;

"**Quantity Per Shipment**" means the quantity of Biomass to be delivered in each Shipment, as specified in Part I (Section 1) of the Individual Biomass Contract;

"**Relevant Entity**" has the meaning specified in Annex H (*Credit Support Annex*);

"**Sampling Standard**" means the latest version of the standard for sampling as prescribed in Annex B (*Biomass Specifications Annex*);

"**Schedule**" has the meaning specified in §4.2 (*Definition of Schedule*) and "**Scheduled**" and "**Scheduling**" shall be construed accordingly;

"**Second Analysis Certificate(s)**" means the Analysis Certificate(s) issued by the Independent Laboratory appointed by and at the cost of the requesting Party and approved by both Parties for at least the Net
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Calorific Value at Constant Pressure” as prescribed in Annex B (*Biomass Specifications Annex*) in accordance with the Testing Standard;

"**Seller**" has the meaning specified in the preamble and introduction to this Individual Biomass Contract;

"**Set-One Sub-Sample**" portion of sample to be examined and represented in the First Analysis Certificate(s);

"**Settlement Amount**" has the meaning specified in §9.2 (*Settlement Amount*);

"**Set-Two Sub-Sample**" portion of sample to be examined and represented in the Second Analysis Certificate(s);

"**Shipment**" means each shipment of Biomass required to deliver the Contract Quantity;

"**Shipment Period**" means, in relation to CIF deliveries, the period during which the relevant Shipment must be delivered by the Seller onboard the loading Vessel at the Loading Port, and, in relation to FOB deliveries, the period during which the Buyer must present its Vessel at the Loading Port in readiness to load and the Seller must deliver onboard the relevant Shipment;

"**Shipping Tolerance**" has the meaning, if any, assigned that term in this Part I (Section 1) of this Individual Biomass Contract;

"**SONIA**" means the Sterling Overnight Index Average administered by the Bank of England (or any successor administrator);

No Index Cessation Effective Date with respect to SONIA

If neither the administrator nor authorized distributors provide or publish SONIA and an Index Cessation Effective Date with respect to SONIA has not occurred, then, in respect of any day for which SONIA is required, references to SONIA will be deemed to be references to the last provided or published SONIA;

Index Cessation Effective Date with respect to SONIA

If an Index Cessation Effective Date occurs with respect to SONIA, then the rate for a day on or after the Index Cessation Effective Date will be determined as if references to SONIA were references to such rate as replaces SONIA pursuant to the prevailing fallbacks mechanics ISDA (the International Swaps and Derivatives Association) or any successor to ISDA has in place (the "**Applicable Fallback Rate**"), as at the Index Cessation Effective Date, and all provisions in this section shall be read as though references to SONIA are instead references to the Applicable Fallback Rate;

"**Specified Indebtedness**" means any financial indebtedness (whether present or future, contingent or otherwise, as principal or surety or otherwise) for borrowed money (which includes debts payable to Affiliates as well as debt instruments to financial institutions);

"**Stevedore(s)**" the company assigned to load or discharge the goods from the Vessel;

"**Sub-Sample**" is a portion of a sample;

"**Sustainability Requirements**" has the meaning, if any, assigned that term in this Part I (Section 2) of this Individual Biomass Contract;

"**Tangible Net Worth**" means the sum of all paid up shareholder cash contributions to the share capital account or any other capital account of the Relevant Entity ascribed for such purposes of the Relevant Entity and any accumulated earnings less any accumulated retained losses and intangible assets including, but limited to, goodwill;

"**Tax**" means any present or future tax, levy, impost, duty, charge, assessment royalty, tariff or fee of any

nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority (whether or not for its benefit) in respect of any payment, nomination and allocation under this Individual Biomass Contract, and "**Taxes**" shall be construed accordingly. For the avoidance of doubt, Tax shall exclude; (i) any tax on net income or wealth; (ii) a stamp, registration, documentation or similar tax; and (iii) VAT;

"**Temperature Certificate**" means the official report issued by the Inspection Company appointed by and at the cost of the Seller and approved by the Buyer, in respect of the temperature measurements as described in Annex F (*Sampling and Testing Procedures Annex*);

"**Terminating Party**" has the meaning specified in §8.2 (*Termination for Material Reason*);

"**Termination Amount**" has the meaning specified in §9.1 (*Termination Amount*);

"**Testing Standard**" means the latest version of the standards for analyses as prescribed in Annex B (*Biomass Specifications Annex*);

"**Threshold Amount**" with respect to a Party, shall have the meaning as specified for that Party pursuant to §8.4(b)(ii) (*Cross Default and Acceleration*) and Annex H (*Credit Support Annex*);

"**Time Zone**" has the meaning, if any, assigned that term in Part I (Section 2) of this Individual Biomass Contract;

"**Total Capitalisation**" means in respect of the relevant period the sum of Total Debt and all paid up shareholder cash contributions to the share capital account or any other capital account of the Relevant Entity ascribed for such purposes of the Relevant Entity;

"**Total Debt**" means in respect of the relevant period the sum of financial indebtedness for borrowed money (which includes debts payable to affiliated companies as well as debt instruments to financial institutions) of the Relevant Entity;

"**Umpire Analysis**" shall have the meaning as specified in Annex F (*Sampling and Testing Procedures Annex*);

"**Umpire Analysis Certificate(s)**" means the Analysis Certificate(s) issued by the Umpire Laboratory for the Parameters required for arbitration in accordance with the Testing Standard;

"**Umpire Laboratory**" is an Independent Laboratory approved by both Seller and Buyer to carry out an Umpire Analysis;

"**Umpire Set Sub Sample**" portion of sample to be examined and represented in the Umpire Analysis Certificate(s);

"**Vessel**" means the vessel on which the Biomass is to be loaded, in relation to CIF such vessel to meet the requirements as set out in Annex D, and to be nominated in accordance with Annex C (*FOB Annex*), or Annex D (*CIF Annex*) of this Individual Biomass Contract; and

"**Weight Certificate**" has the meaning given in Annex E (*Quantity Measurement and Weighing Annex*).

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Annex B to the Individual Biomass Contract

Biomass Specifications Annex

Annex B-1

Wood Pellet Specification

Part 1 – General Specification

1. Biomass shall be wood pellets consisting of:
 - (a) vegetative matter or vegetative residue from forestry sources (no animal contents allowed);
 - (b) fibrous vegetative residue from virgin pulp production and from production of paper from pulp; or
 - (c) wood residue provided it does not contain halogenated organic compounds or heavy metals as a result of treatment with wood preservatives or coating, and which includes in particular such wood residue originating from construction and demolition waste;

and shall not qualify as waste in accordance with any applicable laws, regulations and standards from time to time issued by any relevant governmental or other statutory body or authority applicable to the Buyer or Seller.

3. Biomass shall be derived from 100% clean, virgin (untreated) softwood or hardwood, sawdust, wood chips, wood residues, free from any recovered, recycled or waste wood with 100% of the energy content from non-fossil fuel sources, free from contamination and conforming to the Specification.
4. Biomass shall be fully suited for bulk sea transport, free of contamination and Extraneous Material, and shall be free flowing and otherwise suitable for grab loading and discharge.

Part 2 of Annex B-1: Industrial Category

1. Biomass shall comply with the Industrial Category as specified in Part I (Section 1) of this Individual Biomass Contract, subject to any variations also set out in Part I (Section 1) of this Individual Biomass Contract. The parameters for the Industrial Categories are set out in the table below:

WOOD PELLETS SPECIFICATIONS	29-05-2012	-	Initiative Wood Pellets Buyers: Industrial wood pellets specifications						
PARAMETERS AND REJECTION LIMITS	Units	Standard	11 industrial		12 industrial		13 industrial		Performed by ¹
Origin and source	Only accepted	EN 14961-1	1.1 Forest, plantation and other virgin wood, 1.2.1 chemically untreated wood residues		1.1 Forest, plantation and other virgin wood, 1.2.1 chemically untreated wood residues		1.1 Forest, plantation and other virgin wood, 1.2.1 chemically untreated wood residues		declared by seller
		OFGEM	sustainability proven for UK		sustainability proven for UK		sustainability proven for UK		proven by seller
Additives (composition, mass)	weight% ar	EN 14961-1	< 3% additives ⁴		< 3% additives ⁴		< 3% additives ⁴		declared by seller
Sampling		EN 14778							insp
Sample preparation		EN 14780							insp & lab
Quality check									insp
No water damage ²			None		None		None		insp
No burned/charred pellets ³			None		None		None		insp
Physical parameters			Limit	Tolerance	Limit	Tolerance	Limit	Tolerance	
Diameter	mm	EN16127	6 to 8	within range	6 to 10	within range	6 to 12	within range	insp & lab
Length ≤50 mm	weight %	EN16127	99.9%	within range	99.9%	within range	99.9%	within range	insp & lab
Length ≤40 mm	weight %	EN16127	99%	within range	99%	within range	99%	within range	insp & lab
Water content	weight% ar	EN 14774	≤ 10 %	0,5% absolute	≤ 10 %	0,5% absolute	≤ 10 %	0,5% absolute	insp & lab
Bulk (apparent) density	kg/m3	EN 15103	≥ 600	2% of limit	≥ 600	2% of limit	≥ 600	2% of limit	insp & lab
Maximum bulk temperature ⁵	°C	Annex F	≤ 60	1°C	≤ 60	1°C	≤ 60	1°C	insp
Fines ≤ 3.15 mm (round hole sieves)	weight% ar	EN15210-1	≤ 4 %	1% absolute	≤ 5 %	1% absolute	≤ 6 %	1% absolute	insp & lab
Durability	weight% ar	EN 15210-1	97,5-99%	0,5% absolute	97,0%-99%	0,5% absolute	96,5%-99%	0,5% absolute	lab
Particle size distribution of disintegrated pellets:									

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% < 3.15 mm (round hole sieve)	weight %	EN 16126	>99%	1% absolute	>98%	1% absolute	>97%	1% absolute	lab
% < 2.0 mm (square hole sieve)	weight %	EN 16126	>95%	2% absolute	>90%	2% absolute	>85%	2% absolute	lab
% < 1.0 mm (square hole sieve)	weight %	EN 16126	>60%	5% absolute	>50%	5% absolute	>40%	5% absolute	lab
Net calorific value at constant pressure	GJ/ton ar	EN 14918	≥ 16,5	0,3 GJ/ton	≥ 16,5	0,3 GJ/ton	≥ 16,5	0,3 GJ/ton	lab
Ash content	weight% DM	EN 14775	≤ 1,0%	10% of limit	≤ 1,5%	10% of limit	≤ 3%	10% of limit	lab
Elementary composition									
Cl	weight% DM	EN 15289	≤ 0,03%	0,01% absolute	≤ 0,05 %	0,01% absolute	≤ 0,1 %	20% of limit	lab
N	weight% DM	EN 15104	≤ 0,3%	0,05% absolute	≤ 0,3 %	10% of limit	≤ 0,6 %	10% of limit	lab
S	weight% DM	EN 15289	≤ 0,15 %	0,01% absolute	≤ 0,2 %	20% of limit	≤ 0,4 %	20% of limit	lab
Trace elements									
As	mg/kg DM	EN 15297	≤ 2	0,064 absolute	≤ 2	0,064 absolute	≤ 2	0,064 absolute	lab
Cd	mg/kg DM	EN 15297	≤ 1	0,06 absolute	≤ 1	0,06 absolute	≤ 1	0,06 absolute	lab
Cr	mg/kg DM	EN 15297	≤ 15	0,032 absolute	≤ 15	0,032 absolute	≤ 15	0,032 absolute	lab
Cu	mg/kg DM	EN 15297	≤ 20	0,043 absolute	≤ 20	0,043 absolute	≤ 20	0,043 absolute	lab
Pb	mg/kg DM	EN 15297	≤ 20	0,033 absolute	≤ 20	0,033 absolute	≤ 20	0,033 absolute	lab
Hg	mg/kg DM	EN 15297	≤ 0,1	0,0046 absolute	≤ 0,1	0,0046 absolute	≤ 0,1	0,0046 absolute	lab
Zn	mg/kg DM	EN 15297	≤ 200	5,43 absolute	≤ 200	5,43 absolute	≤ 200	5,43 absolute	lab

¹ Performed by: -Lab: analyses will be performed by the independent laboratory; -Insp: test will be performed by the inspection company; -Insp & lab: means a field test will be performed by the inspection company, the final value will be analyzed by the lab

² Water damage: Pellets that are visually wet and/or swollen.

³ Burned/charred pellets: Pellets showing visual damage from fire or self-combustion (completely or partly charred, burned or turned to ash).

⁴ Type and quantity to be stated

⁵ Bulk maximal temperatures to be checked when the pellets leave the final point of loading for delivery to the end-user i.e. leaving the final storage point or the factory. This is the maximum temperature measured at any spot.

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**Annex B
to the
Individual Biomass Contract
Product Specifications Annex**

Annex B-2

[] Specification

**[RESERVED FOR SPECIFICATIONS APPLICABLE TO ADDITIONAL CATEGORIES OF
BIOMASS AGREED UPON IN THE FUTURE]**

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Annex C to the Individual Biomass Contract

FOB Annex

§1 Nominations

1. In respect of each Shipment hereunder, Buyer shall, by no later than the period stipulated in the applicable Individual Biomass Contract, nominate a Vessel reasonably acceptable to Seller, and which is in all respects suitable for loading and carrying Biomass. Buyer (or Buyer's representative) shall give notice of the nominated Vessel for the carriage of each Shipment, together with the date of expected readiness to load, the Alternative Laytime Provisions (if any are specified in Part I (Section 1) of the Individual Biomass Contract), Demurrage and Dispatch rate applicable under the subject Charter Party (unless otherwise specified in the applicable Individual Biomass Contract) and the approximate quantity of Biomass to be loaded. Seller shall confirm acceptance of the nomination within one (1) Business Day of receipt, such acceptance not to be unreasonably withheld.
2. Buyer is entitled to substitute the nominated Vessel, provided that the substitute Vessel meets the requirements set out in this Annex C (**FOB Annex**), is suitable in all respects for loading and carrying Biomass and is expected to arrive no earlier than the originally nominated Vessel and not more than ten (10) Business Days later, unless otherwise agreed by Seller. Buyer shall notify Seller of such substitution as soon as possible but not later than two (2) Business Days before the expected arrival of the original Vessel at the Loading Port.
3. Buyer shall keep Seller informed of any changes of the date of the Vessel's expected time of arrival at the Loading Port.
4. Without prejudice to §6 (**Non-Performance Due to Force Majeure**) in the event that the Buyer is unable to present the Vessel at the Loading Port within the Shipment Period, Seller shall (if Buyer so requests and at Buyer's expense) store the Biomass to form that Shipment at the Loading Port so that it can be delivered as soon as the Vessel (or substitute vessel) is ready to load. Seller shall not be entitled to terminate the Shipment by reason of the delayed arrival or readiness of a Vessel or substitute Vessel nominated under §1.2 of this Annex C (**FOB Annex**) without Buyer's written consent. Subject to §6 (**Non-Performance Due to Force Majeure**), the Buyer shall compensate Seller in respect of any additional charges or expenses incurred by Seller as a result of Buyer invoking this section.
5. Seller shall keep Buyer promptly informed of any circumstances which might reasonably be expected to have an impact on Seller's ability to deliver Shipments within the relevant Shipment Period(s).
6. Upon nomination as per §1.1 of this Annex C (**FOB Annex**) above, Buyer will provide a Vessel/Shipment identification number to Seller. Seller and Buyer will use such identification number and the relevant Individual Biomass Contract number on all correspondence, documents, analysis and invoices for such Shipment.

