

## NATURAL CAPITAL EXCHANGE (NCX)

### HARVEST DEFERRAL BID AND PARTICIPATION AGREEMENT

#### HOW TO READ THIS AGREEMENT

Thanks for your interest in selling harvest deferral credits on the Natural Capital Exchange. Before reading this Agreement in detail, potential sellers may find it useful to take the following steps:

- Review the introductory paragraph and Tables 1 through 4 on the next several pages. They contain the key figures and terms of the Agreement.
- For the following key provisions, refer to the relevant sections of Exhibit A, the Terms and Conditions:

Land sales or change of control	Section 3.1.B, Section 9.2
Natural disturbance (fire, windthrow, etc.)	Sections 3.1.C and 8.1
Property access	Sections 3.1.D and 3.2.B
Documentation requirements	Section 3.1.E
Ownership/control requirements	Section 4.1, Section 4.3.A
Requirement to submit all owned/managed land	Section 4.1.B
Privacy	Sections 3.1.G and Section 9.4
Payment terms and failure to deliver	Section 3.2.C, Article 5, Sections 8.1 and 8.2, Exhibit C
Results review process	Section 3.2.B
Lack of property encumbrance	Section 4.2.A

- **Refer to Exhibits B and C for some examples of how this Agreement can be completed, and how Seller performance will be assessed.**

*This “How To Read” section (continued on Page 2) is provided for the Seller’s information only. It forms no part of the Agreement and does not otherwise modify or affect the terms and conditions of the Agreement.*

## **HOW TO SUBMIT A HARVEST DEFERRAL BID**

To submit a Harvest Deferral Bid, Sellers must take the following steps:

- Review the Agreement in its entirety, including all the Exhibits, and discuss it with your expert advisors, as appropriate.
- Complete the offer details in Table 3, and then sign and submit your Harvest Deferral Bid. If the signatory on this agreement is not the Seller or one of Seller's corporate Officers or Directors, then the signer's Title should be "Authorized Representative of [*name of Seller*]". In that case, NCX recommends that the person signing the Bid confirm with legal counsel that he/she has the legal authority to sign and deliver it on behalf of Seller.
- Wait for a response from NCX. You will receive a response in all cases; if your bid is accepted, NCX will return an executed contract to you and provide further information regarding next steps.

*This "How To Submit" section is provided for the Seller's information only. It forms no part of the Agreement and does not otherwise modify or affect the terms and conditions of the Agreement.*

## AGREEMENT

\_\_\_\_\_ (“**Seller**”) offers to sell to Natural Capital Exchange Inc., a Delaware corporation (“**NCX**”), Harvest Deferral Credits (“**Deferral Credits**”) in the quantities and at the prices specified by Seller in Table 3 below. Seller’s bid (“**Harvest Deferral Bid**”) is subject to the “Terms and Conditions of Seller NCX Participation” attached hereto as Exhibit A. Collectively, Seller’s Harvest Deferral Bid, upon and subject to NCX’s acceptance in an Accepted Bid, and Exhibits A through D attached hereto, constitute the “**Agreement**”). Capitalized terms used herein but not defined shall have the meanings given in Exhibit A.

**TABLE 1: GENERAL TERMS AND CONDITIONS**

<b>Seller Offer</b>	<p>By submitting this executed Harvest Deferral Bid, Seller acknowledges and agrees:</p> <ul style="list-style-type: none"> <li>● Seller is making an <i>irrevocable offer</i> to sell Deferral Credits to NCX pursuant to the terms and conditions of this Agreement.</li> <li>● NCX may in its sole discretion accept less than the entire quantity of Deferral Credits that Seller offers.</li> <li>● Seller has reviewed the terms and conditions of this Agreement, including those set forth in <u>Exhibit A</u>, and agrees to be bound by such terms and conditions. <i>NCX encourages Seller to consult with its own legal counsel regarding the terms and conditions of this Agreement.</i></li> </ul>
<b>NCX Acceptance</b>	<p><b>NCX Acceptance</b> occurs only if NCX, in its sole discretion, accepts this Harvest Deferral Bid, in whole or in part, by: (a) completing the necessary information in <u>Table 4</u> below, (b) countersigning this Harvest Deferral Bid, and (c) delivering the fully-executed Harvest Deferral Bid to Seller (such fully-executed Harvest Deferral Bid, the “<b>Accepted Bid</b>”).</p> <p>If NCX accepts this Harvest Deferral Bid, the Accepted Price will be equal to or greater than the relevant price specified by Seller in <u>Table 3</u>.</p>
<b>Notification Deadline</b>	<p>NCX will notify Seller (by email to the address(es) indicated below) as to whether NCX has accepted any or all of the Deferral Credits offered in the Harvest Deferral Bid. If Seller’s offer has been accepted, NCX shall complete and return the information in <u>Table 4</u> below to specify the quantity of Deferral Credits that it agrees to purchase. If NCX has not provided Seller with an Accepted Bid by ninety (90) days after the date that Seller submits this Harvest Deferral Bid to NCX, this Harvest Deferral Bid shall be deemed void.</p>
<b>Performance Period</b>	<p>The <b>Performance Period</b> shall be a one (1) year period, beginning on the date set forth in the Accepted Bid, which start date shall not be more than ninety (90) days after the date of the Accepted Bid.</p>
<b>NCX Contact Information</b>	<p>Email: <a href="mailto:landowners@ncx.com">landowners@ncx.com</a></p> <p>Address: 2443 Fillmore Street #380-1418, San Francisco CA 94115</p>

**TABLE 2: INFORMATION PROVIDED BY NCX TO FACILITATE BID**

<p><b>Seller Identifying Information</b></p>	<p>Legal entity name, if applicable: _____</p> <p>First name of Seller or of Seller contact, as relevant: _____</p> <p>Last name of Seller or of Seller contact, as relevant: _____</p> <p>Email address: _____</p> <p>Phone number: _____</p>
<p><b>Bid Deadline</b></p>	<p>Seller’s Harvest Deferral Bid must be received by NCX no later than _____.</p>
<p><b>Assessment Area</b></p>	<p><u>Exhibit D</u> to this Agreement identifies the property comprising the Assessment Area.</p>
<p><b>Maximum Harvest Deferral</b></p>	<p>Based on Seller’s information provided to NCX, Seller may offer up to a maximum of _____ Harvest Deferral Credits from the Eligible Assessment Area during the Performance Period (the “<b>Maximum Harvest Deferral</b>”).</p> <p>The quantity of Harvest Deferral Credits stated here supersedes any prior or alternative estimate or calculation for the Eligible Assessment Area and Performance Period. For additional information, see Seller’s Eligibility Report previously provided by NCX.</p>

EXAMINER

**TABLE 3: INFORMATION TO BE COMPLETED BY SELLER WITH ITS BID**

<p><b>Offer Requirements</b></p>	<p>To complete the offer below, Seller must comply with the following requirements:</p> <ul style="list-style-type: none"> <li>● Seller may complete <b><u>one (1) or more rows</u></b></li> <li>● <b><u>Whole numbers</u></b> only (i.e. no decimals)</li> <li>● Minimum offer is the <b><u>greater of:</u></b> <ul style="list-style-type: none"> <li>○ <b><u>5</u></b> Deferral Credits; or</li> <li>○ If the Maximum Harvest Deferral specified in Table 2 is less than 10,000 Deferral Credits, <b><u>20% of the Maximum Harvest Deferral</u></b>; or</li> <li>○ If the Maximum Harvest Deferral specified in Table 2 is greater than or equal to 10,000 Deferral Credits but less than 100,000 Deferral Credits, <b><u>10% of the Maximum Harvest Deferral</u></b>; or</li> <li>○ If the Maximum Harvest Deferral specified in Table 2 is greater than or equal to 100,000 Deferral Credits, <b><u>5% of the Maximum Harvest Deferral</u></b></li> </ul> </li> <li>● Quantities must be <b><u>non-decreasing</u></b> down the column below</li> <li>● The maximum quantity offered per row in this Table 3 <b><u>must not exceed the Maximum Harvest Deferral</u></b> specified in Table 2</li> </ul>		
<p><b>Irrevocable Offer</b></p>	<p>Seller hereby irrevocably offers to sell Harvest Deferral Credits derived from the Eligible Assessment Area during the Performance Period in the following quantities, to be paid for at the following prices.</p> <p>Seller acknowledges that NCX may accept some or all of this bid amount, i.e. NCX <b><u>may accept the quantity offered in any one row</u></b> in this Table 3, at a price equal to or greater than the price specified in that same row. Quantities across rows <b><u>will not be added together.</u></b></p>		
<p><b>Price (\$/Deferral Credit)</b></p>	<p><b>Quantity of Deferral Credits offered (total)</b></p>	<p><b>Checkbox indicates NCX Acceptance</b></p>	
<p>\$1</p>	<p>_____ Deferral Credits</p>	<p><input type="checkbox"/></p>	
<p>\$2</p>	<p>_____ Deferral Credits</p>	<p><input type="checkbox"/></p>	
<p>\$3</p>	<p>_____ Deferral Credits</p>	<p><input type="checkbox"/></p>	
<p>\$4</p>	<p>_____ Deferral Credits</p>	<p><input type="checkbox"/></p>	
<p>\$5</p>	<p>_____ Deferral Credits</p>	<p><input type="checkbox"/></p>	
<p>\$6</p>	<p>_____ Deferral Credits</p>	<p><input type="checkbox"/></p>	
<p>\$7</p>	<p>_____ Deferral Credits</p>	<p><input type="checkbox"/></p>	
<p>\$8</p>	<p>_____ Deferral Credits</p>	<p><input type="checkbox"/></p>	
<p>\$9</p>	<p>_____ Deferral Credits</p>	<p><input type="checkbox"/></p>	
<p>\$10</p>	<p>_____ Deferral Credits</p>	<p><input type="checkbox"/></p>	
<p>\$11</p>	<p>_____ Deferral Credits</p>	<p><input type="checkbox"/></p>	
<p>\$12</p>	<p>_____ Deferral Credits</p>	<p><input type="checkbox"/></p>	
<p>\$13</p>	<p>_____ Deferral Credits</p>	<p><input type="checkbox"/></p>	
<p>\$14</p>	<p>_____ Deferral Credits</p>	<p><input type="checkbox"/></p>	

