VOLUME 3:
PPP AGREEMENT (DRAFT)

CONCESSION AGREEMENT
DRAFT

BY & BETWEEN

GOVERNMENT OF BALOCHISTAN
(THROUGH SECRETARY, FOREST AND WILDLIFE DEPARTMENT)
(AS THE IMPLEMENTING AGENCY)

AND

[•][1]
(AS THE **CONCESSIONAIRE**)

IN RESPECT OF
THE CONCESSION FOR DEVELOPMENT, PROCUREMENT, FINANCE, OPERATIONS AND MAINTENANCE OF
CARBON OFFSET PROJECT TO
DESIGN, BUILD, FINANCE, OPERATE, MAINTAIN AND TRANSFER -AFFORESTATION, REFORESTATION AND REVEGETATION (ARR) PROJECT IN BALOCHISTAN

DATED: AS OF ____________________

[1] To be inserted

TABLE OF CONTENTS

CONCESSION AGREEMENT

This **CONCESSION AGREEMENT** (this **Agreement**) is entered into on this **________** day of _____________, 2026 at Quetta, Balochistan, Pakistan:

BY AND BETWEEN

THE GOVERNMENT OF BALOCHISTAN (THROUGH SECRETARY, FOREST AND WILDLIFE DEPARTMENT) having its offices at [•][2] acting for and on behalf of the Government of Balochistan (the **Implementing Agency**);

AND

[•], a company incorporated under the Applicable Laws of Pakistan, having its registered office located at **[•]** (the **Concessionaire**, which expression shall, where the context so permits, be deemed to mean and include its successors-in-interest and permitted assigns);

(the Implementing Agency and the Concessionaire are hereinafter collectively referred to as the **Parties** and each individually as a **Party**).

RECITALS

A. On [•][3], a Request for Proposals (together with the related advertisements) (the **RFP**) was issued by the Implementing Agency to prospective bidders for, *inter alia*, inviting submission of bids for grant of the Concession for the implementation of the Project through public private partnership, on a DFBOT basis and subsequently, upon conclusion of the bidding process pursuant to the RFP (the **Bidding Process**), the Sponsor was selected by the Implementing Agency for such purposes. The letter of award was issued to the Sponsor by the Implementing Agency on [•][4].

B. In accordance with the requirements of the RFP and the terms of the Bid (as defined herein below) submitted by the Sponsor, the Sponsor has incorporated the Concessionaire as a special purpose vehicle to implement the Project before or after the signing of the Agreement and the Implementing Agency has agreed to grant to the Concessionaire the right and obligation to implement the Project on the terms and conditions contained in this Agreement.

C. The Parties are now entering into this Agreement to set out the terms and conditions applicable to, *inter alia*, the Concession and the implementation of the Project and the relationship of Implementing Agency and the Concessionaire and their rights and obligations.

NOW, THEREFORE, this Agreement witnesseth and it is hereby agreed to by and between the Parties as follows:

1. DEFINITIONS & INTERPRETATION

1.1 DEFINITIONS

In this Agreement (including the Recitals), unless the context shall otherwise require:

Accounting Year means in respect of the Concessionaire, the financial year commencing from 1st day of July of any calendar year and ending on 30th day of June of the next calendar year;

Additional Cost means the additional capital expenditure and/or the additional operating cost and/or, any adverse financial impact on the Concessionaire and/or additional taxes and/or all of the above as the case may be, which the Concessionaire has or would be required to incur and which has/have arisen as a consequence of Change of Scope; provided, that the Additional Costs shall be paid directly to the Concessionaire by the Implementing Agency in terms of this Agreement;

Administrator Event means the suspension of some or all of the processes of the Project Carbon Standard Body due to:

(a) a security breach or following reasonable suspicion of a breach of security which threatens the integrity of the Project Carbon Standard Registry (including any backup facilities);

(b) scheduled or emergency maintenance; and/or

(c) the failure to operate and maintain the Project Carbon Standard Registry in accordance with its rules and regulations;