§2

Ocean/Sea Transportation

1. Buyer shall enter into Charter Party(ies) with Owner(s) of Vessels nominated hereunder for carriage of Shipment(s). Seller shall procure from the Master(s) of the Vessel(s) clean shipped on board bills of lading, marked "freight payable as per charter party" consigned to Buyer's order, and evidencing the Shipment on board the Vessel(s) of the Biomass in apparent good order and condition. The bills of lading must be subject to English law and the exclusive jurisdiction of the English Courts.
2. Seller shall obtain any export license or other official authorisation and shall carry out all customs formalities necessary for the export of each Shipment. Licenses and permits shall be obtained in a timely manner such that loading of Shipment is not delayed. All costs associated with such licenses and permits, including the cost caused by any delay (except to the extent such delay is caused by an act or omission of Buyer, for which Buyer shall be responsible), are for the account of Seller.
3. Seller shall load the Shipment in compliance with the International Maritime Solid Bulk Cargoes Code 2009 (IMSBC), as revised from time to time, and in accordance with all applicable laws, regulations and standards from time to time issued by any relevant governmental or other statutory body or authority but always in accordance with the Master's instructions and approval.

§3

Loading

1. Seller guarantees to Buyer a safe port and safe berth facility or area at the Loading Port, suitable for nominated Vessels where the Vessel can safely reach and safely leave and where she can always lie safely afloat during loading;
2. In accordance with the prevailing custom of the Loading Port, and unless otherwise specified in a Individual Biomass Contract, the Buyer shall cause a NOR to be tendered by the Master of the Vessel or its Agents by fax and/or telex and/or e-mail on arrival of the Vessel at the Loading Port, any time day or night, Saturdays, Sundays and Holidays included, whether in berth or not, whether in free pratique or not, whether customs cleared or not.
3. All costs incurred in connection with loading the Shipment at the Loading Port, including without limitation Stevedore costs and all cargo dues or charges related to the Biomass at the Loading Port or country of origin shall be for the Seller's account. All costs incurred in relation to the carriage of the Shipment shall be for the Buyer's account, including without limitation duties, fees, Taxes, quay dues and any other charges due in respect of the Vessel, as well as pilotage, mooring and towage expenses incurred at the Loading Port.
4. As between Buyer and Seller, Seller shall be directly responsible to Owner for any damage and/or all time used or lost as a result of such damage resulting from the negligence of Seller in respect of any damages and Seller shall settle any such claims with Owner directly. Seller will be responsible for repairs resulting from the negligence of Seller in respect of any damages to the Vessel affecting the Vessel's seaworthiness prior to sailing, with any time lost for such repairs to count as Laytime. Buyer, if so requested, may render assistance to Seller with Seller's discussions with Owner.
5. Cost for Stevedore overtime is for the account of Seller unless Buyer requests Stevedore overtime. Cost for overtime called by the port authority at the Loading Port is for the account of Seller. Cost for crew and officer overtime is for the account of Buyer, unless caused by the Seller.
6. The Buyer undertakes that it shall attempt that the Owner and/or Master shall always provide lighting onboard the Vessel at no additional expense whenever reasonably asked by Seller during loading.
7. No simultaneous loading shall be allowed in the case of Co-Shipment.

§4

Laytime and Demurrage

1. Unless otherwise specified in the relevant Individual Biomass Contract, Laytime shall commence six (6) hours after a valid NOR is tendered unless loading operations commence before the expiry of this six (6) hour period (in which case Laytime shall run from the time loading operations commence).
2. Laytime shall cease counting upon completion of loading of the Vessel. The Laytime allowed to Seller shall be calculated as the bill of lading weight for the respective Shipment divided by the Loading Rate specified in the applicable Individual Biomass Contract and in accordance with the Laytime provisions set out in the applicable Individual Biomass Contract.
3. Time spent shifting from anchorage to loading berth shall not count as Laytime.
4. Seller can shift the Vessel at the Loading Port from one berth to another or to anchorage. If Seller exercises this right, any resulting shifting expenses shall be for Seller's account and any time so used shall count as Laytime or, if the Vessel is on Demurrage, as Demurrage.
5. If the Laytime used exceeds the Laytime allowed, the Seller shall pay Demurrage to the Buyer for all Laytime lost per day or pro rata after the expiration of the allowed Laytime at the rate nominated by the Buyer. The Buyer shall give notice in writing to the Seller, together with an invoice and such relevant supporting documentation as is available, of the claim for Demurrage within sixty (60) days after completion of loading of a Shipment at the Loading Port. The Seller shall pay any agreed Demurrage no later than thirty (30) calendar days following receipt by the Buyer of such invoice.
6. If the Laytime used is less than the Laytime allowed, the Buyer shall pay Dispatch to the Seller for all Laytime saved per day or pro rata before the expiration of the allowed Laytime at the rate nominated by the Buyer which shall in any event be consistent with the rate specified in the relevant Charter Party. The Seller shall give notice in writing to the Buyer, together with an invoice and such relevant supporting documentation as is available, of the claim for Dispatch within sixty (60) calendar days after completion of loading of a Shipment at the Loading Port. The Buyer shall pay any Dispatch no later than thirty (30) calendar days following receipt by the Seller of such invoice.
7. To the extent not inconsistent with the terms of this Individual Biomass Contract all other Laytime and Demurrage terms, conditions and exceptions shall be as per the Charter Party. A copy of the Charter Party shall be provided by the Buyer to the Seller, upon Seller's request.
8. The Seller shall in no circumstances be liable to the Owner for any Demurrage due under the Charter Party or under the original bills of lading. To the extent that Owner purports to exercise a lien over the Biomass at the Loading Port in respect of Demurrage owed by the Buyer to the Owner, the Seller may, acting reasonably, subject to the consent of the Buyer, such consent not to be unreasonably withheld or delayed, pay and/or settle Owner's claim, and monies paid to Owner in accordance with this provision shall be applied in diminution of Seller's liability to Buyer pursuant to §4.5 of this Annex C (***FOB Annex***) above and/or shall be deducted from monies otherwise payable pursuant to §12 (***Invoicing and Payment***). The Seller shall immediately provide written notice to the Buyer of any such Owner's claims.

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Annex D to the Individual Biomass Contract

CIF Annex

§1 Vessel Pre-Advice and Notices

1. In respect of each Shipment hereunder, Seller shall, by no later than the period stipulated in Part I of this Individual Biomass Contract, advise Buyer with details of a Vessel meeting the requirements set out in §7 (*Vessel Requirements*) below (a “**Notice of Pre-Advice**”) and which is in all respects suitable for loading and carrying Biomass. Seller (or Seller's representative) shall give notice of the Vessel identified for the carriage of each Shipment, together with the date of expected readiness to load, the Alternative Laytime Provisions (if any are specified in Part I (Section 1) of the Individual Biomass Contract), Demurrage rate applicable under the subject Charter Party (unless otherwise specified in this Individual Biomass Contract) and the approximate quantity of Biomass to be loaded.
2. If the Vessel does not satisfy the requirements set forth in this Individual Biomass Contract, the Buyer shall have the right to reject the Vessel within one (1) Business Day following receipt by the Buyer of the Notice of Pre-Advice. If the Buyer rejects a Vessel specified in the Notice of Pre-Advice from the Seller in accordance with §1.2 of this Annex D (*CIF Annex*), the Seller shall advise Buyer of another Vessel which satisfies the criteria set forth in this Individual Biomass Contract. Such substitute Vessel shall be subject to the Buyer's right of rejection under this paragraph.
3. Seller is entitled to substitute the Vessel specified in the Notice of Pre-Advice, provided that the substitute Vessel meets the requirements set out in this Individual Biomass Contract, is suitable for loading and carrying Biomass and is scheduled to arrive at the Loading Port no later than the Vessel specified in the original Notice of Pre-Advice. Seller shall notify Buyer of such substitution as soon as possible but not later than two (2) Business Days before the expected arrival of the original Vessel at the Loading Port.
4. Seller shall keep Buyer informed of any changes of the date of the Vessel’s expected time of arrival at the Loading Port.
5. Seller shall keep Buyer promptly informed of any circumstances which might reasonably be expected to have an impact on Seller's ability to deliver Shipments within the agreed Shipment Period(s) under this Individual Biomass Contract.
6. Upon Seller providing the details as stipulated under §1.1 of this Annex D (*CIF Annex*) above, Buyer will provide a Vessel/Shipment identification number to Seller. Seller and Buyer will use such identification number and the relevant Individual Biomass Contract number on all correspondence, documents, analysis and invoices for such Shipment.

§2 Loading and Ocean/Sea Transportation

1. Seller shall enter into Charter Party(ies) with Owner(s) of Vessels nominated hereunder for carriage of Shipment(s). Seller shall procure from the Master(s) of the Vessel(s) clean shipped on board, freight pre-paid bills of lading consigned to Buyer's order, and evidencing the Shipment on board the Vessel(s) of the Biomass in

apparent good order and condition. The bills of lading must be subject to English law and the exclusive jurisdiction of the English Courts.

2. Seller shall give regular updates to Buyer of expected arrival times of the Vessel at the Discharge Port.
3. Seller shall obtain any export licence or other official authorisation and shall carry out all customs formalities necessary for the export of each Shipment. Licenses and permits shall be obtained in a timely manner such that loading of Shipment is not delayed. All costs associated with such licenses and permits, including the cost caused by any delay (except to the extent such delay is caused by an act or omission of Buyer, for which Buyer shall be responsible), are for the account of Seller.
4. Seller and/or its appointed servants or Agents shall load, stow and trim the Shipment on board the Vessel on a spout trimmed basis in compliance with the International Maritime Solid Bulk Cargoes Code 2009 (IMSBC), as revised from time to time and always to the satisfaction of the Master.
5. Within two (2) Business Days of completion of loading of the Shipment, Seller shall notify Buyer:
 - (a) that loading has been completed;
 - (b) of the loaded quantity of Biomass in the Shipment; and
 - (c) the expected time and date of arrival of the Vessel at the Discharge Port.

§3 **Discharge**

1. Buyer guarantees to Seller a safe berth facility or area at the Discharge Port suitable for nominated Vessels, where the Vessel can safely reach and safely leave and where she can always lie safely afloat during discharging.
2. In accordance with the prevailing custom of the Discharge Port, and unless otherwise specified in an Individual Biomass Contract, the Seller shall cause a NOR to be tendered by the Master of the Vessel or its Agents by fax and/or telex and/or e-mail on arrival of the Vessel at the Discharge Port, any time day or night, Saturdays, Sundays and Holidays included, whether in berth or not, whether in Free Pratique or not, whether customs cleared or not.
3. All costs incurred in connection with discharging the Shipment at the Discharge Port, including without limitation Stevedore costs and all cargo dues or charges related to the Biomass at the Discharge Port or country of destination shall be for the Buyer's account. All costs incurred in relation to the carriage of the Shipment to the Discharge Port shall be for the Seller's account, including without limitation duties, fees, Taxes, quay dues and any other charges due in respect of the Vessel, as well as pilotage, mooring and towage expenses incurred at the Discharge Port.
4. As between Buyer and Seller, Buyer shall be directly responsible to Owner of a Vessel for any damage and/or all time used or lost as a result of such damage, such damage resulting from the negligence or recklessness of Buyer or its Agents. Buyer shall settle any such claims with Owner directly. Buyer will also be responsible for repairs resulting from the negligence or recklessness of Buyer in respect of any such damage to the Vessel which also affects the Vessel's seaworthiness, with any time lost for such repairs to count as Laytime. Seller, if so requested, may render assistance to Buyer with Buyer's discussions with Owner.
5. Cost for Stevedore overtime is for the account of Buyer unless Seller requests Stevedore overtime. Cost for overtime called by the port authority at the Discharge Port is for the account of Buyer. Cost for crew and officer overtime is for the account of Seller, unless caused by the Buyer.
6. Seller undertakes that it shall attempt that the Owner and/or Master shall always provide the lights as onboard the Vessel at no additional expense whenever reasonably asked by Buyer during unloading.

7. Buyer shall discharge the Shipment in compliance with the International Maritime Solid Bulk Cargoes Code 2009 (IMSBC), as revised from time to time, and in accordance with all applicable laws, regulations and standards from time to time issued by any relevant governmental or other statutory body or authority but always in accordance with the Master's instructions and approval.

8. No simultaneous discharging allowed in the case of Commingling.

§4 **Laytime and Demurrage**

1. Unless otherwise specified in this Individual Biomass Contract, Laytime shall commence six (6) hours after a valid NOR is tendered unless discharging operations commence before the expiry of this six (6) hour period (in which case Laytime shall run from the time discharging operations commence).

2. Laytime shall cease counting upon completion of discharge of the Vessel. The Laytime allowed to Buyer shall be calculated as the bill of lading weight for the respective Shipment divided by the Discharge Rate specified in the applicable Individual Biomass Contract and in accordance with the Laytime provisions set out in the applicable Individual Biomass Contract.