	\$15	_____ Deferral Credits	<input type="checkbox"/>
	\$16	_____ Deferral Credits	<input type="checkbox"/>
	\$17	_____ Deferral Credits	<input type="checkbox"/>
	\$18	_____ Deferral Credits	<input type="checkbox"/>
	\$19	_____ Deferral Credits	<input type="checkbox"/>
	\$20	_____ Deferral Credits	<input type="checkbox"/>
	\$21	_____ Deferral Credits	<input type="checkbox"/>
	\$22	_____ Deferral Credits	<input type="checkbox"/>
	\$23	_____ Deferral Credits	<input type="checkbox"/>
	\$24	_____ Deferral Credits	<input type="checkbox"/>
	\$25	_____ Deferral Credits	<input type="checkbox"/>
	\$26	_____ Deferral Credits	<input type="checkbox"/>
	\$27	_____ Deferral Credits	<input type="checkbox"/>
	\$28	_____ Deferral Credits	<input type="checkbox"/>
	\$29	_____ Deferral Credits	<input type="checkbox"/>
	\$30	_____ Deferral Credits	<input type="checkbox"/>
<b>Note</b>	This bid <i>will not be valid</i> if the maximum quantity of Deferral Credits offered above exceeds the Maximum Harvest Deferral specified in Table 2.		
<b>Example Bids</b>	For reference, hypothetical examples of Harvest Deferral Bids are presented in <u>Exhibit B</u> .		

EXAMPLE

**TABLE 4: INFORMATION TO BE COMPLETED BY NCX UPON ACCEPTANCE**

<b>NCX Acceptance</b> (Also indicated by a <i>checkbox</i> in Table 3)	Accepted Deferrals (Deferral Credits)	_____
	Accepted Price (\$ / Deferral Credit)	\$ _____
	Total contract value	\$ _____
<b>Start Date of Performance Period</b>	_____	
<b>End Date of Performance Period</b>	_____	

Seller and NCX (collectively, the “**Parties**” and each a “**Party**”) agree to the terms of this Agreement, including the Terms and Conditions of Seller NCX Participation set forth in Exhibit A, and each Party represents that the person signing this Agreement for such Party is duly authorized to do so on behalf of such Party.

<b>Seller</b>	<b>Natural Capital Exchange Inc.</b>
Signed: _____ By*: _____ Title*: _____	Signed: _____ By: Zack Parisa Title: CEO
Date: _____	Date: _____

*\*Note: please see Page i for a note about signing on behalf of Sellers.*

## EXHIBIT A

### TERMS AND CONDITIONS OF SELLER NCX PARTICIPATION

**WHEREAS**, Seller and NCX desire, through this Agreement, to defer a certain amount of timber harvest within the Eligible Assessment Area in order to remove greenhouse gases from Earth's atmosphere, as represented through the creation of Harvest Deferral Credits;

**WHEREAS**, NCX provided Seller with an estimate of the quantity of Harvest Deferral Credits that Seller may offer for sale during the Performance Period based on an assessment of the harvestable timber on its property;

**WHEREAS**, Seller, in its Harvest Deferral Bid, offered to defer the harvest of a certain amount of harvestable timber for one year on property it controls;

**WHEREAS**, NCX, in its Accepted Bid, agreed (in whole or in part) to pay Seller for retaining such timber;

**WHEREAS**, the Agreement, consisting of the Harvest Deferral Bid, as modified by the Accepted Bid, forms a binding contract between Seller and NCX that incorporates and is subject to the terms of this Exhibit A and Exhibits B through D; and

**WHEREAS**, Seller desires to sell to NCX, and NCX desires to purchase from Seller, the rights to make environmental claims about the greenhouse gases removed from the atmosphere under this Agreement in order to create Harvest Deferral Credits;

**NOW THEREFORE**, in consideration of the mutual covenants and obligations set forth herein, the Parties agree as follows:

#### **ARTICLE 1 DEFINITIONS**

Note: Exhibit B contains hypothetical examples and illustrations of many of these Definitions.

**Accepted Bid** is defined in Table 1 of the Harvest Deferral Bid.

**Accepted Deferrals** means the quantity of Deferral Credits that Seller agrees to create pursuant to the Accepted Bid by retaining more timber in the Eligible Assessment Area during the Performance Period than it would under business-as-usual conditions as determined by NCX.

**Accepted Price** means the price per Deferral Credit (\$/Deferral Credit) that NCX agrees to pay Seller for a specific amount of Deferral Credits, as identified by NCX in Table 4.

**Actual Deferrals** means the quantity of deferrals actually achieved due to retention of timber in the Eligible Assessment Area at the end of the Performance Period, as compared with the Accepted Deferrals. Actual Deferrals would equal the Maximum Harvest Deferral if no disturbance (intentional nor unintentional) occurs within the Eligible Assessment Area during the Performance Period, and would decline from that maximum to reflect the actual amount of timber no longer remaining (whether by harvest or other destruction).

**Approved Methodologies** means those credible and recognized greenhouse gas reduction verification methodologies specified by NCX as applicable to this Agreement.



“**Assessment Area**” means timberland satisfying one of the following two conditions: it is either (i) all timberland property within the contiguous United States that is owned by a particular owner or set of beneficial owners; or (ii) all timberland property within the contiguous United States over which a single property manager has been given legal managing authority on behalf of a particular owner or set of beneficial owners. The Assessment Area for Seller under this Agreement is specified in Exhibit D.

“**Bid Deadline**” is the date set forth in Table 2.

“**Business Day**” means a day on which Federal Reserve member banks are open for business. A Business Day begins at 8:00 a.m. and ends at 5:00 p.m. Pacific Prevailing Time.

“**Credited Deferrals**” means the quantity of Deferral Credits counted toward Seller’s obligations under the Accepted Bid, for which NCX will incur an obligation to pay Seller, as determined in Section 3.2.A.

“**Default**” and “**Defaulting Party**” are defined in Article 8.

“**Deferral Credit**” or “**Harvest Deferral Credit**” means a credit, denominated in whole numbers only, as determined by NCX in its sole discretion based on the Seller’s Eligible Assessment Area, which represents the deferral of harvest of a certain amount of timber in the Eligible Assessment Area during the Performance Period.

“**Eligible Assessment Area**” means that portion of the Assessment Area meeting the eligibility criteria for inclusion in NCX, as determined by NCX in its sole discretion.

“**Harvest Deferral Bid**” means the “NCX Harvest Deferral Bid and Participation Agreement” to which these terms and conditions are attached as Exhibit A, which constitutes Seller’s irrevocable offer to defer a certain amount of timber harvest pursuant to the NCX program in the Eligible Assessment Area during the Performance Period in the quantities and at the prices specified by Seller in Table 3. Seller’s submission of a Harvest Deferral Bid to NCX shall not constitute an agreement between the Parties unless and until NCX provides the Accepted Bid.

“**Interest Rate**” is equal to the Prime lending rate published under the heading “Money Rates” in the Wall Street Journal on the date of calculation.

“**Maximum Harvest Deferral**” means the maximum quantity of Deferral Credits that Seller may offer to sell during the applicable Performance Period, as specified by NCX in Table 2.

“**MCC**” means a major carbon certifier selected by NCX in its sole discretion from among the carbon accounting standards approved by the International Carbon Reduction and Offset Alliance (“**ICROA**”).

“**MCC Registry**” means that certain registry of carbon credits and/or offsets maintained by the MCC.

“**NCX**” means the Natural Capital Exchange program developed and maintained by NCX.

“**NCX Carbon Credit**” means a credit issued by and held in the NCX Registry representing the right of an NCX account holder in whose account the credit is recorded to claim the environmental benefit equivalent to the permanent removal of one (1) metric ton of carbon dioxide-equivalent from the atmosphere (and all benefits resulting from that removal) as a result of the retention of timber. An NCX Carbon Credit may or may not correspond to a credit issued or held under the registry of an MCC, and will be identified accordingly in the NCX Registry.