Adverse Carbon Market Event means the prolonged and indefinite suspension or termination of major Carbon Markets, with no feasible alternative to sell the Carbon Credits, which materially affects the financial viability of the Project, as determined in accordance with Section 14.1 (Adverse Carbon Market Event);

Adverse Carbon Market Event Termination Amount shall have the meaning ascribed thereto in **SCHEDULE K** (***Termination Payment***);

Adverse Tree Event means any event, act, omission or circumstance not attributable to the Concessionaire that causes or results in a material reduction in the number, survival rate, health or growth of any trees or plants forming part of the Plantation Works or the Concession Assets, including, without limitation, any failure by the Implementing Agency to maintain, protect or monitor the planted mangroves prior to the Plantation Works Completion Date;

Agreement means this '*Concession Agreement*' including the Recitals, Main Body and all Schedules attached hereto;

Ancillary Activities means, other than carbon sequestration, any forest ecosystem goods and services, including, inter alia, with respect to timber, fuel, fruits, fodder or other byproducts and/or bio-diversity credits, and eco-tourism;

Ancillary Activities Agreement means an agreement, other than a Carbon Credit Sale Agreement, entered into between the Concessionaire and a counterparty with respect to any Ancillary Activities;

Applicable Laws means all applicable federal, provincial and local laws, promulgated or brought into force and effect in Pakistan, as the case may be, including regulations and rules made thereunder, and judgments, decrees, injunctions, writs and orders of any court of record, including Environmental Legal Requirements and Environmental Standards, as may be in force and effect during the subsistence of this Agreement;

Applicable Standards means the standards, specifications, requirements and criterion set out in relation to and applicable to:

(a) the Project Works;

(b) the Project and its implementation;

(c) the Concession Assets; and

(d) the performance by the Concessionaire, Sponsor and the Implementing Agency (as applicable) of their respective obligations under the Implementing Agency Agreements;

in each case above, as contained and set out in (as applicable):

(i) this Agreement (including all Schedules attached hereto);

(ii) the Implementing Agency Agreements;

(iii) the Applicable Laws,

provided, however, that in the event of any discrepancy in the standards, requirements and critera set out in the abovementioned, the standards, requirements and criterion in accordance with nationally and internationally accepted standards as per Good Industry Practice (as applicable), shall apply (unless otherwise mutually agreed between the Parties);

Arbitration Act means the Arbitration Act, 1940 and shall include modifications to or any re-enactment thereof as in force from time to time;

ARR means afforestation, reforestation, and revegetation;

Associate or **Affiliate** means, in relation to either Party and/or the Sponsor, a Person who controls, is controlled by, or is under the common control with such Party and/or the Sponsor (as used in this definition, the expression "*control*" means, with respect to a Person which is a company or corporation, the ownership, directly or indirectly, of more than fifty per cent (50%) of the voting shares of such person and the power to direct the management and policies of such Person, whether by operation of law or by contract or otherwise, and with respect to a Person which is not a company or corporation, the power to direct the management and policies of such Person, whether by operation of law or by contract or otherwise);

Available Distributable Revenues means, in respect of a Revenue Evaluation Period, the amount equivalent to the Project Revenues actually realized and credited to the Revenue Account during such Revenue Evaluation Period less the Expenditures for such Revenue Evaluation Period.

Award shall have the meaning ascribed thereto in Section 26.3.4;

Baseline means the quantified level of anthropogenic emissions by sources or anthropogenic removal by sinks of GHGs that would otherwise have occurred at the Project Site in the absence of the Project, as determined through the applicable tools of the Project Carbon Standard;

Baseline Assessment Report shall have the meaning ascribed thereto in Section 12.3.1;

Baseline Assessments means the assessments to be undertaken by the Concessionaire to establish the Baseline for the Project, as set out in the Applicable Standards (including as set out in the Scope of the Project);

Bid means the technical and financial bid of the Sponsor with respect to the Project submitted to the Implementing Agency on [•][5];

Bid Submission Date means the date on which the Bid is submitted;

Bidding Process shall have the meaning ascribed thereto in Recital A above;

Board of Arbitrators shall have the meaning ascribed thereto in Section 26.3.1;