3. Time spent shifting from anchorage to discharge berth shall not count as Laytime.

4. Buyer, can shift the Vessel at the Discharge Port from one berth to another or to anchorage. If Buyer exercises this right, any resulting shifting expenses shall be for Buyer's account and any time so used shall count as Laytime or, if the Vessel is on Demurrage, as Demurrage.

5. If the Laytime used exceeds the Laytime allowed, the Buyer shall pay Demurrage to the Seller for all Laytime lost per day or pro rata after the expiration of the allowed Laytime at the rate nominated by the Seller. The Seller shall give notice in writing to the Buyer, together with an invoice and such relevant supporting documentation as is available, of the claim for Demurrage within sixty (60) calendar days after completion of discharge of a Shipment at the Discharge Port. The Buyer shall pay any agreed Demurrage no later than thirty (30) calendar days following receipt by the Buyer of such invoice.

6. If the Laytime used is less than the Laytime allowed, the Seller shall pay Dispatch to the Buyer for all Laytime saved per day or pro rata before the expiration of the allowed Laytime at the rate nominated by the Seller which shall in any event be consistent with the rate specified in the relevant Charter Party. The Buyer shall give notice in writing to the Seller, together with an invoice and such relevant supporting documentation as is available, of the claim for Dispatch within sixty (60) calendar days after completion of discharge of a Shipment at the Discharge Port. The Seller shall pay any Dispatch no later than thirty (30) calendar days following receipt by the Seller of such invoice.

7. To the extent not inconsistent with the terms of this Individual Biomass Contract all other Laytime and Demurrage terms, conditions and exceptions shall be as per the Charter Party. A copy of the Charter Party shall be provided by the Seller to the Buyer, upon Buyer's request.

8. Buyer shall in no circumstances be liable to the Owner for any Demurrage due under the Charter Party or under the original bills of lading. To the extent that Owner purports to exercise a lien over the Biomass at the Discharge Port in respect of Demurrage, the Buyer may, acting reasonably, subject to the consent of the Seller, such consent not to be unreasonably withheld or delayed, pay and/or settle Owner's claim, and monies paid to Owner in accordance with this provision shall be applied in diminution of Buyer's liability to Seller pursuant to §10 (*Set-Off*). The Buyer shall immediately provide written notice to the Seller of any such Owner's claims.

§5
Agents

Vessel/Owner has the right to appoint any Agent to act as the Vessel's Agent at any port. The Seller may nominate an Agent to provide agency services to the Seller at the Loading Port. The Buyer may nominate an Agent to provide agency services to the Buyer at the Discharge Port. A Party shall be entitled to rely upon the other Party's Agent and the actions of any such appointed Agent shall be binding upon the appointing Party.

§6
Insurance

Seller shall procure and maintain in place, at the Seller's sole cost and expense, an insurance policy against all risks of carriage for a Shipment under this Individual Biomass Contract including, but not limited to, marine, war, strikes, riots, and civil commotions risks to the CIF value plus ten percent (10%) of each Shipment deliverable. Such insurance is to be effected subject to English law with first-class European underwriters, which for the purpose of settlement and disputes maintain an address of service in London, in accordance with the provisions of a standard Lloyd's Marine Insurance Policy subject to Institute Cargo Clauses (A), Institute War Clauses, Institute Strikes, Riots and Civil Commotions Clauses and which provide for loss resulting from heating, sweating and spontaneous combustion. The benefit of such insurance is to accrue to the Buyer upon passing of the risk in the Biomass. The insurance policy or certificate is to be made out to bearer and fully transferable. Insurance is to operate from warehouse at Loading Port to warehouse quayside or into barges/lighters at the Discharge Port. No deductibles.

§7
Vessel Requirements

The Vessel to be nominated by the Seller to the Buyer for the carriage of the Biomass must conform to the following requirements:

- (a) be a single deck bulk carrier or Ore/Bulk/Oil carrier (OBO) classed Lloyds + 100 A1 or equivalent with self-trimming or boxed holds without obstacles and without obstructing bulkheads;
- (b) be a maximum of twenty (20) years old on completion of voyage for all destinations;
- (c) be in every respect suitable to enter, berth at and leave the declared Loading Port and Discharge Port;
- (d) be in every respect suitable for the loading and carriage of the Biomass;
- (e) be in every respect suitable for carrying out proper draft surveys;
- (f) be in every respect suitable for the grab discharge in bulk and no Biomass is to be loaded in deep tanks or bunkers or in any other compartment not readily accessible to grabs;
- (g) shall ensure all deep tanks, tunnels, tanktops, access ladders, brackets, bilges, manhole covers/bolts, pipes and all other provisions within Vessel's holds shall be properly protected against damage by stevedore's grabs;
- (h) be fully compliant with and have on board all relevant and current certificates required by Loading Port and Discharge Port. In particular, if the Vessel is an OBO, Seller shall procure a gas free certificate at the Loading Port and Discharge Port and Seller shall ensure that such certificate remains valid throughout the whole of the loading and discharging operations;

- (i) the Vessel's cargo gear, hold ladders and all other equipment shall comply with the regulations and requirements of the Loading Port and Discharge Port;
- (j) in compliance with the ISPS code, IMO regulations and recommendations applicable to the carriage of Product currently in force at the time of loading and shall continue to comply with these requirements through to discharge; and
- (k) in compliance with the requirements of the International Safety Management (ISM) Code. Upon request Seller shall provide a copy of the relevant Document of Compliance (DOC), and Safety Management Certificate (SMC).

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Annex E to the Individual Biomass Contract

Quantity Measurement and Weighing Annex

§1

Weight Determination

1. The weight of each Shipment shall be determined at the Delivery Point at Seller's expense by means of certified scale weights or, if not available, by draught survey of the Vessel, conducted by an Independent Marine Surveyor appointed by Seller with the approval of Buyer. Such approval shall not be unreasonably withheld or delayed. The Seller shall procure that the Independent Marine Surveyor shall issue to Buyer and Seller a certificate certifying the weight of the Shipment (the "**Weight Certificate**"), which shall be final and binding on the Parties, except in the case of fraud or manifest error or in the circumstances set out in §1.2 of this Annex E (***Quantity Measurement and Weighing Annex***). At its own expense, Buyer has the right to nominate its own Independent Marine Surveyor to supervise the weight determination. This Independent Marine Surveyor shall have access to the facilities and all relevant information in order to perform the assignment. Objections to procedures will be communicated without delay between the Independent Marine Surveyor(s) and their principals.

2. Buyer has the right (but not the obligation), at its own expense, to instruct its own Independent Marine Surveyor (to be approved by the Seller, such approval not to be unreasonably withheld or delayed), to certify the weight at Discharge Port by certified scale weights, by draught survey of barges (where the Biomass is discharged into barges) and if not available by draught survey of the Vessel. In this case the Buyer shall procure that the Independent Marine Surveyor shall issue to Buyer and Seller a certificate certifying the weight of the Shipment (the "**Discharge Port Weight Certificate**"). At their own expense the Seller has the right to nominate their own Independent Marine Surveyor to supervise the discharge weight determination and shall have access to the facilities and all relevant information in order to perform their assignment. Objections to procedures will be communicated without delay between the Independent Marine Surveyors and their principals. In the event that the difference between the draught survey figures on the Weight Certificate and Discharge Port Weight Certificate exceeds zero point five percent (0.5%), the mathematical average of the draught survey results shall be deemed to be the revised figure for the purpose of the Weight Certificate for the relevant Shipment, and this revised figure shall be final and binding on the Parties, except in the case of fraud or manifest error.

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Annex F to the Individual Biomass Contract

Sampling and Testing Procedures Annex

§1

Introduction

1. Sampling shall be in principle carried out at the Loading Port during loading of the Vessel but will also be carried out at the Discharge Port during the discharge of the Vessel if specified in Part I (Section 1) of this Individual Biomass Contract.

2. Seller shall appoint at its own expense an Inspection Company, as approved by Buyer, to perform supervision during loading of the Vessel, to take samples of the Biomass in accordance with the terms of this Individual Biomass Contract, to issue the Inspection Certificate (including the Quality Condition Report and the Temperature Certificate) and to instruct a duly accredited laboratory (to be nominated by Seller and also at Seller's own expense) to test and analyse the samples (the Independent Laboratory). Seller shall procure that the Independent Laboratory shall test and analyse the samples, in respect of all quality parameters detailed in Part 2 of Annex B-1 (*Biomass Specifications Annex*) in the 'Performed by' column and to be analysed by the Independent Laboratory, and shall issue a report detailing the results (the Analysis Certificate(s)) as soon as reasonably practicable.

3. Buyer shall have the right to appoint its own Inspection Company at the Loading Port and Discharge Port, if applicable, at its own sole cost and expense to supervise Seller's appointed Inspection Company while Seller's appointed Inspection Company is performing the sampling, field tests and the preparation process and to perform their own (field) tests and measurements. Buyer's appointed Inspection Company will be allowed access to the facilities and required information to properly perform the tasks as described. If Buyer exercises its right to appoint its own Inspection Company at the Loading Port or Discharge Port, all samples referred to in §1.3 of this Annex F (*Sampling and Testing Procedures Annex*) shall be sealed by both Seller's and Buyer's appointed Inspection Companies.

4. Sampling and preparation shall be executed in accordance with the Sampling Standard and Preparation Standard, unless agreed otherwise between the parties, with emphasis on collection and preparation of representative samples. The sub-lot division as described in the Sampling Standard shall be maintained unless specified differently and mutually agreed otherwise. The use of mechanical sampling systems has preference over manual sampling. Parties involved will need to agree on the use of mechanical samplers if there is no proof on correct sampling, such as availability of a Bias Test Report for the mechanical sampling system.

For the temperature measurement and production of the Temperature Certificate, no normative standard is available and Seller and Buyer agreed upon the following temperature measurement method:

- (a) The temperature measurement shall be performed during the whole loading or discharge operation. It shall be a combination of probe temperature measurements and a heat gun or an IR camera. The probe is used to measure the actual temperature while the heat gun/IR camera is used to identify deviation spots or areas in the material next to visual indications.

- (b) Before any operation is commenced the temperature is measured with the probe on several spots (if physically and safely possible). The results are noted in the report, including the place, date and time. The heat gun/IR camera is used to find deviating area's with higher temperatures. These areas shall also be measured with the probe. Any visual suspected areas such as steam, smoke, wet spots or places with a lot of fines shall also be measured with the probe.
- (c) During transshipment operations, the heat gun shall be used to monitor the cargo stream, for example on the conveyor belt. The probe is used to measure temperature in samples, or any freshly exposed wood pellet materials, as well as suspected spots, identified visually or with the use of the heat gun/IR camera.
- (d) The Temperature Certificate is used to report on the results, including the place, date and time.
- (e) When using a probe thermometer, this device shall be inserted into the Biomass to a sufficient depth to allow for the temperature to be transferred to the device and register a reading. The reading produced shall be deemed completed when the temperature level specified on the device's indicator is no longer changing or begins to change in the opposite direction to that which it was previously moving towards.
5. If prior to, or during the loading or discharging of the Biomass, an Inspection Company observes Non-Conforming Biomass, the Inspection Company shall immediately inform all involved Parties of the findings.
6. Unless agreed upon otherwise, samples taken at the Loading Port shall be drawn as close as possible to the point of the delivery of the Biomass and, where applicable, samples taken at the Discharge Port shall be drawn as soon as practically possible following discharge of the Biomass.
7. Samples shall be packed and labelled in accordance with the Sampling Standard.
8. Seller shall procure that the Inspection Company performs field tests and measurements and certifies (as at the Loading Port), in accordance with the quality parameters set forth in Part 2 of Annex B-1 (***Biomass Specifications Annex***) in the 'Performed by' column as to be assessed by the Inspection Company, and produces a certificate (the Quality Condition Report) in respect of these quality parameters to the Buyer as soon as reasonably practicable. Where applicable, Buyer shall procure that an Inspection Company performs field tests and measurements and certifies (as at the Discharge Port), in accordance with the Specification set forth in Annex B (***Biomass Specifications Annex***), and produces a Quality Condition Report in respect of these quality Parameters to the Seller as soon as reasonably practicable.
9. Combined Samples shall be prepared by the Inspection Company and, where applicable, the Inspection Company appointed by the Buyer, in accordance with the Preparation Standard into the following Sub-Samples:
- | Sub-Sample | Purpose | Party |
|-------------------|-----------------|---|
| set one (1) | First analysis | Party carrying out sampling |
| set two (2) | Second analysis | Party carrying out sampling/Other Party |
| umpire set | Umpire analysis | Electing Party |
10. All Combined Samples and Sub-Samples shall be sealed by the Inspection Companies in such a way as to identify them uniquely and to prevent any access to the sample material without breaking or removing the seal.
11. Seal numbers shall be noted on inspection, sampling and analysis certificates.
12. The First Analysis Certificate(s) shall be produced based upon all the set one (1) Sub-Sample(s) (on weighted average bases if different sub-lot sizes).

13. The Party not arranging the sampling has the first option to exercise use of the set two (2) Sub- Sample(s) for the purposes of the Second Analysis Certificate(s).

14. The Parties shall agree on the final values and results to be used for the Analysis Certificate and, unless otherwise agreed, the preference shall be:

- (a) the First (1st) Analysis Certificate(s);
- (b) the Second (2nd) Analysis Certificate(s); and
- (c) the average of the values of the First (1st) Analysis Certificate(s) and the Second (2nd) Analysis Certificate(s).

15. If no agreement can be reached upon as to which results to use, either or both Parties shall call for Umpire Analyses:

- (a) An Umpire Laboratory will be chosen to analyse specific Umpire Set Sub-Sample(s) on the required Parameter(s) to produce an Umpire Analysis Certificate(s).
- (b) To irrevocably determine the quality of the Biomass, the average value of the relevant Parameter will be calculated between the Umpire Analysis Certificate value and the value closest between the First Analysis Certificate and the Second Analysis Certificate.
- (c) The costs for shipping and the analyses of the Umpire Set Sub-Sample(s) shall be evenly split between the Parties.

16. Unused Umpire Set Sub-Sample(s) and set two (2) Sub-Samples shall be stored for a minimum of ninety (90) days under supervision of the applicable Inspection Company in accordance with the Preparation Standard.