“**NCX Registry**” means the platform used to record and maintain records of all NCX Carbon Credits and the information of all NCX Account holders under NCX.

“**Offer Period**” is defined in Section 2.2.C.

“**Performance Period**” means the one (1) year period, beginning on the date set forth in the Accepted Bid, which start date shall not be more than ninety (90) days after the date of the Accepted Bid.

“**Seller**” means the entity identified as such in the Accepted Bid.

## **ARTICLE 2**

### **CONDITIONS OF SELLER’S PARTICIPATION IN NCX**

#### **2.1 Effectiveness and Term**

This Agreement shall become effective if and when NCX provides Seller with an Accepted Bid. The Agreement shall remain in force and effect until the earlier of the date when: (a) both Parties have satisfied all their obligations and liabilities under this Agreement, (b) either Party provides written notice of termination of this Agreement, or (c) three (3) years after NCX provides Seller with an Accepted Bid; provided that, pursuant to Section 9.10, any obligations or liabilities which accrue under this Agreement prior to termination shall survive termination until satisfied or otherwise discharged.

#### **2.2 Harvest Deferral Bid**

**A. Seller acknowledgments.** By submitting a Harvest Deferral Bid to NCX, Seller acknowledges and agrees that NCX has performed the following calculations on Seller’s behalf: (a) an analysis of the Assessment Area, as set forth in Exhibit D, including a determination of the Eligible Assessment Area; and (b) a determination of the quantity of the Maximum Harvest Deferral in the Eligible Assessment Area during the Performance Period, as set forth in Table 2. Any information with respect to these metrics is for Seller’s information only and has no legal effect, with the exception of information specified in an Accepted Bid that has effect as provided in this Agreement.

**B. Quantities and prices offered.** Seller may submit only one Harvest Deferral Bid for each Performance Period. The Harvest Deferral Bid must offer a whole number of Deferral Credits no less than 5 and not exceeding Seller’s Maximum Harvest Deferral.

**C. Timing.** Seller may submit its Harvest Deferral Bid at any time prior to the Bid Deadline. NCX shall have up to ninety (90) days after receipt of the Harvest Deferral Bid (the “**Offer Period**”) within which to accept the offer or any portion thereof. Seller agrees that if NCX accepts part of a Harvest Deferral Bid but the Offer Period has not ended, the Harvest Deferral Bid shall remain an open offer with respect to any unaccepted Deferral Credits, and NCX shall remain free to accept all or any portion of the offered but previously-unaccepted Deferral Credits until the end of the Offer Period.

#### **2.3 NCX Acceptance or Rejection**

**A. NCX discretion.** NCX may in an Accepted Bid, in its sole discretion, accept all or any portion(s) of the Deferral Credits offered in Seller’s Harvest Deferral Bid. NCX may, in its sole discretion, elect not to accept any of the Deferral Credits offered in Seller’s Harvest Deferral Bid. For the Parties’ reference, Exhibit B provides a hypothetical example of Harvest Deferral Bids and Accepted Bids.

**B. Modifications to Harvest Deferral Bid.** If NCX determines that Seller’s Harvest Deferral Bid is incomplete or contains any material error(s), NCX may, in its sole discretion, notify Seller and allow Seller to submit a corrected Harvest Deferral Bid. Notwithstanding any error, omission, or subsequent correction in a Harvest Deferral Bid, NCX may accept the original Harvest Deferral Bid with respect to any or all of the offered Deferral Credits unaffected by the correction.

**C. Accepted Bid.** NCX Acceptance of the Harvest Deferral Bid (in whole or in part) may be accomplished only by an Accepted Bid. Upon NCX Acceptance, the terms of this Agreement, subject to and including the Accepted Bid, shall be mutually binding and enforceable by each Party against the other.

## **2.4 No Recording of Agreement**

Neither Party shall, nor shall it cause or permit any affiliate, representative, agent, contractor, or other third party acting on its behalf to, file or record this Agreement or any notice or memorandum of this Agreement or its terms in the public records of any jurisdiction. Any failure to comply with this section by filing or recording or attempting to file or record this Agreement or any notice or memorandum of its terms shall be a material breach of this Agreement and shall not operate to bind either Party or otherwise bind or affect title to the Assessment Area or any other real property. The breaching Party shall immediately take steps to remove such filing or recording from the public record.

## **ARTICLE 3 OBLIGATIONS UPON AN ACCEPTED BID**

### **3.1 Seller's Obligations**

Upon NCX Acceptance, Seller agrees to take the following actions:

**A. Retention of timber to achieve Deferral Credits.** Seller shall take commercially reasonable steps to ensure that sufficient timber remains within the Eligible Assessment Area at the end of the Performance Period to achieve Deferral Credits equal to the Accepted Deferrals.

**B. Effect of change in ownership or control.** There shall be no change to either Party's rights or obligations under this Agreement as a result of any additional real property outside the Assessment Area coming under Seller's ownership or control during the Performance Period. If, at any time during the Performance Period, any portion of the real property in the Assessment Area is no longer under Seller's ownership or control (as applicable) for any reason, then:

1. None of Seller's obligations under this Agreement are required to, or shall, become obligations on the successor in interest to such real property unless NCX consents in writing to the assignment and the successor agrees in writing to assume such obligations pursuant to this section and Section 9.2.
2. Seller may submit a written request for NCX approval to assign all or part of Seller's rights and obligations under this Agreement to the successor in interest. Seller's request must provide sufficient spatial information for NCX to identify which portions of the property in the Assessment Area are no longer under Seller's ownership or control (as applicable). Seller's request must be provided to NCX no later than (a) twenty (20) Business Days after the change of control occurs, or (b) the last day of the Performance Period.
3. In response to such written request, NCX shall apportion the Maximum Harvest Deferral between the portion of the Assessment Area remaining under Seller's ownership or control (as applicable) and the land not so remaining. For avoidance of doubt, the sum of the Maximum Harvest Deferrals in any new Agreement(s) that is (are) signed as a result of assignment under this section shall equal the Maximum Harvest Deferral from this Agreement.
4. The Accepted Deferrals shall not change, regardless of any assignment pursuant to the preceding paragraphs. For avoidance of doubt, the sum of the Accepted Deferrals in any new Agreement(s) that is (are) signed as a result of assignment under this section shall equal the Accepted Deferrals from this Agreement.

For the Parties' reference, Exhibit B includes a hypothetical example of change of ownership or control.

**C. Effect of failure to retain sufficient timber.** If, for any reason, whether or not within Seller's anticipation or control, Seller does not retain sufficient standing timber in the Eligible Assessment Area to achieve the Accepted Deferrals during the Performance Period, NCX's payment obligation under this Agreement shall be reduced as stated in Section 3.2.C. For avoidance of doubt, natural disturbance (such as fire or windthrow) and other timber losses not reasonably within the Seller's control are considered the same as intentional harvesting activity for the purposes of this Section, but not for the purposes of determining Default under Section 8.1. See Section 8.1 for further information regarding Default.

**D. Grant of access.** Seller grants NCX and its affiliates, representatives, agents, and contractors, including third-party verifiers engaged on NCX's behalf and potential buyers of NCX Carbon Credits, a revocable license beginning on the date that NCX provides the Accepted Bid to Seller and lasting until the date one hundred and twenty (120) days after the Performance Period ends, to, upon reasonable notice to Seller, access any part of the Assessment Area to conduct investigations and measurements reasonably related to evaluating Deferral Credits or Seller's performance pursuant to this Agreement. In connection with this grant of access, Seller shall facilitate access to the Assessment Area by responding with reasonable promptness to communications on the matter and by providing pertinent information such as access codes, gate locations, and the like. NCX shall ensure that all third parties that access Seller's property pursuant to this grant of access have sufficient insurance coverage. NCX shall indemnify, defend, and hold Seller harmless from and against any and all liabilities, damages, costs, or expenses resulting from a claim, suit or proceeding which relate to the access granted under this Section 3.1.D, *except* to the extent that such claim, suit or proceeding results from the gross negligence or willful misconduct of Seller. If Seller revokes the license or interferes with access at any time prior to NCX's payment under Section 3.2, NCX may reduce or eliminate the Credited Deferrals and the amount of any payment due to Seller by an amount reasonably reflecting the uncertainty in Actual Deferrals resulting from the lack of access.

**E. Evidence of ownership or control.** Within fifteen (15) Business Days of any request from NCX, Seller shall deliver to NCX in electronic format evidence of Seller's ownership or control of the land and/or timber in the Assessment Area, as relevant and as defined in Section 4.1. This evidence shall be in the form of a recent (i) title insurance report, (ii) date down endorsement to an existing title policy or title report as to vesting, (iii) attorney's title opinion as to vesting, (iv) update to such a title opinion, (v) copy of the most recent deed, (vi) copy of the county tax assessor's property record card, or (vii) other evidence of ownership or control commonly relied on by buyers in the area, any of which must be acceptable to NCX in its reasonable, good faith determination. Any such evidence that covers other real property in addition to the land and/or timber in the Assessment Area shall be acceptable for purposes of this paragraph.