Board Resolution means a resolution passed by the board of directors of the Concessionaire authorizing the Concessionaire to, *inter alia*, enter into this Agreement;

Buffer Credit(s) means any carbon credits which are required to be deposited into the buffer pool managed by the Project Carbon Standard Body, to address the risk of unforeseen losses associated with the Project's carbon stocks;

Carbon Credit(s) means a unit or tradable certificate or permit Issued in accordance with the Project Carbon Standard representing the GHG Reduction or Removal;

Carbon Credit Sale Agreement means an agreement between the Concessionaire and a Customer for the sale and purchase of Carbon Credits Issued or to be Issued;

Carbon Market(s) means systems that enable governments and non-state actors to buy and sell carbon credits through, *inter alia*, bilateral transactions and market frameworks, and includes compliance and voluntary markets;

Carbon Monetization Data Availability Date means the date on which Carbon Revenues are, for the first time, received by the Concessionaire for a continuous period of three (3) years;

Carbon Policies shall mean the Pakistan Policy Guidelines for Trading in Carbon Markets and any guidelines, regulations and policies issued by any Government Authority in Pakistan relating to the carbon governance framework, including carbon credit issuance, carbon trading, Carbon Markets, national commitments, carbon financing and carbon pricing, as may be amended, substituted or replaced from time to time;

Carbon Revenue(s) means the revenue generated by the Concessionaire through sale of Carbon Credits;

Carbon Standard means the standards, frameworks, methodologies, rules, requirements, and guidelines established and administered by a Carbon Standard Body to operationalize the validation of ARR projects and programmes, and the verification of the outcomes achieved by such projects and programmes;

Carbon Standard Body means the entity which establishes, administers, and develops the Carbon Standards;

Carbon Standard Documents shall have the meaning ascribed thereto in Section 12.2.1;

Carbon Standard Registry means an operational and secure electronic system approved, authorised or recognised by a Carbon Standard Body that allows for, amongst other things, the issuance, holding, cancelling, or transferring of carbon credits;

Change in Law means the Change in Law (Local) and Change in Law (Foreign);

Change in Law (Foreign) means any of the following events with respect to the Project Carbon Standard, Carbon Market regulations or international climate agreements, to the extent that such events arise under a law other than the laws of Pakistan or a requirement imposed by a Government Authority outside of Pakistan;

(a) the introduction, adoption, enactment or promulgation of any new requirements, compliances, obligations, procedures, rules, standards, methodology, levy, charges or restrictions;

(b) the amendment, variation, reinterpretation, supplementation, extension, replacement or repeal of any existing requirement, compliance obligation, procedure, rule, standard, methodology, levy, charge or restriction;

(c) the introduction, adoption, change or repeal of any material condition in connection with the Registration of the Project or the Issuance, Transfer, or Retirement of any Carbon Credits;

Change in Law (Local) means the occurrence of any of the following events on or after the Bid Submission Date:

(a) the introduction, adoption, enactment or promulgation of any new federal, provincial or local government law;

(b) the repeal, change, modification or re-enactment of any existing federal, provincial or local government law;

(c) the introduction, adoption, change imposition by a Government Authority of any condition in connection with the issue, renewal, or modification of any Implementing Agency Permit, or the imposition of any additional Implementing Agency Permit; and

(d) a change in the interpretation or application of any Applicable Law by a court of record or a Government Authority as compared to such interpretation or application prior to the date of this Agreement;

provided, that any:

(i) coming into effect, on or after the Bid Submission Date, of any provision of a statute which is already gazetted in accordance with the Applicable Laws prior to the Bid Submission Date; or

(ii) any new Applicable Law or any change in the existing Applicable Law under the active consideration of or in the contemplation of the Implementing Agency or the Government of Pakistan as of the Bid Submission Date, which is already gazetted in accordance with the Applicable Laws prior the Bid Submission Date,

shall not constitute a '*Change in Law (Local)*';

Change of Scope shall have the meaning ascribed thereto in Section 15.1 (*Change of Scope*);

Change of Scope Notice shall have the meaning ascribed thereto in Section 15.2.2;