17. All testing and analysis shall be conducted as soon as possible after sampling and Analysis Certificate(s) and/or Umpire Analysis Certificate(s) have to be issued no later than seven (7) Business Days after delivery of the Sub-Samples” at the laboratory and shall be distributed without delay to the Parties.

18. The Inspection Certificate(s) have to be issued no later than three (3) Business Days after completion of the sample preparation and shall be distributed without delay to the Parties.

EFET

European Federation of Energy Traders

Annex G to the Individual Biomass Contract

Sustainability Requirements Annex

The capitalised terms specified in Annex G (*Sustainability Requirements Annex*) shall be construed and interpreted in accordance with their meaning, whether specifically defined or otherwise, as set forth in the relevant section of Annex G (*Sustainability Requirements Annex*). References to ‘Annex’ in Annex G (*Sustainability Requirements Annex*) shall be construed as referencing only the relevant section heading in Annex G (*Sustainability Requirements Annex*).

In the event of any inconsistency between the provisions of this Annex G (*Sustainability Requirements Annex*) and the provisions set forth in the Annex A (*Defined Terms*), the provisions in Annex G (*Sustainability Requirements Annex*) shall prevail.

EFET

European Federation of Energy Traders

Annex G
to the
Individual Biomass Contract
Sustainability Requirements

Sustainability Principles for Woody Biomass Sourcing and Trading

Initiative Wood Pellets Buyers (IWPB) - Working Group on Sustainability

August 2012

Sustainability policy

The Initiative Wood Pellets Buyers has designed the sustainability principles that are listed and detailed in the first part of this Annex G.

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1. Preamble

IWPB SUSTAINABILITY PRINCIPLES
<p>Principle 1: GREENHOUSE GAS BALANCE (GHG) The greenhouse gas (GHG) savings along the entire life-cycle, taking into account the whole supply chain including production, processing, transport and end-use are registered and compared to the relevant fossil fuel comparator where the woodpellets are finally used for energy production. .</p>
<p>Principle 2: CARBON STOCK Production of woody biomass does not take place at the expense of significant carbon reservoirs in vegetation and soil.</p>
<p>Principle 3: BIODIVERSITY Production of wood biomass may not take place in areas with high biodiversity value, unless evidence is provided that the production of that raw material did not negatively interfere with nature protection purposes.</p>
<p>Principle 4: PROTECTION OF SOIL QUALITY Production of woody biomass should maintain or improve the soil quality.</p>
<p>Principle 5: PROTECTION OF WATER RESOURCES Production of woody biomass should not exhaust ground and surface water and should avoid or significantly limit negative impacts on water.</p>
<p>Principle 6: PROTECTION OF AIR QUALITY Production of woody biomass should avoid negative impact or significantly reduce impact on air quality.</p>
<p>Principle 7: COMPETITION WITH LOCAL BIOMASS APPLICATIONS Production of woody biomass should not endanger food, water supply or subsistence means of communities where the use of this specific biomass is essential for the fulfilment of basic needs.</p>
<p>Principle 8: LOCAL SOCIO-ECONOMIC PERFORMANCE Production of woody biomass should respect property rights and contribute to local prosperity and to the welfare of the employees and the local population.</p>

The order and numbering of the Principles do not reflect any priority ranking. The IWPB requests the same realization level for all 9 Principles from its biomass suppliers. Compliance with these Principles should be renewed on an annual basis and might be **optionally** verified by independent inspection companies.

Principles 1 – 3 are derived from criteria recommended by the European Commission in the Renewable Energy Directive RED 2009/28/EC (RED)¹ and its reports on solid biomass². Principle 3 also refers to the Vattenfall agreement with senate of Berlin³.

We consider that in order to be considered acceptable, our supply chains must show enough GHG savings with respect to fossil fuels, exclude deforestation and avoid sourcing raw material from sensitive areas like primary forests, peat lands and wetlands.

Principles 4 – 8 cover environmental and socio-economic issues and their clarification refers largely to the NTA 8080 (2009)⁴. The level of details of investigation and quality of the audit should reflect the supplier and/or country specific risks related to the fulfilment of those principles. The IWPB expects suppliers and producers of biomass to use the audit findings to initiate corrections and strive for continual improvement of their performance.

The annexes of the present document provide further details on applicable definitions and the types of biomass covered by these Principles.

¹ RED = Directive 2009/28/EC on the promotion of the use of energy from renewable sources.

² Report from the Commission to the Council and the European Parliament on the sustainability requirements for the use of solid and gaseous biomass sources in electricity, heating and cooling COM(2010)11 final and related Impact Assessment (SEC (2010)66 – linked to COM(2010)11 final).

³ VATTENFALL Agreement on Sustainability of Procured Biomass between the State of Berlin and Vattenfall Europe AG

<http://ebookbrowse.com/gdoc.php?id=325670604&url=9c839a55a6f693ec3d61a3b7faf9881a>

⁴ NTA 8080 (2009) Dutch Technical Agreement, NTA 8080, , Sustainability criteria for biomass for energy purposes

Waste and residues

Biomass produced from waste and residues (other than agricultural, aquaculture, fisheries and forestry residues) need only fulfil the principles 1 (GHG balance) and 9 (CSR). Residues from saw mills are categorised as eligible for that exception. Though, IWPB will require the verification that

1. the waste is not produced on purpose for bio-energy production and
2. that the raw woody material used for the primary product is proved of legal origin.

Forestry residues on the contrary need to fulfil all Principles.

Indirect land use change

Indirect land use changes are an increasingly discussed concern that might have a significant influence on the net GHG balance of biomass and beyond. The challenges underlying these concerns go significantly beyond the remits of the biomass industry, requiring political, governmental and societal attention.

Any further guidance or regulation by the EU Commission on the incorporation of indirect land-use (ILUC) changes shall be adopted into this proposal once available.

POLICY PRINCIPLE 1: GHG Balance

The verification of this GHG balance principle requires the accounting of all kind of energy consumption along the biomass supply chain. The GHG balance will be calculated on the basis of the information gathered and audited.

Raw material sourcing

This sheet should be filled in for every stream of raw woody material per type and origin.

RAW MATERIAL 1 <i>(please use one copy of this table for each raw material)</i>		
country / region of origin :		
mass ratio in the total on year base: %		
<input type="checkbox"/> raw material is not at all wood (less than 5% in mass on year base) then specify:		
<input type="checkbox"/> raw material is only partially wood (between 5% and 95% in mass on year base)		
<input type="checkbox"/> raw material is essentially wood (more than 95% in mass on year base)		
<input type="checkbox"/> raw material is guaranteed more than 99% pure wood		
Type, origin and form of the raw woody material as received	Forest certification system (if any)	Transport data
0.1 TYPE OF RAW MATERIAL		
<i>(Check only one box)</i>		
<input type="checkbox"/> timber wood	<input type="checkbox"/> none	Average moisture content:% dry matter
<input type="checkbox"/> short rotation coppices ⁵ (plantation)	<input type="checkbox"/> FSC	Average distance to the final biomass product plant
<input type="checkbox"/> clean wood residues	<input type="checkbox"/> PEFCkm/type of vehicle
<input type="checkbox"/> recycled wood (with traces of paint, varnish, preservatives, MDF, fibreboards, etc.)	<input type="checkbox"/> CSA-SFM	
	<input type="checkbox"/> SFI	
	<input type="checkbox"/> FFCS	
	<input type="checkbox"/> APSC	
	<input type="checkbox"/> Other, namely:	
0.2 ORIGIN		
<i>(Check only one box)</i>		
<input type="checkbox"/> saw mills	If timber wood: check if legality of the wood is proven.	type of vehicle : <input type="checkbox"/> conveyor belt
<input type="checkbox"/> forest harvesting		<input type="checkbox"/> truck
<input type="checkbox"/> forest thinning		<input type="checkbox"/> train
<input type="checkbox"/> sanitary cuttings (dead, ill)	<input type="checkbox"/> YES	<input type="checkbox"/> river boat
<input type="checkbox"/> wind throw trees	<input type="checkbox"/> NO	<input type="checkbox"/> sea going vessel
<input type="checkbox"/> wood industry (furniture, carpentry, fibreboards, plywood, etc.)	and justify.	<input type="checkbox"/> other (specify)
<input type="checkbox"/> garden & park cleaning	
<input type="checkbox"/> domestic or industrial waste		
0.3 FORM		
Transport data		

⁵ Short rotation coppices are wood originating from quick growing vegetal species such that the grown biomass is harvested on a periodic base being maximal 8 years after the first planting of after the first harvest.

<i>(Check one or several box(es))</i>		Average load per vehicle in ton: metric ton
<input type="checkbox"/> saw dust <input type="checkbox"/> shavings <input type="checkbox"/> wood offcuts <input type="checkbox"/> wood chips <input type="checkbox"/> wood bark <input type="checkbox"/> round wood <input type="checkbox"/> wood logs <input type="checkbox"/> inhomogeneous form		

Source: DraxPower UK

0.4 In case of crops: chemicals and fuel usage			
Description of stage or process			
<i>Please add details here ...</i>			
Input parameters			
General	Units	Value	
Average Annual Yield	t/ha/yr		
% Moisture content	%		
Plantation lifetime	yrs		
Land-use			
Was plantation established after 31/12/07?			
What was the previous Land Use?			
Chemicals (Yr 0)	Units	Value	Assumptions
Planting density	no./ha		
N fertiliser	kgN/ha		
P fertiliser	kgP ₂ O ₅ /ha		
K fertiliser	kgK ₂ O/ha		
Other fertiliser	kg/ha		
Lime	kgCaO/ha		
Pesticides	kgAS/ha		
Herbicides	kgAS/ha		
Fuel usage	l/ha		
Cut-back	Units	Value	Assumptions
Herbicides	kgAS/ha		
Fuel usage	l/ha		
Chemicals (Yr 1+)	Units	Value	Assumptions
N fertiliser	kgN/ha/yr		
P fertiliser	kgP ₂ O ₅ /ha/yr		
K fertiliser	kgK ₂ O/ha/yr		

Other fertiliser	kg/ha/yr		
Lime	kgCaO/ha/yr		
Pesticides	kgAS/ha/yr		
Herbicides	kgAS/ha/yr		
Fuel usage	l/ha/yr		

0.5 Harvesting, baling, chipping (includes collection and carting/forwarding)			
Description of stage or process			
<i>Please add details here ...</i>			
Input parameters			
General	Units	Value	Assumptions
% Moisture content -	%		
% Moisture content - End	%		
% losses	%		
Harvesting	Units	Value	Assumptions
Harvesting cycle	yrs		
Residue availability	t/ha/yr		
Fuel usage	l/ha		

Processing of biomass

General data		
Most recent best estimate of real annual production metric tons of final biomass product/year	
Give the origin of the electricity used in the final biomass product production process.	<input type="checkbox"/> from network <input type="checkbox"/> own generation <input type="checkbox"/> genset <input type="checkbox"/> fossil cogeneration plant <input type="checkbox"/> bio cogeneration plant <input type="checkbox"/> wind or solar farm <input type="checkbox"/> other (specify)	--- % --- % --- % --- % --- % --- %
Drying		
If the raw material must be thermally dried, this table has to be considered and filled in.		
Dryer information	Best estimate of heat consumption for dryingkWh / ton final biomass product
	Origin of the heat used in the biomass boiler	<input type="checkbox"/> conventional biomass boiler <input type="checkbox"/> conventional fossil fuel boiler <input type="checkbox"/> biomass cogeneration (combined heat and power) <input type="checkbox"/> fossil fuel cogeneration (combined heat and power)
Electricity consumptionkWh / metric ton final biomass product	
Give the origin of the electricity used in the final biomass product production process ⁶ .	<input type="checkbox"/> from network <input type="checkbox"/> own generation <input type="checkbox"/> genset <input type="checkbox"/> fossil cogeneration plant <input type="checkbox"/> bio -CHP plant <input type="checkbox"/> wind or solar farm <input type="checkbox"/> other (specify)	--- % --- % --- % --- % --- % --- %

⁶ In accounting for the consumption of electricity not produced within the fuel production plant, the RED states that the GHG emission intensity of the production and distribution of that electricity shall be assumed to be equal to the average emission intensity of the production and distribution of electricity in a defined region. By derogation from this rule, producers may use an average value for an individual electricity production plant for electricity produced by that plant, if that plant is not connected to the electricity grid.

Each fossil and non fossil energy resource used in the biomass production process has to be described in the table hereunder. Use as many copies of this table as necessary.