**F. Support of MCC certification.** Seller shall take commercially reasonable actions requested by NCX and provide any and all requested information necessary to support NCX's efforts to achieve MCC certification of the Deferral Credits and NCX Carbon Credits resulting from this Agreement; provided, however, that Seller's efforts in this respect shall be at no out of pocket cost to Seller, and also provided that NCX's obligation to pay Seller for Credited Deferrals shall not be dependent upon NCX's efforts or ability to achieve such MCC certification.

**G. Use and disclosure of information.** Seller consents to NCX's storage, use, and disclosure of information relating to the Assessment Area and all activities in furtherance of this Agreement to the extent needed to support issuance of the NCX Carbon Credits, certification of the NCX Carbon Credits by an MCC, or marketing of NCX Carbon Credits to prospective buyers.

**H. Consideration of timber harvest solicitation.** As a means of validating that the Maximum Harvest Deferral represents merchantable timber that may actually be harvested during the Performance Period, Seller agrees to give good faith consideration to solicitations for timber harvest on Seller's property, up to the Maximum Harvest Deferral quantity in amount, and arranged by NCX and its affiliates. For avoidance of doubt, the intention of this provision

is to ensure that the Seller only offers Deferral Credits in connection with timber that the Seller would otherwise actually consider harvesting during the Performance Period.

### **3.2 NCX Obligations**

**A. Determination of Actual Deferrals and Credited Deferrals.** Within sixty (60) days after the end of the Performance Period, NCX shall use remote sensing and analysis and/or field measurement to determine Seller's Actual Deferrals, the resulting Credited Deferrals, and the amount to be paid to Seller under Section 3.2.C. If the Actual Deferrals are less than or equal to zero, the Credited Deferrals shall be zero. If the Actual Deferrals are greater than zero, the Credited Deferrals shall be the lesser of (i) the Actual Deferrals, or (ii) 110% of the Accepted Deferrals. The methods and data used for these determinations shall be consistent in all material respects with those used to determine Seller's Maximum Harvest Deferral. NCX shall notify Seller of the results of these determinations.

**B. Review of determination.** If Seller believes the Actual Deferrals should be adjusted, then:

1. Seller shall, within fourteen (14) days after receiving notice of its Actual Deferrals, communicate to NCX the reasons for the proposed adjustment, along with any supporting information.
2. NCX shall promptly review any such information provided by Seller, and shall correspond with Seller as necessary to seek further information or clarification.
3. If after such correspondence either Party deems it necessary or appropriate, NCX shall engage consulting foresters or other third-party experts to visit and inspect relevant areas of the Assessment Area. By proposing an adjustment under this Section 3.2.B, Seller automatically extends the grant of access provided under Section 3.1.D up to the earlier of the completion of this review process or the date one (1) year after the Performance Period ends.
4. NCX shall review any third party's findings in good faith when considering whether to make adjustments. In all cases, NCX shall provide Seller with an explanation for its agreement or disagreement with the Seller's proposed adjustment or any portion thereof; if NCX agrees to some or all of the Seller's proposed adjustment, NCX shall promptly prepare a new written statement of the Actual Deferrals and Credited Deferrals and provide it to Seller.
5. NCX shall also provide to Seller an allocation of any third-party costs incurred under this Section, reflecting the degree to which NCX agreed with the proposed adjustment: a greater degree of agreement shall result in a lower allocation to Seller, and a lesser degree of agreement shall result in a higher allocation to Seller. To the extent Seller is allocated any portion of the third-party cost, NCX shall subtract such amount from the payments, if any, owed to Seller. If costs allocated to Seller exceed any payment owed to Seller by NCX, NCX shall issue an invoice to Seller for the excess, payable to NCX within thirty (30) days after receipt.

**C. Payment to Seller.** NCX shall pay Seller for all Credited Deferrals in an amount calculated as follows:

1. If the Credited Deferrals are between 95% and 110% of the Accepted Deferrals, NCX's payment obligation shall be the Accepted Price multiplied by the Credited Deferrals.
2. If the Credited Deferrals are less than 95% of the Accepted Deferrals, NCX's payment obligation shall be the Accepted Price multiplied by the Accepted Deferrals multiplied by an adjustment factor. The adjustment factor shall be equal to 95% reduced by 2% for each whole percentage point by which the Credited Deferrals is less than 95% of the Accepted Deferrals, but in no event shall the payment obligation be less than zero.



3. For example, if the Credited Deferrals are 94% of the Accepted Deferrals, the payment amount shall be 93% of the total contract value indicated in Table 4 of the Accepted Bid; if the Credited Deferrals are 90% of the Accepted Deferrals, the payment amount shall be 85% of the total contract value, and so on.

For the Parties' reference, Exhibit B contains a set of hypothetical examples of payments to sellers, and Exhibit C contains a graphical depiction of payment terms.

**D. Creation of NCX Carbon Credits.** After finalizing the Actual and Credited Deferrals and making payment to Seller, NCX intends to create NCX Carbon Credits in its own NCX Account in an amount that correlates to the Credited Deferrals. Each NCX Carbon Credit shall identify the Seller and the Performance Period. For the avoidance of doubt, NCX's obligation to pay Seller for Credited Deferrals shall not be dependent upon NCX's creation of NCX Carbon Credits.

**E. MCC certification.** NCX shall use commercially reasonable efforts to achieve certification by an MCC and tracking in the corresponding MCC Registry for all NCX Carbon Credits created pursuant to Section 3.2.

## ARTICLE 4 REPRESENTATIONS AND WARRANTIES

### **4.1. Seller's Representations and Warranties**

By submitting an executed Harvest Deferral Bid, Seller represents and warrants as follows:

**A. Control.** Seller has the right, without the consent of any third party (or in the case of an authorized representative of the legal owner(s), without any further permission or consent from the legal owner(s)), to (i) harvest, or defer the harvest of, the timber on all land within the Assessment Area, and (ii) sell to NCX all environmental attributes and rights to make environmental claims related to such harvest or deferred harvest as more fully described in Section 4.1.D. The person signing this Agreement on behalf of Seller has full legal capacity and authority to enter into and deliver this Agreement. Where Seller is acting as an authorized representative of the legal owner(s) of land within the Assessment Area, Seller has all consents and permission necessary to act on behalf of the legal owner(s), execute this Agreement, and perform all of the obligations under this Agreement on behalf of the legal owner(s).

**B. Assessment Area.** Seller's Assessment Area, as it is described in Exhibit D and used by NCX in its determination of Seller's Deferral Credits, satisfies one of the following two conditions: it is either (i) all timberland property within the contiguous United States that is owned by a particular owner or set of beneficial owners; or (ii) all timberland property within the contiguous United States over which a single property manager has been given legal managing authority on behalf of a particular owner or set of beneficial owners. All information provided by Seller to NCX related to the Assessment Area and Seller's interests therein is true and correct in all material respects.

**C. No encumbrances on land.** There are no encumbrances on any of the land within the Eligible Assessment Area that would impair or limit Seller's ability to harvest timber on such land other than constraints within the municipality, county, state, and/or country in which such land is located and applicable state and federal environmental law and regulations. None of the timber in the Eligible Assessment Area is subject to a contract, nor shall Seller enter into any such contract during the Performance Period, which gives any third party the right to purchase or harvest timber from the Eligible Assessment Area in quantities that would impair or restrict Seller from performing its obligations under this Agreement.

**D. No encumbrance of environmental attributes.** Seller holds full and exclusive legal and equitable title and rights, free and clear of all encumbrances, to any and all Deferral Credits resulting from Seller's deferral of timber

harvest during the Performance Period. Seller has not made, and will not make, any claim regarding carbon dioxide removals, environmental benefits, or any similar or related claim with respect to the deferral of timber harvest in the Eligible Assessment Area upon which Seller bases its offer of Deferral Credits. Seller has not conveyed the right or authorized any other entity, whether expressly or by implication, and whether formally or informally, to make any such environmental claim. Seller is not aware of any action, information, or circumstance that would interfere with the ability of NCX to make legitimate claims of carbon dioxide removal and other environmental benefits on the basis of Seller's deferred harvest contemplated in its Harvest Deferral Bid. To the extent that any third party ever held, or may have held, a lien against or interest in such Deferral Credits or associated right to make environmental claims, Seller has obtained a valid and binding release of such lien or interest.

**E. Material accuracy.** Seller is not aware of any material inaccuracy or omission in the description of the Assessment Area or Maximum Harvest Deferral provided by NCX and set forth in Table 2 and Exhibit D, and Seller will promptly notify NCX upon becoming aware of any such inaccuracy or omission.

**F. Activity-shifting leakage.** None of Seller or its affiliates, representatives, agents, or contractors will direct or advocate (including by or through a property manager) that any timberland property outside of the Assessment Area be managed in such a way as to intentionally modify or increase timber harvest during the Performance Period for the purpose of counteracting or otherwise offsetting Seller's commitments in this Agreement to defer timber harvest within the Assessment Area.