Fuel 1	<input type="checkbox"/> natural gas <input type="checkbox"/> industrial gas <input type="checkbox"/> diesel oil <input type="checkbox"/> propane <input type="checkbox"/> waste heat fossil boiler <input type="checkbox"/> biomass <input type="checkbox"/> other (specify).....
Low heating valueMJ/literMJ/kgMJ/Nm ³
Fuel consumption <i>(please report in litre or kg for liquid fuel, in Nm³ for gas, and in kg for solid fuels)</i>litres / metric ton final biomass product kg / metric ton final biomass product Nm ³ / metric ton final biomass product

Transportation scheme of the biomass product

Inland road transportation

<u>Road distance</u> K =..... km <u>Load of the trucks</u> Q =.....metric tons	<u>Transport to:</u> City/Town of <input type="checkbox"/> train station <input type="checkbox"/> sea harbour <input type="checkbox"/> river harbour <input type="checkbox"/> power plant	<u>Truck powered by:</u> <input type="checkbox"/> fossil diesel oil <input type="checkbox"/> bio-diesel <input type="checkbox"/> bio-ethanol <input type="checkbox"/> other
--	--	--

Inland rail transportation

<u>Distance</u> K =..... km	<u>Station of origin:</u> City/Town of <u>Transport to:</u> City/Town of <input type="checkbox"/> train station <input type="checkbox"/> sea harbour <input type="checkbox"/> river harbour <input type="checkbox"/> power plant	<u>Train powered by:</u> <input type="checkbox"/> electricity <input type="checkbox"/> diesel oil <input type="checkbox"/> bio-diesel <input type="checkbox"/> other
---------------------------------------	---	---

Inland river transportation (flatboats)

<u>Distance</u> K =..... km <u>Load of the boat</u> Q =.....metric tons	<i>River harbour of origin:</i> City/Town of <u>Transport to:</u> City/Town of <input type="checkbox"/> sea harbour <input type="checkbox"/> power plant	<u>Boats powered by:</u> <input type="checkbox"/> fossil diesel oil <input type="checkbox"/> bio-diesel <input type="checkbox"/> other
---	---	--

International sea or river transportation

Harbour of departure <input type="checkbox"/> sea harbour <input type="checkbox"/> river harbour	<i>City/Town:</i> <u>Country</u> :
Contract type	<input type="checkbox"/> Free-on-Board (<i>FOB</i>) <input type="checkbox"/> Cost Insurance Freight (<i>CIF</i>)
Capacity of the <u>whole</u> ship used (whether be full or partial load)	Nominal capacity Q = <input type="checkbox"/> Panamax: 70 000 metric tons <input type="checkbox"/> Handysize: 35 000 metric tons <input type="checkbox"/> Small ships: 3 000 metric tons <input type="checkbox"/> Other (specify)..... metric tons
Backhaul Can you deliver evidence that backhaul is applied for the whole journey?	<input type="checkbox"/> ALWAYS <input type="checkbox"/> SOMETIMES, then please explain <input type="checkbox"/> NEVER
Approx. distance to ARAG port area : Number of days of sea :	S =..... sea miles D =..... days
<u>TOTAL</u> energy consumption for the sea transport L =.....metric tons/day L x D =.....metric tons total	Type of used fuel by vessel <input type="checkbox"/> Heavy Fuel Oil <input type="checkbox"/> Medium Diesel Oil <input type="checkbox"/> Light Diesel <input type="checkbox"/> Bio-Diesel <input type="checkbox"/> other, specify

POLICY PRINCIPLE 2: CARBON STOCK

2.	IF woody biomass raw material is produced from plantations only (not for waste and residues) Production of woody biomass does not take place at the expense of significant carbon reservoirs in vegetation and soil.		
2.1	<p>Since January 1, 2008, have lands been converted?</p> <p>If the answer is yes please notify which was the previous status of the land.</p> <p>=><u>Verification</u></p> <ul style="list-style-type: none"> - Check maps and aerial pictures available from the forest management company or from other sources (including GIS portals, web based applications, local administrations...), licenses and permits 	yes	no
COMMENTS:			
2.2	<p>For any harvesting operations that occur, have practices, plans and timelines for enabling the subsequent natural regeneration or replanting the trees been implemented?</p> <p>=><u>Verification</u></p> <ul style="list-style-type: none"> - Check details in the forest management documents: formal managements plans or other way to demonstrate commitment to replant - Check legal status of the land where the wood is harvested : is there any legal requirement that forest is replanted or regenerated after harvesting? - If replanting is needed : check what arrangements have already be taken (service supplier, contract, planning,) - Check manuals and procedures; also minutes of board of directors: is this practice really at the heart of the company? 	yes	no

2.3	<p>Since January 1, 2008, has woody biomass production impacted the carbon storage property of existing wetlands, peatland and forest? If Yes, please provide evidence that this has not led to negative impact on the carbon storage property of the wetlands, peatland and forests. => <u>Verification</u></p> <ul style="list-style-type: none"> - -Soil map or soil information layers on GIS portals (where peat soils and drainage status of the soils can be checked). - If no soil map is available, check if the forest management plans include the wetlands and peatland extent. - <u>Critical</u>: check when drainage installations (underground network or open channels) were installed or if they are present. <p>=> <u>Interpretation</u> :</p> <ul style="list-style-type: none"> - production of wooded land does not change its status if reforestation or natural regeneration is secured by law, by a forestry certification system or by other evidence. - Maintenance of existing draining systems (older than 1/1/2008) is not considered as land use change. 	yes	no
COMMENTS:			
2.4	Describe any additional efforts that have been made to prevent or mitigate a net loss of carbon from vegetation and/or soils e.g. by limiting the amount of forestry residues used or by insuring that trees removed will come back within a reasonable period (meaning at least no longer than 20 years) of time by natural regeneration or by replanting.		

Goal

- To gain insight into the change in land use due to plantation or the harvesting of biomass and understand if potential carbon sinks / storage are impacted.
- To determine if above-ground carbon sinks (vegetation) and below-ground carbon sinks (soils) are conserved when “new” (beginning on or after January 1, 2008) plantations are set up or harvesting operations begin.
- This criteria is qualitative and no quantitative and does not imply any baseline or monitoring assessment.

Types of evidence / sources of information

- Historic agricultural or forestry records that indicate the same type of biomass materials have been grown on, and harvested from, the same lands since January 2008.
- Methodologies used to determine carbon losses from the soils and vegetation.
- Studies indicating the probability of carbon recovery and the associated timeframe.
- Research papers performed on carbon losses and recovery from similar geographical regions and biomass types.

- Contracts with consultancies engaged to undertake research in this area.
- Note that forestry operations within OECD are usually not granted licenses to operate within wetlands, peatlands, highly biodiverse grasslands, protected areas or primary forest (due to environmental and other regulations).

POLICY PRINCIPLE 3: BIODIVERSITY

3.	POLICY PRINCIPLE: Production of wood biomass may not take place in areas with high biodiversity value, unless evidence is provided that the production of that raw material did not negatively interfere with nature protection purposes		
3.1	<p>Since January 1, 2008, have plantations or harvesting operations taken place into</p> <ul style="list-style-type: none"> • highly biodiverse grassland. • areas designated for nature protection • primary forest <p>If yes, a detailed risk analysis should be performed to prove that no significant negative effects are induced on biodiversity.</p> <p><u>Verification</u> :</p> <ul style="list-style-type: none"> - interviews with Forest Managers, Agricultural Plantation Managers, regulatory authorities and other stakeholders; - review of policies, procedures and records. <p>=> Demonstrate previous exploitation older than 2008;</p> <p>=> <u>Verification</u> : according to definition.</p>	yes	no
COMMENTS:			
3.2	<p>Does biomass production and harvesting occur under a valid PEFC/FSC type forest certification that requires the protection of endangered species and the protection of biodiversity?</p>	yes	no
	Certification standard:		
	Certificate holder participant:		
	Certificate number area:		
COMMENTS:			
<i>If the answer to question 3.1 is “yes”, please skip to Section 4.0.</i>			

3.3.	<p>Do plantation or harvesting operations demonstrably meet applicable legislation with respect to endangered species and biodiversity?</p> <p>=> <u>Criteria</u></p> <p>1. In signatory countries, the provisions of all the binding international agreements shall be respected such as</p> <ul style="list-style-type: none"> - Cites (Convention on international Trade in endangered species of wild fauna and flora), - ITTA (International Tropical Timber Agreement) and - CBD (Convention on Biological Diversity). <p>2. Forest and Agricultural Plantations were not made in :</p> <ul style="list-style-type: none"> - “World heritage sites” UNESCO, - IUCN List of protected areas of IUCN categories I,II,III and IV - Ramsar areas, being wetlands falling under the “Convention on wetlands and “integrated biodiversity assessment tool” (IBAT). <p>In countries where such conventions were not signed, there is evidence that the local law addresses those matters.</p> <p>=> <u>Indicators</u></p> <ul style="list-style-type: none"> - There is awareness and implementation of the requirements of the Convention of International Trade in Endangered Species (CITES) and CBD (Convention on Biological Diversity), controls in place to ensure continuous compliance with such. - Forest Managers are aware of the requirements and have implemented controls to ensure continuous compliance with ITTA - Non-native plant (non-tree) and animal species are introduced and/or native species re-introduced only if consultation with acknowledged experts and regulatory authorities establishes that they are non-invasive and will bring environmental benefits. - Where appropriate, local stakeholders are consulted prior to any introduction: all introductions are closely monitored. <p>=> <u>Verification</u></p> <ul style="list-style-type: none"> - Interviews with Forest Managers. - Operational documentation. - Review of policies, procedures and records. - Licenses and permits. 	yes	no
3.4	What is the qualification of the staff responsible for managing the protection of endangered species and strengthening of biodiversity (including meeting applicable legislation), and for reporting outcomes to senior management?		
3.5	Are environmental studies or assessments available to determine the existing species composition, objective valuable species, landscape patterns and to identify threatened species. Do these studies what might be the impact of plantations or harvesting operations on the biodiversity?	yes	no
COMMENTS:			

3.6	<p>Have these studies contributed to the development and implementation of management systems, plans, and practices for plantations or harvesting operations? Check the implementation.</p> <p>=> <u>Verification</u></p> <ul style="list-style-type: none"> - Interviews with Forest Managers - Operational documentation - Review of policies, procedures and records. 	yes	no
COMMENTS:			
3.7	<p>Describe the outcomes of efforts, investments and/or practices used in production and harvesting that have been implemented to protect endangered species and to not negatively affect biodiversity . Provide any other information that is relevant to Policy Principle 3. This requires actual policies to be implemented and annually reviewed by the board.</p>		
COMMENTS:			

Goal

- To determine whether biomass plantations or harvesting operations do not negatively impact biodiversity and threatened species, and that measures have been taken to prevent and/or mitigate potential impacts.

Types of evidence / sources of information

- Certificate or registration documents for sustainable resource management or environmental quality assurance scheme certification, which include measures to maintain biological diversity and valuable ecosystems.. Indeed some certification programs will encourage landowners to reforest following harvest, to conserve biological diversity and to identify and protect important habitat elements for wildlife (including endangered species). In addition some standards will require the promotion of biological diversity at stand and landscape levels.
- Records of Forestry Management plan and/or operational procedures
- Documentation that identifies applicable biodiversity and endangered species legislation.
- Studies specifically focused on biodiversity and/or endangered species.
- Field audit or inspection reports.
- Personnel listings and qualifications.
- Environmental studies or assessments that pertain to biodiversity and endangered species in and around the area of plantations or harvesting operations.

- Many companies operating within the OECD are closely monitored for regulatory compliance. This public record, together with certified sustainable management system elements and other quality management processes will probably meet the intention of this Policy Principle.

POLICY PRINCIPLE 4: PROTECTION OF SOIL QUALITY

4	POLICY PRINCIPLE: Production of woody biomass should maintain or improve the soil quality.			
	PLANTATION OR HARVESTING OPERATIONS			
4.1	Do biomass cultivation and harvesting operations demonstrably meet applicable soil quality legislation?	yes	no	
4.2	Do biomass production and harvesting operations occur under a valid certification that requires the protection of soil ?	yes	no	
	Certification standard:			
	Certificate holder :participant:			
	Certificate number area:			
	<i>If the answer to question 4.1 is “yes”, please skip to question 4.7.</i>			
4.3	Can formal management systems, plans or practices demonstrate the prevention of erosion, preservation of the nutrient balance and of the soil organic matter (SOM) and prevention of soil eutrophication or salination during plantations or harvesting operations?	yes	no	n/a
4.4.	Can formal management system, plans or practices demonstrate the minimization of compaction or other soil degradation risks?	yes	no	n/a
4.5	Can formal management systems, plans and practices demonstrate the minimization of pesticide and/or agrochemical use?	yes	no	n/a
4.6	Can formal management systems, plans and practices demonstrate the prevention of residual products use be in violation of other local essential operations for the preservation of the soil quality and structure?	yes	no	
4.7	Describe the outcome of any measures used to prevent soil degradation, being physical or chemical, and provide any other information that is relevant to Policy Principle 4.			
	COMMENTS:			
4.8	What is the experience and qualification of the personnel on staff who are responsible for managing the protection of soil quality (including meeting applicable legislation) and for reporting outcomes to senior management?			

BIOMASS PROCESSING AND TRANSFORMING			
4.9	Do biomass processing/transforming operations demonstrably meet applicable legislation for soil?	yes	no
4.9	Describe any measures used to prevent pollution to soil. Locked storage from unauthorized personnel and watertight flooring should be used for fertilizers, pesticides and/or agrochemicals. Personnel using these materials should be qualified. Provide any other information that is relevant to Policy Principle 4.		
COMMENTS:			
4.10	What is the experience and qualification of personnel on staff who are responsible for managing the protection of soil quality (including meeting applicable legislation) and for reporting outcomes to senior management?		

Goal

- To determine if operations throughout the supply chain maintain or improve the soil quality.

Types of evidence / sources of information

- For plantations or harvesting operations:
 - Management plan elements and/or operational procedures.
 - Certificate or registration documents for sustainable resource management or environmental quality assurance scheme certification⁷.
 - Agricultural or forestry operational records.
 - Documentation that identifies applicable soil quality legislation.
 - Field audit or inspection reports.
 - Personnel listings and qualifications.
 - Environmental studies or assessments that pertains to soil impacts.
 - Studies specifically focused on soil quality as it relates to the area used for plantations or harvesting operations.
- For transforming and processing:
 - Description of all operations on-site.
 - Management plan elements and/or operational procedures.
 - Operational or planning documents that identify applicable soil quality legislation.

⁷ Some certification programs will specifically require landowners to meet or exceed applicable federal, regional (provincial/state), and implement good management practices. The details of potentially applicable certification schemes or programs should be provided.

- Operational procedures for disposal of waste.
- Personnel listings and qualifications.
- Many companies operating within the OECD are closely monitored for regulatory compliance. This public record, together with certified sustainable management plan elements and other quality management system elements will probably meet the intention of this Policy Principle.
- Because certification programs do not necessarily address the prevention of soil degradation, additional questions have been included.