#### **4.2. NCX Representations and Warranties**

By providing Seller with an Accepted Bid, NCX represents and warrants as follows:

**A. No encumbrance of real property.** To the best of NCX's knowledge and understanding, nothing in the Agreement is intended to, or shall, constitute an encumbrance of any real property nor shall any obligations run with the land or be binding on Seller's successors or assigns. NCX shall not seek to enforce any remedy hereunder against any real property, unless and only to the extent that such remedy is available to an unsecured creditor.

**B. Information provided to Seller.** At the time NCX provided Seller any spatial data or information related to Seller's Deferral Credits, NCX was unaware of any material error or omission in such information. Any such information provided by NCX with respect to its determination of Deferral Credits was for Seller's information only, and any reliance by Seller on such information is at Seller's sole risk.

#### **4.3. Mutual Representations and Warranties**

Each Party (Seller by submitting an executed Harvest Deferral Bid, and NCX by providing Seller with an Accepted Bid) represents and warrants to the other as follows:

**A. Authority.** (i) Such Party is a person or legal entity duly formed and validly existing and in good standing under the laws of the state in which it is formed or incorporated, (ii) it has the full power and authority to execute, deliver, and perform this Agreement and to carry out the transactions contemplated hereby, (iii) its execution, delivery, and carrying out of the transactions contemplated herein have been duly authorized by all requisite entity action, and this Agreement has been duly executed and delivered by such Party and constitutes a legal, valid, and binding obligation of such Party, enforceable against it in accordance with the terms hereof, except to the extent that enforceability may be limited by bankruptcy or other similar laws generally affecting creditors' rights generally or by equitable principles, (iv) no authorization, consent, notice to, or registration or filing with any governmental authority or third party is required for the execution, delivery and performance by such Party hereof, (v) none of the execution, delivery, and performance by such Party hereof conflicts with or will result in a breach or violation of any law, contract, agreement, order, or instrument to which such Party is a party or is bound, (vi) there are no proceedings by or before any governmental authority, now pending or (to such Party's knowledge) threatened, that if adversely determined could have a material adverse effect on such Party's ability to perform its obligations

hereunder, (vii) it is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement 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 understanding, and does understand and accept the terms, conditions, and risks of this Agreement.

**B. No further representations or warranties.** Neither Party makes any representation or warranty to the other beyond those expressly stated in this Article 4.

## **ARTICLE 5 BILLING AND PAYMENT**

NCX shall pay any amount due within thirty (30) days of NCX's confirmation of the Credited Deferrals pursuant to Section 3.2. NCX shall have no obligation to pay for any purported deferrals of timber harvest by Seller exceeding the Credited Deferrals. All payments shall be made to Seller by wire transfer or in other immediately available federal funds in US Dollars. Prior to making any such payments, the Parties shall agree upon specific payment and wiring instructions.

## **ARTICLE 6 NOTICES**

All notices, requests, demands, offers, and other communications required or permitted to be made hereunder will be in writing and delivered to the applicable email or physical address and contact person set forth in the Accepted Bid, and will be effective only if delivered: (a) in person, (b) by a nationally recognized delivery service, (c) by United States Certified Mail, or (d) by electronic mail. Notices are effective when received, except that notice by email is effective on confirmation of receipt only. Either Party may change its address or contact person for notices by giving notice of such change consistent with this Article.

## **ARTICLE 7 GOVERNING LAW AND DISPUTE RESOLUTION**

This Agreement is governed by and construed in accordance with the laws of the State of New York without regard to its conflict of laws principles. Any claim, controversy or dispute arising under or relating to this Agreement that the Parties are unable to resolve themselves will be settled by binding arbitration in New York, New York, administered by JAMS in accordance with its then-current Comprehensive Arbitration Rules and Procedures, as modified or supplemented hereby, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. In the event of any suit, arbitration, or other proceeding between the Parties with respect to this Agreement or any of the transactions contemplated hereby or subject matter hereof, the prevailing Party will, in addition to such other relief as the court or arbitrator may award, be entitled to recover reasonable attorneys' fees and costs.

## **ARTICLE 8 EVENTS OF DEFAULT AND REMEDIES**

### **8.1. Default**

**"Default"** means, with respect to a Party (a **"Defaulting Party"**), the occurrence of any of the following:

- (a) the failure to make, when due, any payment required pursuant hereto if such failure is not remedied within five (5) Business Days after written notice of such failure is provided by the non-Defaulting Party;



- (b) any representation or warranty made by such Party herein is or becomes false or misleading in any material respect when made, and such Party does not cure the underlying facts so as to make such representation and warranty correct and not misleading within five (5) Business Days after written notice of such failure is provided by the non-Defaulting Party;
- (c) any bankruptcy, receivership, or insolvency petition or action is filed by or against such Party; or
- (d) such Party fails to perform or violates any other material covenant or obligation set forth herein if such failure or violation is not remedied within ten (10) Business Days after written notice of such failure is provided by the non-Defaulting Party.

Seller's failure to retain timber in the Eligible Assessment Area sufficient to meet the Accepted Deferrals shall not constitute a Default (although it may still result in reduced payment by NCX pursuant to Section 3.2); *provided that* (a) such failure was for reasons not reasonably within Seller's control, or (b) the Credited Deferrals are greater than 90% of Accepted Deferrals.

## **8.2. Remedies**

In the event of a Default, the non-Defaulting Party shall have the right, but not the obligation, to terminate this Agreement by providing written notice to the Defaulting Party. If Seller is the Defaulting Party, NCX shall have the right to exclude Seller from participating in any subsequent transactions under NCX for a period of three (3) years. If NCX is the Defaulting Party, Seller shall have the right to pursue any and all remedies available under applicable law.

## **8.3 Limitation on Damages**

In no event will either Party be liable to the other under this Agreement for any consequential, incidental (except for its reasonable costs and attorneys' fees pursuant to this Article 8), punitive, exemplary, or indirect damages in tort, contract, or otherwise.

## **8.4 No Recourse Against Real Property**

No obligation of Seller hereunder shall be secured by or deemed to create any right or interest in real property in the Assessment Area, and no remedy shall be available to NCX if its availability or exercise would constitute an encumbrance on such real property.

## **8.5 No Specific Performance**

Neither Party shall be liable for specific performance of any obligation under this Agreement. Each party expressly waives its right to seek or support specific performance as a remedy for any breach.

# **ARTICLE 9 STANDARD PROVISIONS**

## **9.1 Additional Documents**

Each Party, upon the reasonable request of the other Party, shall perform any further acts and execute and deliver such documents as may be reasonably necessary to carry out the intent and purpose of this Agreement.

## **9.2 Assignment**

Neither Party shall assign this Agreement, in whole or in part, without the other's written consent; except that a Party may, without consent, (i) pledge, encumber, or assign this Agreement or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements; (ii) assign this Agreement to an affiliate if the affiliate's creditworthiness is equal to or higher than that of the assigning Party; or (iii) assign this Agreement to any person or entity succeeding to all or substantially all of the assets of the assigning Party whose creditworthiness is equal to or higher than that of the assigning Party; *provided*, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions of this Agreement and reasonable prior notice of such assignment shall be given to the other Party; *provided further*, that the obligations of Seller under this Agreement may not be assigned except to a person or entity that owns or controls any real property within the Assessment Area. All of the rights, benefits, liabilities, and obligations of the Parties shall inure to the benefit of and be binding upon their respective permitted successors and permitted assigns. A Party's consent to any assignment shall not constitute or imply consent to any subsequent assignment. Any assignment of rights and/or obligations under this Agreement shall be subject to the limitations and conditions as set forth in this Section 9.2.

## **9.3 Audit and Inspection**

Seller shall maintain adequate records to assist NCX in meeting any reporting or registration requirements associated with the NCX Carbon Credits that may result from the deferred timber harvest contemplated by this Agreement. Seller shall provide such records upon reasonable notice from NCX. If any such examination reveals material inaccuracy in any statement, the Parties shall make the necessary adjustments promptly, and amounts discovered to be so due shall bear interest calculated at the Interest Rate from the date the overpayment or underpayment was made until paid.

## **9.4 Confidentiality**

All terms of this Agreement, including price and payment terms, are confidential and neither Party may disclose such confidential information to anyone, other than (i) as may be otherwise permitted in this Agreement or agreed to in writing by the Parties; (ii) to any of such Parties' directors, officers, partners, and employees and directors, officers, and employees of affiliated companies and representatives thereof or their advisors or auditors who need to know such information and agree to treat such information confidentially; (iii) to the extent required to be disclosed by applicable law or legal process; (iv) to the extent required to be disclosed to an MCC or pursuant to an Approved Methodology or other mandatory or voluntary methodology; (v) to any actual or potential lender or lenders providing financing to a Party or any of its affiliates, to any actual or potential investor in a Party or any of its affiliates, to any other potential acquirer of any direct or indirect ownership interest in a Party or any of its affiliates, to any advisor providing professional advice to Party or any of its affiliates, or to any such actual or potential lender, investor, or acquirer who needs to know such information and agrees to treat such information confidentially; (vi) to the extent used by NCX in calculating and disclosing aggregated pricing and quantity information about NCX for any purpose whatsoever; and (vii) to the extent disclosed by NCX on an anonymized basis. Subject to the limitations set forth in this Article 9, the Parties are entitled to all remedies available at law or in equity, including specific performance, to enforce this provision; however, neither Party will be liable for any damage suffered as a result of the use or disclosure of confidential information made in accordance with the express terms and conditions of this Agreement. This provision shall survive for a period of five (5) years following the full performance or termination of this Agreement pursuant to Section 2.1.