POLICY PRINCIPLE 5: PROTECTION OF WATER RESOURCES

5	POLICY PRINCIPLE: Production of woody biomass should not exhaust ground and surface water and should avoid or significantly limit negative impacts on water.		
	PLANTATIONS OR HARVESTING OPERATIONS		
5.1	Do biomass production and harvesting operations demonstrably meet applicable water legislation (including necessary permits) ?	yes	no
5.2	Do biomass production and harvesting operations occur under a valid certification that requires the protection of water quality?	yes	no
	Certification standard:		
	Certificate holder :participant:		
	Certificate number : :		
	<i>If the answer to question 5.2 is "yes", please skip to question 5.9.</i>		
5.3.	Can formal management systems, plans or practices demonstrate that annual measurements are carried out to evaluate the use of irrigation water in litres per hectare a year, to identify the origin of this irrigation water and the level of water in receiving water bodies used?		
5.4.	Can formal management systems, plans or practices demonstrate that the practices applied in operational management are aimed at efficient water use?		
5.5	Can formal management systems, plans or practices demonstrate that the use of non-renewable water sources is prevented?	yes	no
5.6	Can formal management systems, plans or practices demonstrate that annual measurements are carried out to evaluate the biological oxygen demand (BOD) on and near the production and processing unit?	yes	no
5.7	Indicate the average quantity of fertilizer inputs used to establish and cultivate the biomasstons/ha/year (type fertilizer)	
5.8.	Describe the outcome of any measures used to prevent pollution to water and to treat effluents, and provide any other information that is relevant to Policy Principle 5.		
COMMENTS			
5.9.	What is the experience and qualification of personnel on staff who are responsible for managing the protection of water quality (including meeting applicable legislation) and for reporting outcomes to senior management?		
COMMENTS:			

BIOMASS PROCESSING AND TRANSFORMING				
5.10	Do biomass processing/transforming operations demonstrably meet applicable legislation for water discharges?	yes	no	
5.11	Can formal management systems, plans or practices demonstrate that annual measurements are carried out to evaluate the biological oxygen demand (BOD) on and near the production and processing unit?	yes	no	
5.12	Can formal management systems, plans or practices demonstrate that the practices applied in operational management are aimed at efficient water use?	yes	no	n/a
5.13	Can formal management systems, plans or practices demonstrate that the use of non-renewable water sources is prevented?	yes	no	n/a
COMMENTS:				
5.14.	What is the experience and qualification of personnel on staff who are responsible for managing the protection of water quality (including meeting applicable legislation) and for reporting outcomes to senior management?			
COMMENTS:				
5.15	Describe any measures used to prevent pollution to water, and/or to treat effluents, and provide any other information that is relevant to Policy Principle 5.			
COMMENTS:				

Goal

- To determine whether operations throughout the supply chain do not exhaust ground and surface water and avoid or significantly limit negative impacts on water.

Useful specific definitions

- **irrigation water**– specifically drawing water for production and harvesting (as opposed to natural rainfall). This does not include drawing water for dust suppression during harvesting.

Types of evidence / sources of information

- For plantations or harvesting operations:

- - Management plan elements and/or operational procedures.
 - Certificate or registration documents for sustainable resource management or environmental quality assurance scheme certification⁸.
 - List of all water sources that are used for artificial irrigation.
 - Agricultural or forestry operational records.
 - Documentation that identifies applicable to water quality legislation.
 - Field audit or inspection reports.
 - Personnel listings and qualifications.
 - Environmental studies or assessments that pertains to water impacts.
 - Studies specifically focused on water quality as it relates to the area used for plantations or harvesting operations.
- For transforming and processing:
 - Description of all operations on-site.
 - Management plan elements and/or operational procedures.
 - Operational or planning documents that identify applicable water quality legislation.
 - List of all water sources that are used in operations.
 - Liquid effluent licenses.
 - Operational procedures for treatment of discharges.
 - Personnel listings and qualifications.
- Many companies operating within the OECD are closely monitored for regulatory compliance. This public record, together with certified sustainable management plan elements and other quality management system elements will probably meet the intention of this Policy Principle.
- Because certification programs do not necessarily address the conservation of water resources, and equipment maintenance, additional questions have been included.

⁸ Some certification programs will specifically require landowners to meet or exceed applicable federal, regional (provincial/state), and implement good management practices. The details of potentially applicable certification schemes or programs should be provided.

POLICY PRINCIPLE 6: PROTECTION OF AIR QUALITY

6	POLICY PRINCIPLE: Production of woody biomass should avoid negative impact or significantly reduce impact on air quality.		
	PLANTATION AND HARVESTING OPERATIONS		
6.1.	Do biomass production and harvesting operations demonstrably meet applicable air quality legislation?	yes	no
6.2.	Do biomass production and harvesting operations occur under a valid certification that requires the protection of air quality?	yes	no
	Certification standard:		
	Certificate holder participant:		
	Certificate number area:		
	<i>If the answer to question 6.2 is "yes", please skip to question 6.8.</i>		
6.3.	Do management policies and practices demonstrate that measures are applied to minimize emissions of substances in the air?	yes	no
6.4.	Do management policies and practices demonstrate that the burning of residues or waste material in open air is avoided unless it can be proven that it is the desirable choice to conquer pests?	yes	no
6.5.	Do management policies and practices demonstrate that any case of burning are registered and that the presence of adequate firefighting equipment is ensured?	yes	no
6.6.	What is the experience and qualification of personnel on staff who are responsible for managing the protection of air quality (including meeting applicable legislation) and for reporting outcomes to senior management?		
6.7.	Provide any other information that is relevant to Policy Principle 6.		
	COMMENTS:		
	BIOMASS PROCESSING AND TRANSFORMING		
6.8.	Do biomass processing/transforming operations demonstrably meet applicable legislation for emissions to the air	yes	no
6.9.	Do management policies and practices demonstrate that measures are applied to minimize emissions of substances in the air?	yes	no
6.10.	Do management policies and practices demonstrably show that annual measurements of substances emission in air are carried out and that the results are recorded ?	yes	no

6.11.	Do management policies and practices prohibit the disposal of processing & transforming wastes through open burning)? If No, please provide evidence that adequate firefighting equipment is in place.	yes	no
COMMENTS:			
6.12.	What is the experience and qualification of personnel on staff who are responsible for managing the protection of air quality (including meeting applicable legislation) and for reporting outcomes to senior management?		
COMMENTS:			
6.13	Provide any other information that is relevant to Policy Principle 6.		
COMMENTS:			

Goal

- To determine if operations throughout the supply chain are avoid negative impact or significantly reduce impact on air quality..

Useful specific definitions

- **open burning** – practices specifically used to dispose of biomass wastes resulting from harvesting, transforming or processing operations. This is not meant to include acceptable forest management techniques, such as controlled burning for site preparation, wild fire control or pest removal.

Types of evidence / sources of information

- For plantations or harvesting operations:
 - Management plan elements and/or operational procedures.
 - Certificate or registration documents for sustainable resource management or environmental quality assurance scheme certification⁹.
 - Agricultural or forestry operational records.
 - Documentation that identifies applicable air quality legislation.
 - Field audit or inspection reports.
 - Personnel listings and qualifications.
 - Environmental studies or assessments that pertains to air impacts.

⁹ Some certification programs will specifically require landowners to meet or exceed applicable federal, regional (provincial/state), and implement good management practices. The details of potentially applicable certification schemes or programs should be provided.

- Studies specifically focused on air quality as it relates to the area used for production and harvesting operations.
- For transforming and processing:
 - Description of all operations on-site.
 - Management plan elements and/or operational procedures.
 - Operational or planning documents that identify applicable air quality legislation.
 - Air emission licenses.
 - Operational procedures for treatment of emissions.
 - Personnel listings and qualifications.
- For local transportation:
 - Management plan elements and/or operational procedures for reducing and controlling air emissions.
 - Air emissions monitoring plans and results.
 - Equipment maintenance and optimization schedules.
- Many companies operating within the OECD are closely monitored for regulatory compliance. This public record, together with certified sustainable management plan elements and other quality management system elements will probably meet the intention of Policy Principle 6.
- Because certification programs do not necessarily address the prevention of burning to dispose of harvesting wastes, and equipment maintenance, additional questions have been included.

POLICY PRINCIPLE 7: COMPETITION WITH LOCAL BIOMASS

APPLICATION

In section 7 of this document the term “local” designates workers or community included in the direct sphere of economical influence or in the same administrative area of the most relevant level.

7.	Production of woody biomass should not endanger food, water supply or subsistence means of communities where the use of this specific biomass or water is essential for the fulfilment of basic needs.		
7.1	Is there documentation of risks assessment performed with regard to competition with food, water supply or other subsistence means ?	yes	no
7.2	Is the raw biomass material likely to be used by local communities for the fulfilment of basic needs (?)	yes	no
7.3.	Describe the potential changes to land use, water availability, prices and availability of land and food that were identified		
COMMENTS:			
7.4	Have formal management systems, practices or plans been established to monitor and mitigate any potential impacts on subsistence uses of the biomass?	yes	no
7.5	Have the representatives of the local community been consulted to assess the potential local and regional impacts of the commercial use (i.e. for energy purposes) of this biomass and to define mitigation measures? Are there any agreements between the company and formal representatives of the local community that approve the use of biomass material?	yes	no
COMMENTS:			
7.6	Describe, if any, the risks mitigation measures with regard to competition with food, water supply or other subsistence means that derive from the risk assessment.		
COMMENTS:			

Goal

- To determine if using the biomass raw material for bio-electricity generation has adversely affected communities that may rely, or have relied, upon it for basic needs, and if measures have been taken to prevent and/or mitigate potential impacts.

Types of evidence / sources of information

- Interviews of a representative sample of stakeholders.

- Description of any customary and traditional uses of the biomass materials in the geographic area of the plantations or harvesting operations.
- Methodologies used to monitor and report on the impacts of biomass establishment, plantations or harvesting operations on subsistence uses.
- Studies or research detailing per capita production of biomass for subsistence uses, and any changes due to industrial use of the biomass.
- Studies or research performed on the availability of biomass for food, wood fuel, building materials or other necessities and any changes due to the industrial use of the resource.
- Contracts with consultancies engaged to undertake research in this area.
- Management plan elements that identify monitoring and mitigation measures.

POLICY PRINCIPLE 8: LOCAL SOCIO-ECONOMIC PERFORMANCE

In section 8 of this document the term “local” designates workers or community included in the direct sphere of economical influence or in the same administrative area of the most relevant level.

8.	Production of woody biomass should respect property rights and contribute to local prosperity and to the welfare of the employees and the local population.		
	BIOMASS PRODUCTION AND HARVESTING		
8.1	Do management policies and/or practices demonstrate a preference for using local suppliers and contractors (including design & development)?	yes	no
8.2	Provide the approximate percentage of the procurement budget that is spent on local suppliers and contractors. Please detail the scope of your suppliers involved.	%	
8.3	Do management policies and practices demonstrate a preference for hiring and promoting from within the local community?	yes	no
8.4	Provide the approximate percentage of employees and senior management that are local.	% of employees	% of senior mgmt.
8.5	Can it be demonstrated that management policies and practices specifically include the provision of appropriate wages and benefits to migrant labourers?	yes	no
8.6	Describe voluntary contributions, donations and other investments that are being made to cover the needs of the local community or linking up with an existing program in the area to contribute to the local society.		
COMMENTS			
8.7	Describe any corporate social responsibility reports, certifications or audits.		
COMMENTS			
8.8	Describe any other efforts that are contributing to the prosperity of the local community.		
COMMENTS			
8.9	Have management policies and practices been implemented, and regularly audited, to protect worker health and safety, to prevent potential accidents and injury, to minimize workplace hazards, to ensure employee safety training, and to provide necessary protective equipment in the workplace?	yes	no
8.10	Describe who within the company are responsible for the safety of all personnel, for implementing regular employee safety training, for ensuring the provision of appropriate		

	safety equipment, and for regular reporting to senior management.
COMMENTS	
8.11	Describe the management policies and practices implemented, and / or the consultation processes and dispute resolution mechanisms used to <ul style="list-style-type: none"> - ensure that no lands are used without the informed consent of the land users, and customary rights of the indigenous populations are recognized and respected. - address and mitigate issues regarding tenure rights and land use claims, in particular for indigenous populations. - to contribute to the social well-being of employees and the local community - engage local communities in any other way
COMMENTS	
8.12	Describe management policies and practices that has been correctly and demonstrably implemented to: <ul style="list-style-type: none"> - uphold high standards of business integrity and not engage in illegal activities, such as corruption, bribery, fraud, extortion or money laundering - allow employees to form/join trade unions and bargain collectively without discrimination, harassment, intimidation or retaliation - prevent discrimination in the following areas: hiring, remuneration, access to training, promotion, termination and retirement - ensure that employee wages meet or exceed legal minimums and/or industry standards, and that illegal, unauthorized or disciplinary deductions from wages do not occur - prevent the illegal employment of underage workers, any other forms of underage worker exploitation, and working conditions harmful to young workers' health - prevent all forms of forced labor (e.g. lodging "deposits", retention of identity documents, corporal punishment, mental/physical coercion, or withholding wages, benefits or property)
COMMENTS	
8.13	Describe by which means the staff responsible for managing the implementation of policies and practices regarding business ethics, fair labor practices, preventing forced and underage labor (including meeting applicable legislation in these areas), and reporting outcomes to senior management are suitably qualified.
COMMENTS	
8.14	Describe the management policies and practices used to uphold high standards of business ethics, protect fair labour practices and human rights, and prevent forced and underage labour and their outcomes.
8.15	Describe any additional efforts that are being made to uphold high standards of business ethics, protect fair labour practices and human rights, and prevent forced and underage labour. Refer to ILO conventions applicable locally if possible.
COMMENTS	

BIOMASS PROCESSING AND TRANSFORMING			
8.16	Do management policies and/or practices demonstrate a preference for using local suppliers and contractors?	yes	no
COMMENTS:			
8.17	Provide the approximate percentage of the procurement budget that is spent on local suppliers and contractors.		%
8.18	Do management policies and practices demonstrate a preference for hiring and promoting from within the local community?	yes	no
COMMENTS:			
8.19	Provide the approximate percentage of employees and senior management that are local.	% of employees	% of senior mgmt.
8.20	Do management policies and practices specifically include the provision of appropriate wages and benefits to migrant labourers?	yes	no
COMMENTS:			
8.21	Describe voluntary contributions, donations and other investments that are being made to the local community.		
8.22	Describe any corporate social responsibility reports, certifications or audits.		
8.23	Describe any other efforts that are contributing to the prosperity of the local community.		

Goals

- To determine if all stages of the supply chain provide both direct and indirect positive economic benefits and/or contributions to the local community.
- To determine if production and harvesting operators are upholding basic human rights, protecting community health and safety, and implementing fair labour and ethical business practices.
- Specifically to ensure that production and harvesting operators are:
 - Not employing underage workers (as defined by applicable local laws) or using forced labour, which consists of any work or service not voluntarily performed that is exacted from the individual under threat of force or penalty;
 - Not breaching any fundamental human rights in the countries in which they operate, or are complicit in the breach of such rights by third parties, including their governments;
 - Upholding high standards of business ethics and not engaging in illegal activities such as corruption, bribery, fraud, extortion or money laundering;

- Providing a safe and healthy working environment for employees, in addition to appropriate training and sufficient personal protective equipment, while taking into account the inherent risks in the sector; and
- Not using lands without informed consent of land users and not violating official property use or customary law.