## **9.5 Counterparts**

A Harvest Deferral Bid and/or counter-signed Accepted Bid may be executed in multiple counterparts, signed counterparts hereof may be delivered by email or other electronic form, and all such counterparts taken together shall constitute one and the same original instrument.

## **9.6 Entire Agreement**

This Agreement (together with any Accepted Bid hereunder) constitutes the entire agreement between the Parties concerning the subject matter hereof, and supersedes all previous communications, representations, or contracts, either written or oral, that purport to describe or embody the subject matter hereof. There are no oral understandings, terms, or conditions and neither Party has relied upon any representation, express or implied, not contained in this Agreement.

## **9.7 Exhibits; Conflict with Accepted Bid**

The exhibits attached hereto are incorporated into this Agreement by reference. The exhibits may only be revised upon mutual agreement between the Parties unless otherwise specified in the exhibits. In the event of a conflict between the Accepted Bid and any other part of this Agreement, the terms of the Accepted Bid shall prevail.

## **9.8 No Third-Party Beneficiaries**

There are no intended third-party beneficiaries hereof, and this Agreement should not be construed to create or confer any right or interest in or to, or to grant any remedies to, any third party as a beneficiary of this Agreement or of any duty, obligation, or undertaking established herein.

## **9.9 Severability**

Any part hereof that is or becomes invalid, illegal, or unenforceable may be severed from the remainder hereof, and to the extent possible, the Parties will use reasonable efforts to replace any such part with provisions that preserve their original intent.

## **9.10 Survival Rights**

This Agreement will continue in effect after termination to the extent necessary to allow either Party to fulfill or enforce its respective rights or obligations that have accrued under this Agreement prior to such termination.

## **9.11 Waiver, Amendment**

None of the terms or conditions of this Agreement may be amended or waived except in writing and signed by the Parties. The Parties agree that no waiver, amendment, or modification of this Agreement will be established by conduct, custom, or course of dealing. The failure of a Party to require performance of any provision of this Agreement will not limit such Party's right to seek such performance at a later time. Similarly, a Party's waiver of its rights with respect to any Default or any other matter arising in connection with this Agreement will not be considered a waiver with respect to any subsequent Default or matter.

## **9.12 Change in Law**

If any statutes, rules, regulations, permits, or authorizations are enacted, amended, granted, or revoked which have the effect of changing the transfer and sale procedure set forth in this Agreement so that the implementation of this Agreement becomes impossible or impracticable, or otherwise revokes or eliminates the Approved Methodology, the Parties agree to negotiate in good faith to amend this Agreement to conform with such new statutes, regulations, or rules in order to maintain the original intent of the Parties under this Agreement.

## **9.13 Forward Contract**

The Parties acknowledge and agree that this Agreement constitutes a "forward contract" within the meaning of the U.S. Bankruptcy Code, and Buyer and Seller are "forward contract merchants" within the meaning of the U.S.

Bankruptcy Code. Each Party further agrees that, for all purposes of this Agreement, each Party waives and agrees not to assert the applicability of the provisions of 11 U.S.C. § 366 in any bankruptcy proceeding wherein such Party is a debtor.

#### **9.14 Relationship of the Parties**

The relationship of the Parties under this Agreement is that of independent contractors. The Parties specifically state their intention that this Agreement is not intended to create a partnership or any other co-owned enterprise unless specifically agreed to by the Parties in a separate written instrument. Except as specifically provided herein, each Party shall continue to have the right to contract independent of the other Party with individuals and entities. Each Party shall be responsible for its own operating expenses and personnel expenses.

#### **9.15 Indemnification and Hold Harmless**

NCX agrees to indemnify, defend and hold Seller harmless from any claims of third parties related to the sale of NCX Carbon Credits, except any claims resulting from Seller's negligence, misrepresentation, or any other Seller breach of this Agreement.

EXAMPLE

**EXHIBIT B**

**HYPOTHETICAL SELLER EXAMPLES**

The Ramon Family owns a few hundred acres of timberland in Alabama, which they enroll in NCX for the 1-year period from April 1, 2021 through March 31, 2022 (the “Performance Period”).

NCX assesses their property and determines that, under ordinary circumstances, some amount of harvesting activity would typically occur on the property during this 1-year period. Therefore, NCX determines that the property could generate up to 100 Deferral Credits by deferring some of the harvesting activity that would ordinarily occur. That means 100 is the Ramons’ “Maximum Harvest Deferral”.

The Ramon Family discusses the opportunity with their consulting forester and the local Extension forester, and then decides that they’d like to try selling some forest carbon into the NCX program. They decide to submit a bid.

*Example 1*

**Harvest Deferral Bid**

In this example, based on the conversation with their consulting forester, the Ramon Family decides that they would be willing to consider deferring all harvest activity on their property. In other words, they’d be willing to consider not doing any harvesting at all during this year. They decide they would be willing to make that commitment for a total payment of \$800.

Using Table 3 of this Agreement, the Ramon Family submits the following bid:

**TABLE 3: INFORMATION TO BE COMPLETED BY SELLER WITH ITS BID  
[EXAMPLE]**

<b>Offer Requirements</b>	<p>To complete the offer below, Seller must comply with the following requirements:</p> <ul style="list-style-type: none"><li>● Seller may complete <b><u>one (1) or more rows</u></b></li><li>● <b><u>Whole numbers</u></b> only (i.e. no decimals)</li><li>● Minimum offer is the <b><u>greater of:</u></b><ul style="list-style-type: none"><li>○ <b><u>5</u></b> Deferral Credits; or</li><li>○ If the Maximum Harvest Deferral specified in Table 2 is less than 10,000 Deferral Credits, <b><u>20% of the Maximum Harvest Deferral</u></b>; or</li><li>○ If the Maximum Harvest Deferral specified in Table 2 is greater than or equal to 10,000 Deferral Credits but less than 100,000 Deferral Credits, <b><u>10% of the Maximum Harvest Deferral</u></b>; or</li><li>○ If the Maximum Harvest Deferral specified in Table 2 is greater than or equal to 100,000 Deferral Credits, <b><u>5% of the Maximum Harvest Deferral</u></b></li></ul></li><li>● Quantities must be <b><u>non-decreasing</u></b> down the column below</li><li>● The maximum quantity offered per row in this Table 3 <b><u>must not exceed the Maximum Harvest Deferral</u></b> specified in Table 2</li></ul>
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<b>Irrevocable Offer</b>	Seller hereby irrevocably offers to sell Harvest Deferral Credits derived from the Eligible Assessment Area during the Performance Period in the following quantities, to be paid for at the following prices.		
	Seller acknowledges that NCX may accept some or all of this bid amount, i.e. NCX <b><u>may accept the quantity offered in any one row</u></b> in this Table 3, at a price equal to or greater than the price specified in that same row. Quantities across rows <b><u>will not be added together.</u></b>		
	Price (\$/Deferral Credit)	Quantity of Deferral Credits offered (total)	Checkbox indicates NCX Acceptance
	\$1	Deferral Credits	<input type="checkbox"/>
	\$2	Deferral Credits	<input type="checkbox"/>
	\$3	Deferral Credits	<input type="checkbox"/>
	\$4	Deferral Credits	<input type="checkbox"/>
	\$5	Deferral Credits	<input type="checkbox"/>
	\$6	Deferral Credits	<input type="checkbox"/>
	\$7	Deferral Credits	<input type="checkbox"/>
	<b>\$8</b>	<b>100</b> Deferral Credits	<input type="checkbox"/>
	\$9	Deferral Credits	<input type="checkbox"/>
	\$10	Deferral Credits	<input type="checkbox"/>
	\$11	Deferral Credits	<input type="checkbox"/>
	\$12	Deferral Credits	<input type="checkbox"/>
	\$13	Deferral Credits	<input type="checkbox"/>
	\$14	Deferral Credits	<input type="checkbox"/>
	\$15	Deferral Credits	<input type="checkbox"/>
	\$16	Deferral Credits	<input type="checkbox"/>
	\$17	Deferral Credits	<input type="checkbox"/>
	\$18	Deferral Credits	<input type="checkbox"/>
	\$19	Deferral Credits	<input type="checkbox"/>
	\$20	Deferral Credits	<input type="checkbox"/>
	\$21	Deferral Credits	<input type="checkbox"/>
	\$22	Deferral Credits	<input type="checkbox"/>
	\$23	Deferral Credits	<input type="checkbox"/>
	\$24	Deferral Credits	<input type="checkbox"/>
	\$25	Deferral Credits	<input type="checkbox"/>
	\$26	Deferral Credits	<input type="checkbox"/>
	\$27	Deferral Credits	<input type="checkbox"/>
	\$28	Deferral Credits	<input type="checkbox"/>
\$29	Deferral Credits	<input type="checkbox"/>	
\$30	Deferral Credits	<input type="checkbox"/>	

By submitting the bid above, the Ramon Family is making an offer to NCX that they'd be willing to defer all timber harvest from their property for a total payment of \$800, or \$8 for each of their 100 potential Deferral Credits.