Useful specific definitions

- **Community investments** – those voluntary donations, contributions and investments of resources (funds or time) in the local community where the beneficiary is external to the company itself. This includes: contributions to charities, non-governmental organisations or institutes performing research unrelated to the company’s own research and development; funds and/or time to support community infrastructure (e.g. recreational facilities); and direct costs of social programmes, arts programmes and educational events. Note that these investments should actually have been made, and not just committed or planned.
- **Local employees and senior management** – those individuals that are born in or who have the legal right to reside indefinitely (naturalized citizens, permanent visa holders) in the same geographic market as the production and harvesting, transforming or processing operations (as applicable). The geographic definition of “local” may vary between suppliers; in some cases, cities, regions within a country, and even small countries could be reasonably interpreted as “local”.
- **Local suppliers and contractors** – those providers of materials, products, and services that are located in the same geographic market as the production and harvesting, transforming or processing operations (as applicable). The geographic definition of “local” may vary between suppliers; in some cases, cities, regions within a country, and even small countries could be reasonably interpreted as “local”.

Types of evidence / sources of information:

- Lists of suppliers and contractors, and copies of purchasing records.
- Financial records indicating financial donations and investments.
- Corporate policies that promote the investment of resources into the local community.
- Hiring and promotion policies and procedures.
- HR policies and procedures for migrant workers.
- Planning applications and permits.
- Calculations used to determine percentages of employees, senior management, and budget spent on suppliers and contractors that are local.
- Audit reports from corporate social responsibility programs (such as the Global Reporting Initiative or the Business Social Compliance Initiative).
- Annual corporate sustainability and/or social responsibility reports.
- Employment and/or payroll records.
- Personnel listings and qualifications.
- Training program materials and schedules.
- Management policies and practices related to the identification of workplace hazards, the prevention of accidents, and the provision of appropriate safety equipment.

- Management policies and procedures used for consultation specifically with indigenous populations on issues of tenure rights, land use claims and cultural heritage.
- Meeting minutes or notes from the above consultation processes.
- Dispute resolution mechanisms related to tenure rights and land use claims.
- Policies and systems in place to address corruption and business ethics.
- Degree of training and risk analysis to prevent corruption, bribery, fraud, extortion and money laundering.
- Actions taken in response to cases of corruption, bribery, fraud, extortion or money laundering.
- Management policies specifically regarding: trade unions and collective bargaining; discrimination; and underage and forced labour.
- Procedures used to inform employees of their benefits and rights.
- Hiring and promotion policies and procedures.
- Audit reports from corporate social responsibility programs (such as the Global Reporting Initiative or the Business Social Compliance Initiative).
- Annual corporate sustainability and/or social responsibility reports.
- Documentation that identifies applicable legislation related to human rights, labour practices, worker health and safety, and ethical business practices.

Additional remark

- Many companies operating within the OECD already provide direct economic value to communities, using local suppliers and hiring / promoting local staff. Additionally the regulations in these countries address already
 - business ethics,
 - fair labour practices,
 - fundamental human rights,
 - and community health and safety.Companies operating in these countries are regularly monitored within an active and fully functional justice system, and this public record and public system will contribute to meeting the intention of Policy Principle 8.

ANNEX 1 – Definitions

Sources:

- CEN/TC383 pr16214-1 document, NTA8080,
- Vattenfall agreement with the Senate of Berlin

Biomass

means the biodegradable fraction of products, waste and residues from biological origin from agriculture (including vegetal and animal substances), forestry and related industries including fisheries and aquaculture, as well as the biodegradable fraction of industrial and municipal waste

Biodiversity

Under the Convention on Biological Diversity (CBD), biodiversity means variability among living organisms of every origin, including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part. This includes genetic diversity within a species, the diversity of species itself, and the ecological diversity of ecosystems.

Biofuels

means liquid or gaseous fuel for transport produced from biomass;

Deforestation (FAO – FRA 2010- Terms and definitions)

The conversion of forest to other land use or the long-term reduction of the tree canopy cover below the minimum 10 % threshold.

Explanatory notes

1. Deforestation implies the long-term or permanent loss of forest cover and implies transformation into another land use. Such a loss can only be caused and maintained by a continued human-induced or natural perturbation.
2. Deforestation includes areas of forest converted to agriculture, pasture, water reservoirs and urban areas.
3. The term specifically excludes areas where the trees have been removed as a result of harvesting or logging, and where the forest is expected to regenerate naturally or with the aid of silvicultural measures. Unless logging is followed by the clearing of the remaining logged-over forest for the introduction of alternative land uses, or the maintenance of the clearings through continued disturbance, forests commonly regenerate, although often to a different, secondary condition.
4. In areas of shifting agriculture, forest, forest fallow and agricultural lands appear in a dynamic pattern where deforestation and the return of forest occur frequently in small patches. To simplify reporting of such areas, the net change over a larger area is typically used.
5. Deforestation also includes areas where, for example, the impact of disturbance, over utilization or changing environmental conditions affects the forest to an extent that it cannot sustain a tree cover above the 10 % threshold.

Forest (FAO DEFINITION as stipulated in Article (69) of the RED (page 33))

Land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 %, or trees able to reach these thresholds *in situ*. It does not include land that is predominantly under agricultural or urban land use.

[TERMS AND DEFINITIONS Forest Resources Assessment Programme Working paper 144/ERome 2010 \(http://www.fao.org/docrep/014/am665e/am665e00.pdf\)](http://www.fao.org/docrep/014/am665e/am665e00.pdf)

Explanatory notes

1. Forest is determined both by the presence of trees and the absence of other predominant land uses. The trees should be able to reach a minimum height of 5 meters *in situ*.
2. Includes areas with young trees that have not yet reached but which are expected to reach a canopy cover of 30% and tree height of 5 meters. It also includes areas that are temporarily unstocked due to clear-cutting as part of a forest management practice or natural disasters, and which are expected to be regenerated within 5 years. Local conditions may, in exceptional cases, justify that a longer time frame is used.
3. Includes forest roads, firebreaks and other small open areas; forest in national parks, nature reserves and other protected areas such as those of specific environmental, scientific, historical, cultural or spiritual interest.
4. Includes windbreaks, shelterbelts and corridors of trees with an area of more than 0.5 hectares and width of more than 20 meters.
5. Includes abandoned shifting cultivation land with a regeneration of trees that have, or is expected to reach, a canopy cover of 10 % and tree height of 5 meters.
6. Includes areas with mangroves in tidal zones, regardless whether this area is classified as land area or not.
7. Includes rubber-wood, cork oak and Christmas tree plantations.
8. Includes areas with bamboo and palms provided that land use, height and canopy cover criteria are met.
9. Excludes tree stands in agricultural production systems, such as fruit tree plantations, oil palm plantations and agroforestry systems when crops are grown under tree cover. Note: Some agroforestry systems such as the "Taungya" system where crops are grown only during the first years of the forest rotation should be classified as forest.

²comparator (RED 2009/28/EC – COM 2010)

latest available actual average GHG emissions from the fossil part of petrol and diesel consumed in the Community as reported under European Directive 98/70/EC and European Directive 2009/30/EC

For bioliquids used for electricity production, for the purposes of the calculation referred to in paragraph 4, the fossil fuel comparator E_F shall be 91 gCO_{2eq}/MJ.

For solid and gaseous biomass, for electricity production, for the purposes of the calculation referred to in point 4, the fossil fuel comparator $EC_{F(elt)}$ shall be 198 gCO_{2eq}/MJ electricity.

Greenhouse gas (GHG) (CEN prEN 16214-1)

Gaseous constituent of the atmosphere, both natural and anthropogenic, that absorbs and emits radiation at specific wavelengths within the spectrum of infrared radiation emitted by the earth's surface, the atmosphere, and clouds.

Highly bio-diverse grassland (CEN prEN 16214-1)

- Natural grassland that would remain grassland in the absence of human intervention and which maintains the natural species composition and ecological characteristics and processes
- Non-natural grassland that would cease to be grassland in the absence of human intervention and which is species-rich and not degraded, unless evidence is provided that the harvesting of the raw material is necessary to preserve its grassland status.

High Conservation Value (HVC) areas: NTA8080 (2009) and HCV network website

The core of the HCV approach is the identification and maintenance of High Conservation Values (HCVs).

Areas with a high protection value (ecological, social-economic, cultural) where one or a number of the following values apply:

HCV1 Areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refuges).

HCV2 Globally, regionally or nationally significant large landscape-level areas where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.

HCV3 Areas that are in or contain rare, threatened or endangered ecosystems.

HCV4 Areas that provide basic ecosystem services in critical situations (e.g. watershed protection, erosion control).

HCV5 Areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).

HCV6 Areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).

These HCVs encompass the whole scale from species to landscape, and include exceptional or critical ecological attributes, ecosystem services and social functions.¹⁰ Verification of the positions of protected areas may take place on the basis of one of the following sources:

- UNESCO "World Heritage Sites" (<http://whc.unesco.org/en/list/>);
- IUCN Red List of Threatened Species: categories I, II, III and IV from the "List of protected areas" from IUCN, according to the list available in the "world database on protected areas" (<http://www.wdpa.org>);
- Under the Integrated Biodiversity Assessment Tool (IBAT): data to be considered in identifying such areas are, for instance, IBAs (Important Bird Areas), EBAs (Endemic Bird Areas) etc., all comprehended (<http://www.ibatforbusiness.org/ibat/>).
- Ramsar (UNESCO-sponsored agreement on wetlands), areas, being wetlands covered by the "Convention on wetlands" (<http://www.ramsar.org/>), according to the list available (http://www.ramsar.org/index_list.htm) or more current summaries or national data.
- CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora),
- the Bonn Convention (UNEP sponsored agreement on the maintenance of migrating wildlife),
- the Bern Convention (EU-sponsored agreement on the maintenance of European flora and fauna and their natural environments),

Land with high carbon stock (CEN prEN 16214-1)

wetlands; continuously forested areas; land spanning more than one hectare with trees higher than 5 m and a canopy cover of between 10 % and 30 %, or trees able to reach those thresholds in situ.

Peatland (CEN prEN 16214-1)

area with or without vegetation with a naturally accumulated peat layer at the surface of at least 30 cm depth

Planted forests FAO – FRA 2010- Terms and definitions)

Forest predominantly composed of trees established through planting and/or deliberate seeding.

¹⁰ Source: High Conservation Value Resource Network at: <http://www.hcvnetwork.org/about-hcvf/The%20high-conservation-values-folder>

Explanatory notes

- In this context, predominantly means that the planted/seeded trees are expected to constitute more than 50 % of the growing stock at maturity.
- Includes coppice from trees that were originally planted or seeded.
- Excludes self-sown trees of introduced species.

Primary forests (FAO – FRA 2010- Terms and definitions and CEN prEN 16214-1)

Naturally regenerated forest of native species, where there are no clearly visible indications of human activities and the ecological processes are not significantly disturbed.

Explanatory note

1. Some key characteristics of primary forests are:

- they show natural forest dynamics, such as natural tree species composition, occurrence of dead wood, natural age structure and natural regeneration processes;
- the area is large enough to maintain its natural characteristics;
- there has been no known significant human intervention or the last significant human intervention was long enough ago to have allowed the natural species composition and processes to have become re-established.

Principle (CEN prEN 16214-1)

essential rule, goal or attitude

Process (adapted from EN ISO 9000:2005)

set of interrelated or interacting activities that transforms inputs into outputs

Product

goods or service (Adapted from EN ISO 14040:2006)

Production of biomass

This is the process covering

1. (optional) cultivation, including irrigation and use of chemicals,
2. harvesting and extraction
3. the manufacture of the end biomass product including milling, drying, densification, cooling and conditioning

Protected area (CEN prEN 16214-1)

area legally designated by law or other equivalent competent legal authority for the long-term conservation of nature with associated ecosystem services and biodiversity values

Within MCPFE classification long-term is minimum 20 years for forests and can be different in other ecosystems and regions.

Some clauses or elements of classification schemes might fall out under this definition, for example IUCN scheme.

Raw material (includes recycled material, from EN ISO 14040:2006)

primary or secondary material that is used to produce a product

RED 2009/28/EC: Directive 2009/28/EC of the European Parliament and the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC

Reforestation (FAO – FRA 2010- Terms and definitions)

Re-establishment of forest through planting and/or deliberate seeding on land classified as forest.

Explanatory notes

- Implies no change of land use.

- Includes planting/seeding of temporarily unstocked forest areas as well as planting/seeding of areas with forest cover.
- Includes coppice from trees that were originally planted or seeded.
- Excludes natural regeneration of forest

Sustainability criteria (CEN prEN 16214-1)

states or properties as a means of judging whether or not a sustainability principle has been fulfilled.

Sustainable agriculture

At EU level, requirements for sustainable agriculture correspond to the ecological cross-compliance requirements (Council Regulation EC No 73/2009) of the Common Agricultural Policy (CAP). For non-EU countries, account is taken both of the national regulations in force and of the guidelines and recommendations on good agricultural practice.

Sustainable forestry

Unlike agriculture, forestry is regulated in the EU at national level. Governmental guidelines are provided by the EU Forestry Strategy and international mechanisms such as the Conference of Ministers on the Protection of Forests in Europe (MCPFE). The latter, jointly with DG AGRI and UNECE/FAO, has recently published its "Guidelines on Good Professional Practice in the Sustainable Mobilisation of Wood in the EU". For Germany there are no regulations at federal level. Existing sustainability standards for biomass concentrate on agriculturally produced biomass and are therefore (until now) less suitable for the certification of forested biomass. This being so, the requirements set out in recognised sustainability standards for forestry (e.g. FSC or PEFC) should apply.

Wetland

The RED refers to the definition laid down in the Convention on Wetlands of International Importance, especially as Waterfowl Habitat, adopted on 2 February 1971 in Ramsar (the UNESCO-sponsored agreement on wetlands): wetlands are areas of marsh, fen, peatland or water, whether natural or artificial, permanent or temporary, with water that is static or flowing, fresh, brackish or salt, including areas of marine water the depth of which at low tide does not exceed six metres (updated version 28.5.1987).