**Bid Acceptance**

NCX countersigns and returns this Agreement to the Ramon Family with an Accepted Bid, indicating that they are accepting the entire quantity that the family offered. This is indicated by an 'x' in the checkbox in Table 3:

	Etc.		Deferral Credits	<input type="checkbox"/>
	\$7		Deferral Credits	<input type="checkbox"/>
	\$8	100	Deferral Credits	<input checked="" type="checkbox"/>
	\$9		Deferral Credits	<input type="checkbox"/>
	Etc.		Deferral Credits	<input type="checkbox"/>

In addition, NCX completes the information set forth in Table 4 as follows:

**TABLE 4: INFORMATION TO BE COMPLETED BY NCX UPON ACCEPTANCE [EXAMPLE]**

<b>NCX Acceptance</b>  (Also indicated by a <i>checkbox</i> in Table 3)	Accepted Deferrals (Deferral Credits)	100
	Accepted Price (\$ / Deferral Credit)	\$8
	Total contract value	\$800
<b>Start Date of Performance Period</b>	April 1, 2021	
<b>End Date of Performance Period</b>	March 31, 2022	

When NCX returns the completed Agreement to the Ramon Family, the Parties have now agreed that the “Accepted Deferrals” are 100 Deferral Credits.

**Performance Period**

During the period from April 1, 2021 through July 31, 2022, NCX or its affiliates may or may not access the Ramon Family property to take ground measurements. If they do, they’ll use the contact information the Ramons provided to arrange the visit.

**Results and Payment**

At the end of the year, NCX assesses the timber standing on the Ramon Family property, and in doing so assesses whether any disturbance has occurred during the year.

As they committed, the Ramon Family did not harvest any timber during the Performance Period. However, a windstorm knocked down a few acres of their timber.

As a result, NCX determines that the Ramons delivered 97 of the 100 Deferral Credits they’d committed to; 97 is now considered their “Credited Deferrals”.

Because 97/100 exceeds the 95% threshold for payment without penalty, the Ramon Family receives a payment of  $97 * \$8 = \$776$ .

**Summary of Commercial Terms (Example 1)**

Maximum Harvest Deferral	100 Deferral Credits
Accepted Price	\$8 / Deferral Credit
Accepted Deferrals	100 Deferral Credits
Total contract value	\$800
Disturbance/removals amount detected	3 Deferral Credits
Actual Deferrals	97 Deferral Credits
Credited Deferrals	97 Deferral Credits
Payment due to the family	\$776 (\$8 * 97)

*Example 2*

**Harvest Deferral Bid**

In this second example, based on the conversation with their consulting forester, the Ramon Family decides that they would be willing to consider deferring all harvest activity on their property—but only if the price is high enough. If the price of carbon through NCX doesn’t turn out to be as high as they’re hoping, they’d still be willing to defer half of the harvest activity on their property for a lower price.

Using Table 3 of this Agreement, the Ramon Family submits the following bid:

**TABLE 3: INFORMATION TO BE COMPLETED BY SELLER WITH ITS BID  
[EXAMPLE]**

<p><b>Offer Requirements</b></p>	<p>To complete the offer below, Seller must comply with the following requirements:</p> <ul style="list-style-type: none"> <li>● Seller may complete <b><u>one (1) or more rows</u></b></li> <li>● <b><u>Whole numbers</u></b> only (i.e. no decimals)</li> <li>● Minimum offer is the <b><u>greater of:</u></b> <ul style="list-style-type: none"> <li>○ <b><u>5</u></b> Deferral Credits; or</li> <li>○ If the Maximum Harvest Deferral specified in Table 2 is less than 10,000 Deferral Credits, <b><u>20% of the Maximum Harvest Deferral</u></b>; or</li> <li>○ If the Maximum Harvest Deferral specified in Table 2 is greater than or equal to 10,000 Deferral Credits but less than 100,000 Deferral Credits, <b><u>10% of the Maximum Harvest Deferral</u></b>; or</li> <li>○ If the Maximum Harvest Deferral specified in Table 2 is greater than or equal to 100,000 Deferral Credits, <b><u>5% of the Maximum Harvest Deferral</u></b></li> </ul> </li> <li>● Quantities must be <b><u>non-decreasing</u></b> down the column below</li> <li>● The maximum quantity offered per row in this Table 3 <b><u>must not exceed the Maximum Harvest Deferral</u></b> specified in Table 2</li> </ul>
<p><b>Irrevocable Offer</b></p>	<p>Seller hereby irrevocably offers to sell Harvest Deferral Credits derived from the Eligible Assessment Area during the Performance Period in the following quantities, to be paid for at the following prices.</p>



<p>Seller acknowledges that NCX may accept some or all of this bid amount, i.e. NCX <b>may accept the quantity offered in any one row</b> in this Table 3, at a price equal to or greater than the price specified in that same row. Quantities across rows <b>will not be added together</b>.</p>		
Price (\$/Deferral Credit)	Quantity of Deferral Credits offered (total)	Checkbox indicates NCX Acceptance
\$1	Deferral Credits	<input type="checkbox"/>
\$2	Deferral Credits	<input type="checkbox"/>
\$3	Deferral Credits	<input type="checkbox"/>
\$4	Deferral Credits	<input type="checkbox"/>
\$5	Deferral Credits	<input type="checkbox"/>
<b>\$6</b>	<b>50 Deferral Credits</b>	<input type="checkbox"/>
\$7	Deferral Credits	<input type="checkbox"/>
\$8	Deferral Credits	<input type="checkbox"/>
\$9	Deferral Credits	<input type="checkbox"/>
<b>\$10</b>	<b>100 Deferral Credits</b>	<input type="checkbox"/>
\$11	Deferral Credits	<input type="checkbox"/>
\$12	Deferral Credits	<input type="checkbox"/>
\$13	Deferral Credits	<input type="checkbox"/>
\$14	Deferral Credits	<input type="checkbox"/>
\$15	Deferral Credits	<input type="checkbox"/>
\$16	Deferral Credits	<input type="checkbox"/>
\$17	Deferral Credits	<input type="checkbox"/>
\$18	Deferral Credits	<input type="checkbox"/>
\$19	Deferral Credits	<input type="checkbox"/>
\$20	Deferral Credits	<input type="checkbox"/>
\$21	Deferral Credits	<input type="checkbox"/>
\$22	Deferral Credits	<input type="checkbox"/>
\$23	Deferral Credits	<input type="checkbox"/>
\$24	Deferral Credits	<input type="checkbox"/>
\$25	Deferral Credits	<input type="checkbox"/>
\$26	Deferral Credits	<input type="checkbox"/>
\$27	Deferral Credits	<input type="checkbox"/>
\$28	Deferral Credits	<input type="checkbox"/>
\$29	Deferral Credits	<input type="checkbox"/>
\$30	Deferral Credits	<input type="checkbox"/>

By submitting the bid above, the Ramon Family is making an offer to NCX that they'd be willing to defer half of the timber harvest on their property (50 Deferral Credits) for a total payment of \$300 (50 credits \* \$6), or alternatively they'd be willing to defer all of the harvest for a total payment of \$1,000 (100 credits \* \$10). They know that NCX may choose to accept all or part of their offer, and in the event that NCX only accepts part of it, they plan to go ahead and undertake some harvesting.

**Bid Acceptance**

NCX countersigns and returns this Agreement to the Ramon Family with an Accepted Bid, indicating that they are accepting half of the total quantity that the family offered. This is indicated by an 'x' in the checkbox in Table 3:

	Etc.	Deferral Credits	<input type="checkbox"/>
	\$5	Deferral Credits	<input type="checkbox"/>
	\$6	50 Deferral Credits	<input checked="" type="checkbox"/>
	\$7	Deferral Credits	<input type="checkbox"/>
	Etc.	Deferral Credits	<input type="checkbox"/>

The market-clearing price of a Deferral Credit for landowners like the Ramon Family turns out to be \$8—higher than the \$6 their bid required for 50 credits. As a result, NCX completes the information set forth in Table 4 as follows:

**TABLE 4: INFORMATION TO BE COMPLETED BY NCX UPON ACCEPTANCE [EXAMPLE]**

<b>NCX Acceptance</b>  (Also indicated by a <i>checkbox</i> in Table 3)	Accepted Deferrals (Deferral Credits)	50
	Accepted Price (\$ / Deferral Credit)	\$8
	Total contract value	\$400
<b>Start Date of Performance Period</b>	April 1, 2021	
<b>End Date of Performance Period</b>	March 31, 2022	

When NCX returns the completed Agreement to the Ramon Family, the Parties have now agreed that the “Accepted Deferrals” are 50 Deferral Credits. The family is free to harvest up to 50 Deferral Credits worth of timber and still satisfy their obligations to NCX, barring any other unintended timber losses.

**Performance Period**

During the period from April 1, 2021 through July 31, 2022, NCX or its affiliates may or may not access the Ramon Family property to take ground measurements. If they do, they’ll use the contact information the Ramons provided to arrange the visit.

**Results and Payment**

At the end of the year, NCX assesses the timber standing on the Ramon Family property, and in doing so assesses whether any disturbance has occurred during the year.

The assessment shows that 40 Deferral Credits of timber were removed from the property.

As a result, NCX determines that the Ramons’ “Actual Deferrals”—the amount of predicted harvest activity they deferred—was 60 Deferral Credits (maximum of 100 minus removals of 40). This means that the Ramon Family delivered more credits than their obligation under the Agreement.

Per the terms of the Agreement, they will get credit for the extra deferrals they delivered, but only up to 110% of their Accepted Deferrals, or 55 credits. As a result, 55 credits are considered their “Credited Deferrals”.

Because they met (and exceeded) their obligations, the Accepted Price is paid in full and the Ramon Family receives a payment of  $55 * \$8 = \$440$ .

**Summary of Commercial Terms (Example 2)**

Maximum Harvest Deferral	100 Deferral Credits
Accepted Price	\$8 / Deferral Credit
Accepted Deferrals	50 Deferral Credits
Total contract value	\$400
Disturbance/removals amount detected	40 Deferral Credits
Actual Deferrals	60 Deferral Credits
Credited Deferrals	55 Deferral Credits
Payment due to the family	\$440 ( $\$8 * 55$ )

*Example 3*

**Harvest Deferral Bid**

In this example, based on the conversation with their consulting forester, the Ramon Family decides that they would be willing to consider deferring all harvest activity on their property for a total payment of \$800 (similar to Example 1 above).

Their bid is the same as Example 1.

**Bid Acceptance**

NCX countersigns and returns this Agreement to the Ramon Family with an Accepted Bid, in the same fashion as Example 1. Here, as in Example 1, the Parties have now agreed that the “Accepted Deferrals” are 100 Deferral Credits.

**Performance Period**

During the period from April 1, 2021 through July 31, 2022, NCX or its affiliates may or may not access the Ramon Family property to take ground measurements. If they do, they’ll use the contact information the Ramons provided to arrange the visit.

Also during the year, the Ramon Family falls on financial hardship and makes the difficult decision to quickly sell part of the family property.

The family decides they would like to try to partially assign their NCX obligations to the new landowner as part of the transaction, so they alert NCX of the pending land sale. Per Section 3.1.B of the Agreement, NCX informs the Ramons that if the agreement is partially assigned to the new landowner, the Maximum Harvest Deferral of 100 will be apportioned between the sold acres and their retained acres in the following way:

Sold acres / new landowner	10 Deferral Credits
Retained acres / Ramon Family	90 Deferral Credits

As the Seller on the Agreement, the Ramon Family now has two options. If the Agreement is not partially assigned to the new landowner, the Ramon Family is still obligated to deliver the 100 Deferral Credits; their Maximum Harvest Deferral will remain set at 100 Deferral Credits; and all acres (i.e. both sold and retained) will be used to assess their performance at the end of the Performance Period.

Alternatively, if the Agreement *is* partially assigned to the new landowner, two Agreements will take the place of the original Ramon Family Agreement, and the Maximum Harvest Deferral in those two Agreements will be set as indicated by the apportionment above. The Ramon Family will need to decide along with the new landowner what the Accepted Deferrals will be in each new Agreement, and the Accepted Deferrals will need to total up to 100.

After discussing all this with the new landowner, the new landowner is unwilling to accept assignment of the agreement. None of the family’s obligations are required to transfer to the new landowner, so the existence of the NCX program doesn’t complicate or prevent the land sale.

### Results and Payment

At the end of the year, since no part of the NCX Agreement was assigned to the new landowner, NCX assesses the timber standing on the entire original 100 acres of the Ramon Family property, and in doing so assesses whether any disturbance has occurred during the year.

As they committed, the Ramon Family did not harvest any timber during the Performance Period. On the 10 acres that were sold, however, the new landowner decided to go ahead and harvest 10 Deferral credits’ worth of timber, so it is assessed that both their Actual Deferrals and Credited Deferrals are 90.

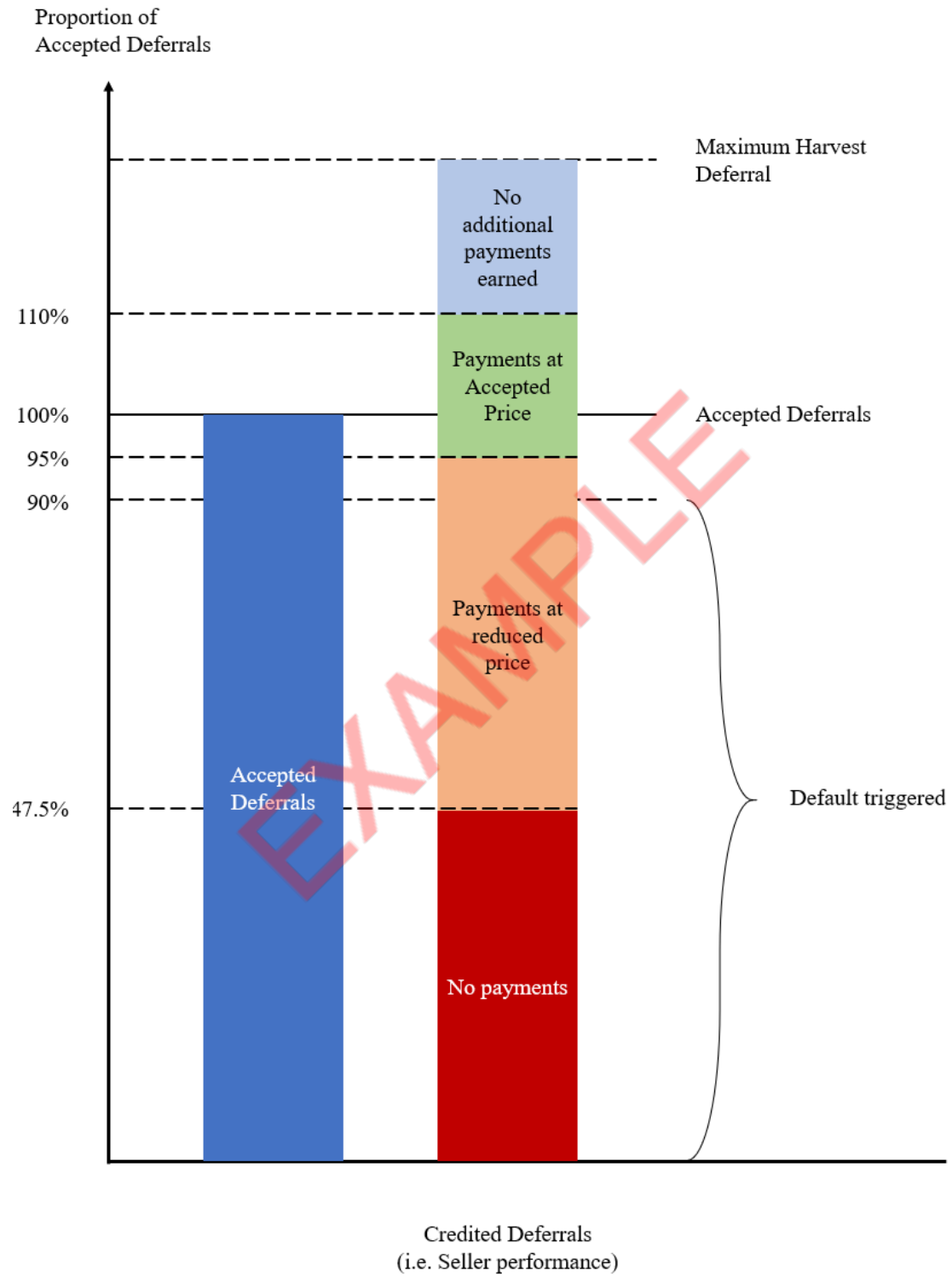
Because 90/100 falls below the 95% threshold for payment without penalty, the Ramon Family receives a reduced price for their Deferral Credits. They delivered at the 90% level, however, so Default provisions were not triggered. They receive a payment for their delivered credits of  $90 * (\$8 * 85\%) = \$612$ .

### Summary of Commercial Terms (Example 3)

Maximum Harvest Deferral	100 Deferral Credits
Accepted Price	\$8 / Deferral Credit
Accepted Deferrals	100 Deferral Credits
Total contract value	\$800
Maximum Harvest Deferral after partial land sale	100 Deferral Credits (unchanged)
Disturbance/removals amount detected	10 Deferral Credits
Actual Deferrals	90 Deferral Credits
Credited Deferrals	90 Deferral Credits
Payment due to the family	\$612 $([\$8 * 85\%] * 90)$

**EXHIBIT C**

**ILLUSTRATION OF SELLER PERFORMANCE AND PAYMENTS**



**EXHIBIT D**

**INFORMATION ABOUT SELLER'S PROPERTY AND MAP OF ASSESSMENT AREA**

Address or location of Seller's property: \_\_\_\_\_

Total acreage: \_\_\_\_\_

Property map:

EXAMPLE