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Annex H to the Individual Biomass Contract

Credit Support Annex

§1 Credit Support

1. Where this Annex H (*Credit Annex*) is elected as being applicable to this Individual Biomass Contract, the following provisions shall apply:

(a) §8.4 (*Definition of Material Reason*) shall be deleted and replaced with the following:

“4 **Definition of Material Reason:** The Individual Biomass Contract may be terminated at any time for one or more of the following reasons (each, a "**Material Reason**"):

- (a) **Non-Performance:** The failure of a Party or its Credit Support Provider, when required, to make a payment, to deliver any General Assurance or to perform any other material obligation (other than when such obligation is released pursuant to §6 (*Non-Performance Due to Force Majeure*)):
- (i) under the Individual Biomass Contract; provided, that in the case of a failure to pay, such failure is not cured within two (2) Business Days of a written demand, or, in the case of any other failure of performance, such failure is not cured within ten (10) Business Days of a written demand;
 - (ii) under any Credit Support Document (after giving effect to any applicable notice or grace period thereunder); or
 - (iii) under any General Assurance in accordance with §14.2 (*Right to Require Further General Assurance*).
- (b) **Cross Default and Acceleration:** if “**Cross Default and Acceleration**” is specified as applying to one or both Parties in this Individual Biomass Contract,
- (i) any payment default under any Specified Indebtedness with an aggregate outstanding principal balance equal to three percent (3%) of the Tangible Net Worth of such Party's Credit Support Provider (if such Party has a Credit Support Provider) or such Party's Controlling Party (if such Party does not have a Credit Support Provider but has a Controlling Party), as the case may be, as of the date of the default, or
 - (ii) the failure of its Credit Support Provider or Controlling Party to make one or more payments in an aggregate amount (individually or collectively) of not less than the Threshold Amount specified in this Individual Biomass Contract for that Party its Credit Support Provider (if such Party has a Credit Support Provider) or its Controlling Party (if such Party does not have a Credit Support Provider but has a Controlling Party), as the case may be, under such agreements or instruments entered into between such Parties or their Affiliates (after giving effect to any applicable notice requirement or grace period).
- (c) **Winding-up/Insolvency/Attachment:** A Party or its Credit Support Provider (if such Party has a Credit Support Provider):

- (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
 - (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
 - (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
 - (iv) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation and, if a time period is specified in Part I (Section 2) of this Individual Biomass Contract, is not withdrawn, dismissed, discharged, stayed or restrained within such specified time period;
 - (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
 - (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
 - (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets;
 - (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in §8.4(c)(i) to §8.4(c)(vii) (inclusive); or
 - (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts referred to in §8.4(c).
- (d) Failure to Deliver or Accept.**
- (i) If specified as applying in Part I (Section 2) of this Individual Biomass Contract, the failure of a Party to comply with its obligation to deliver or accept Biomass in relation to a single Shipment under this Individual Biomass Contract (taking into account any mutually agreed upon adjustment to the original Delivery Schedule in accordance with §7.1 (*Seller's Duty to Notify and Revised Delivery Instructions*)) (other than, when such obligation is released pursuant to §6 (*Non-Performance Due to Force Majeure*)) and subject further to the Party having not cured such failure via payment of damages owed pursuant to, as applicable, §7 (*Remedies for Failure to Deliver and Accept*) or §7A (*Non-Conforming Biomass Deliveries*).
 - (ii) If specified as applying in relation to a failure to deliver or accept three (3) out of seven (7) Shipments, or in accordance with other specified parameters concerning multiple Shipments in Part I (Section 2) of this Individual Biomass Contract, the failure of a Party to comply with its obligation to deliver or accept Biomass in accordance with those parameters, if any, specified in Part I (Section 2) of this Individual Biomass Contract in relation to multiple Shipments, (taking into account any mutually agreed upon adjustment to the original Delivery Schedule in accordance with §7.1 (*Seller's Duty to Notify and Revised Delivery Instructions*)) (other than, when such obligation is released pursuant to §6 (*Non-Performance Due to Force Majeure*)) in compliance with the Delivery Schedule; and subject further to the Party having not cured such failure via payment of damages owed pursuant to, as applicable §7 (*Remedies for Failure to Deliver and Accept*) or §7A (*Non-Conforming Biomass Deliveries*).

- (e) **Representation or Warranty:** A representation or warranty when made or repeated or deemed to have been made or repeated by a Party or its Credit Support Provider (if such Party has a Credit Support Provider) in a Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated.

The above Material Reasons shall constitute the exclusive reasons for Early Termination under this §8 (*Term and Termination Rights*).”

(b) The following shall be added to §14 (*Guarantees and Credit Support*):

“2. **Right to Require Further General Assurance:** At any time and from time to time, when a Party (the "Requesting Party") believes in good faith that a Material Adverse Change has occurred in respect of the other Party, the Requesting Party shall be entitled to require, by written notice, that the other Party provide to it or increase in amount: (a) a Letter of Credit; (b) cash; or (c) other security (including a bank or parent guarantee), in a form and amount reasonably acceptable to the Requesting Party (each a "General Assurance"). Upon receipt of such written notice, the other Party shall within three (3) Business Days provide to the Requesting Party the General Assurance required.

3. **Material Adverse Change:** A Material Adverse Change shall have occurred if any one or more of following events has occurred and is continuing insofar as such event is specified as applying to a Party in Part I (Section 2) of this Individual Biomass Contract:

- (a) **Credit Rating:** If the Credit Rating of an Entity listed in (i)-(iii), each such Entity being a "Relevant Entity" of such Party, is withdrawn or downgraded below the rating set out for such Party in Part I (Section 2) of this Individual Biomass Contract:
- (i) the other Party (unless all of that other Party's financial obligations under this Individual Biomass Contract are fully guaranteed or assured under a Credit Support Document); or
 - (ii) the other Party's Credit Support Provider (other than a bank); or
 - (iii) any Entity who is a party to a control and/or profit transfer agreement (*Berherrschungs-Gewinnabführungsvertrag*) within the meaning of the German Stock Corporation Act (*Aktiengesetz; AktG*) (a "Control and Profit Transfer Agreement") with the other Party and such other Party is in relation to such Entity, its subsidiary over which such Entity has control (a "Controlling Party"); or
- (b) **Credit Rating of a Credit Support Provider that is a Bank:** If the Credit Rating of a bank serving as the other Party's Credit Support Provider is withdrawn or downgraded below the Credit Rating set out in Part I (Section 2) of this Individual Biomass Contract; or
- (c) **Financial Covenants:** Insofar as a Relevant Entity does not have a Credit Rating, if such Relevant Entity does not fulfill any of the following financial requirements as determined by reference to its most recent financial statement:
- (i) **EBIT to Interest:** The ratio of EBIT to the sum of all interest and any amounts in the nature of interest charged to expense relating to financial indebtedness for borrowed money (which includes debts payable to Affiliates as well as debt instruments to financial institutions) for such Relevant Entity in any fiscal year is greater than the ratio specified in Part I (Section 2) of this Individual Biomass Contract;
 - (ii) **Funds from Operations:** The ratio of Funds from Operations to Total Debt for such Relevant Entity in any fiscal year is greater than the ratio specified in Part I (Section 2) of this Individual Biomass Contract; or

- (iii) **Total Debt to Total Capitalisation:** The ratio of Total Debt to Total Capitalisation for such Relevant Entity in any fiscal year is less than the ratio specified in Part I (Section 2) of this Individual Biomass Contract; or
- (d) **Decline in Tangible Net Worth:** If the Tangible Net Worth of a Relevant Entity falls below the amount specified in Part I (Section 2) of this Individual Biomass Contract; or
- (e) **Expiry of General Assurance or Credit Support Document:** If any General Assurance or any Credit Support Document expires or terminates with respect to any outstanding obligations of the other Party under this Individual Biomass Contract, or, if a General Assurance or Credit Support Document is due to expire or terminate within the period of time, if any, specified in Part I (Section 2) of this Individual Biomass Contract, or the failing or ceasing of such Credit Support Document to be in full force or effect for the purpose of this Individual Biomass Contract (in each case other than in accordance with its terms or the terms of the Individual Biomass Contract) before the satisfaction of all outstanding obligations of such other Party under the Individual Biomass Contract to which such Credit Support Document relates, without the written consent of the Requesting Party; or
- (f) **Failure of General Assurance or Credit Support Document:** If specified as applicable in Part I (Section 2) of this Individual Biomass Contract any Credit Support Provider or General Assurance provider of the other Party disaffirms, disclaims, revokes, repudiates or rejects in whole or in part, or challenges the validity of, any Credit Support Document or General Assurance provided by it or otherwise fails to comply with or perform its obligations under or in respect of such Credit Support Document or General Assurance and such failure is continuing after any applicable grace or cure period; or
- (g) **Failure of Control and Profit Transfer Agreement:** If specified as applicable in Part I (Section 2) of this Individual Biomass Contract any Controlling Party of the other Party disaffirms, disclaims, revokes, repudiates or rejects in whole or in part, or challenges the validity of, any Control and Profit Transfer Agreement entered into by it or otherwise fails to comply with or perform its obligations under such Control and Profit Transfer Agreement; or
- (h) **Impaired Ability to Perform:** If specified as applicable in Part I (Section 2) of this Individual Biomass Contract in the reasonable and good faith opinion of the Requesting Party, the ability of the Relevant Entity to perform its obligations under the Agreement, any Credit Support Document or any Control and Profit Transfer Agreement, as the case may be, is materially impaired; or
- (i) **Amalgamation/Merger:** If specified as applicable in Part I (Section 2) of this Individual Biomass Contract the other Party or its Credit Support Provider undergoes a change of control, consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, or reorganises, incorporates, reincorporates, or reconstitutes into or as, another Entity, or another Entity transfers all or substantially all its assets to, or reorganises, incorporates, reincorporates, or reconstitutes into or as, such other Party or its Credit Support Provider and:
 - (i) the creditworthiness of such Party, its Credit Support Provider or the resulting, surviving, transferee or successor Entity is materially weaker than that of the other Party or such Credit Support Provider, as the case may be, immediately prior to such action;
 - (ii) the resulting, surviving, transferee or successor Entity fails to assume all the obligations of that other Party or such Credit Support Provider under the Agreement or any Credit Support Document to which it or its predecessor was a party by either operation of law or pursuant to an agreement reasonably satisfactory to the Requesting Party; or
 - (iii) the benefits of any Credit Support Document cease or fail to extend (without the consent of the Requesting Party) to the performance by such resulting, surviving, transferee or successor Entity of its obligations under the Agreement.

4. **Provision of Financial Statements:** Unless otherwise specified in Part I (Section 2) of this Individual Biomass Contract, if requested by a party, the other Party shall deliver:
 - (a) within one hundred and twenty (120) days following the end of each fiscal year, a copy of such other Party's, or for such period the other Party's obligations are supported by a Credit Support Provider or if it is a party to a Control and Profit Transfer Agreement, its Credit Support Provider's or its Controlling Party's, as the case may be, annual report containing audited consolidated financial statements for such fiscal year, and
 - (b) within sixty (60) days after the end of each of its first three (3) fiscal quarters of each fiscal year, a copy of its quarterly report containing unaudited consolidated financial statements.
5. **Decline in Tangible Net Worth:** If this §14.5 (*Decline in Tangible Net Worth*) is specified as applying in Part I (Section 2) of this Individual Biomass Contract, as soon as it becomes aware of such decline, each Party shall promptly notify the other Party of the occurrence of a decline in its Tangible Net Worth or the Tangible Net Worth of its Credit Support Provider or Controlling Party, to a level below the amount specified in Part I (Section 2) of this Individual Biomass Contract.
6. **Accounting Principles:** In all cases the financial statements referred to in §14.4 (*Provision of Financial Statements*) shall be prepared in accordance with generally accepted accounting principles in the relevant jurisdiction.”

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Annex I to the Individual Biomass Contract

Seller's Code of Conduct

§1 General Requirements

1. Seller is expected to comply with the national laws and regulations as well as the principles expressed in this Code of Conduct.
2. Seller is expected to ensure that each entity providing the Seller with Biomass or a service in relation to its performance of this Individual Biomass Contract is aware of and comply with the principles expressed in this Code of Conduct.

§2 Specific Requirements

1. **Remuneration and Employment Conditions.** Seller is expected to comply with all wage and hour laws and regulations, including those pertaining to minimum wages, overtime wages, sick leave, piece rates and other elements of compensation.
2. **Working Hours.** Seller is expected not to require employees to work more than the lesser of sixty (60) hours per week including overtime, or the limits on regular and overtime hours allowed by local law. Workers shall be entitled to at least one (1) day off in every seven (7) day period.

Particular employees with unusual working conditions may be exempted from this general requirement when covered by specific national or international legislation, however over the course of twelve (12) weeks any employee shall not on average be required to work more than sixty (60) hours per week, including overtime.

3. **Freedom of Association and the Right to Collective Bargaining.** Seller is expected to not prevent employees and other workers from associating freely with any lawful workers' association or collective bargaining association of their choice.
4. **Discrimination.** Seller is not expected to discriminate in hiring, compensation, access to training, promotion, termination or retirement based on personal characteristics.
5. **Harassment and Disciplinary Measures.** Seller is expected not to use or permit the use of corporal punishment or other forms of mental or physical coercion, disciplinary actions or engage in sexual harassment.
6. **Child Labour.** Seller is expected to ensure that no person shall be employed at an age younger than fifteen (15) (or fourteen (14) where the law of the country permits) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than fifteen (15).

Seller should protect young workers of legal working age, up to the age of eighteen (18), from any type of employment or work which, by its nature or circumstances in which it is carried out, is likely to jeopardize their health, safety or moral.

If a child is found working, Seller must act in the best interest of the child, and any measures taken should aim at improving not worsening the child's situation.

7. **Forced Labour.** Forced, bonded or indentured labour or involuntary prison labour is not to be used.

8. **Health and Safety.** Seller is expected to provide safe and healthy working conditions and take appropriate precautionary measures to protect employees from work related hazards and anticipated dangers in the workplace.

Seller shall comply with all applicable local laws and regulations to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.

Seller is expected to continuously improve working conditions and reduce workplace related risks and hazards by e.g. setting targets and conducting appropriate training.

9. **Corruption and Bribery.** Seller is expected to ascertain the highest standards of integrity in all business interactions. Seller shall not engage in any form of corrupt practices, including extortion, fraud, or bribery whether direct or indirect.

10. **Environment.** Seller is expected to meet all relevant local and national environmental regulations and strive to minimise damaging effects to the environment.