Co-benefits means any community, biodiversity or other related benefits recognized under the Project Carbon Standard, resulting from the Project Works;

Commencement Certificate means a certificate to be jointly issued in writing by the Independent Expert and the Independent Auditor to the Concessionaire and copied to the Implementing Agency in accordance with Section 3.3 (*Commencement Certificate & Commencement Date*);

Commencement Date means the date set out in the Commencement Certificate being the date on which each of the Conditions Precedent stand satisfied, waived and/or deferred;

Commercial Operations Date means the date on which the Operations Period shall commence, such period commencing on the day immediately succeeding the Substantial Completion Date;

Comparable Project means such project as is comparable to the Project, the same being the project selected by the Independent Expert from a list of three comparable projects identified by the Concessionaire;

Concession means the right granted by the Implementing Agency to the Concessionaire to develop, build, operate and maintain the Concession Assets and carry out all other works that may be required to carry out such development, operation and maintenance in accordance with the terms of this Agreement, during the Concession Period;

Concession Assets means the Temporary Concession Assets and Permanent Concession Assets; provided, however, that the term "*Concession Assets*" shall expressly exclude any and all Carbon Credits (whether issued, verified, banked or in the process of verification) and all legal and beneficial title, rights, interests, offsets, and environmental attributes (whether tangible or intangible) associated therewith;

Concession Period means, in respect of the Concession and the Concession Assets, the period commencing on the Commencement Date and ending on the Trigger Date;

Concessionaire shall have the meaning ascribed thereto in the Preamble;

Concessionaire Authorized Representative shall have the meaning ascribed thereto in Section 7.4.1;

Concessionaire Conditions Precedent shall have the meaning ascribed thereto in Section 3.1.2;

Concessionaire Default Termination Amount shall have the meaning ascribed thereto in **Schedule K** (***Termination Payment***);

Concessionaire Development Works means the development works to be performed by the Concessionaire as described in **Schedule N** (*Concessionaire Development Works*), including, without limitation:

(a) the preparation, finalisation and submission of the Project Design Document;

(b) procurement of validation services;

(c) registration of the Project with the Project Carbon Standard Body;

(d) establishment and operation of the Monitoring, Reporting and Verification system;

(e) procurement of periodic verification and issuance of Verified Carbon Units; and

(f) the maintenance, protection and continued development of the Concession Assets following the Plantation Works Completion Date until the achievement of the Substantial Completion Criteria;

Concessionaire Engaged Persons means each of the Concessionaire's representatives (including the Concessionaire Authorized Representative), agents, executives, contractors, employees, subcontractors, vendors, suppliers, parties with whom it has entered into the Project Agreements, Contractors and other personnel, in each case, that are engaged, hired, appointed, contracted (directly or indirectly) by the Concessionaire for the performance of Project Works or any part thereof;

Concessionaire Event of Default shall have the meaning ascribed thereto in Section 21.1.1 (*Concessionaire Event of Default*);

Concessionaire Indemnified Persons shall have the meaning ascribed thereto in Section 9.1.2;

Concessionaire Preliminary Notice shall have the meaning ascribed thereto in Section 22.2.1;

Concessionaire Revenue Share means, in any given Revenue Evaluation Period, an amount equivalent to [•][6] percent ([•][7]%) of the Available Distributable Revenues.

Conditions Precedent shall have the meaning ascribed thereto in Section 3.1 (*Conditions Precedent*);

Contractor(s) means the Development Contractor and the O&M Contractor and any of the Concessionaire's other direct contractors and any of their direct sub-contractors integrally involved in the Project for the performance of Project Works (or any part thereof);

Corporate Documents means the constitutional documents and the corporate authorizations set out in **SCHEDULE F** (***Corporate Documents***);

Corrupt Act means:

(a) offering, giving or agreeing to give to the Implementing Agency, a Government Authority or to any Person employed by or on behalf of the Implementing Agency and/or a Government Authority any gift or consideration of any kind as an inducement or reward:

(i) for doing or not doing (or for having done or not having done) any act in relation to the obtaining or performance of this Agreement or any other contract relating to this Agreement with the Implementing Agency and/or a Government Authority; or

(ii) for showing or not showing favor or disfavor to any Person in relation to this Agreement or any other contract relating to this Agreement with the Implementing Agency and/or a Government Authority;

(b) entering into this Agreement or any other contract relating to this Agreement with the Implementing Agency and/or a Government Authority in connection with which commission / discount has been paid / received (as the case may be) or has been agreed to be paid or received by the Concessionaire or on its behalf, or to its knowledge, unless before the relevant contract is entered into particulars of any such commission and the terms and conditions of any such contract for the payment of such commission / discount have been disclosed in writing to the Implementing Agency;

(c) committing any offence:

(i) under any law, in respect of fraudulent acts in relation to this Agreement, from time to time dealing with bribery, corruption or extortion;

(ii) under any law, in respect of fraudulent acts in relation to this Agreement, creating offences in respect of fraudulent acts; or

(iii) in respect of fraudulent acts in relation to this Agreement;

(d) in respect of fraudulent acts in relation to this Agreement, defrauding or attempting to defraud or conspiring to defraud the Implementing Agency or any other public body,

in each case above, as determined by a court of competent jurisdiction by way of a final, non-appealable order or judgment, from which no further right of appeal lies or in respect of which all available rights of appeal have been exhausted or have expired without appeal having been filed.

Corrupt Act Termination Amount shall have the meaning ascribed thereto in **SCHEDULE K** (*Termination Payments*);

Cure Period means:

(a) in respect of a Concessionaire Event of Default, the period commencing on the date of receipt by the Concessionaire of the Implementing Agency Preliminary Notice and expiring on the date falling sixty (60) days thereafter;

(b) in respect of a Implementing Agency Event of Default, the period commencing on the date of receipt by the Implementing Agency of the Concessionaire Preliminary Notice and expiring on the date falling sixty (60) days thereafter;

Customer means any person purchasing Carbon Credits from the Concessionaire in accordance with a Carbon Credit Sales Agreement;

Debt Repayment Date means the date on which the Financing availed, if any, is scheduled to be fully repaid, provided that, if no Financing has been availed, the Debt Repayment Date shall be deemed to be the Final Expiry Date;

Defects & Deficiencies means, in respect of Project Works, any Project Works (or any part thereof) that fail to conform to the Applicable Standards in any manner (including (without limitation) in services, performance, materials, execution, operations and maintenance and/or workmanship);

Delayed Payment Rate means the six (6) months KIBOR plus two percent (2%), compounded semi-annually, calculated for the actual number of days which the relevant amount remains unpaid on the basis of 365-day year;

Development Completion shall have the meaning ascribed thereto in Section 13.2.1;

Development Completion Certificate means the certificate issued by the Independent Expert upon Development Completion;

Development Completion Checklist shall have the meaning ascribed thereto in Section 13.1.2;

Development Completion Date means the date certified as the '*Development Completion Date*' in the Development Completion Certificate;

Development Contract(s) means the agreement entered or to be entered into between the Concessionaire and the Development Contractor(s) in accordance with this Agreement, for, *inter alia*, procurement, implementation, development, completion, testing and inspection of the Concession Assets, as such agreement may be amended by the parties thereto from time to time;

Development Contractor(s) means the contractors engaged by the Concessionaire under the Development Contracts;

Development Performance Security means for the period commencing from the Effective Date till the Development Performance Security Expiry Date, in the form of a bank guarantee or a standby letter of credit issued by a scheduled bank in Pakistan (with a minimum credit rating of at least 'AA-' as rated by JCR VIS or an equivalent rating by PACRA) acceptable to the Implementing Agency, of an amount, in Pakistani Rupee, equal to PKR 100,000,000/- (Pakistani Rupees One Hundred Million Only);

Development Performance Security Expiry Date shall have the meaning ascribed thereto in Section 11.1.4;

Development Period means the period commencing on the Commencement Date and ending on the Development Completion Date;

Development Period Insurances means the Insurances procured and/or obtained by the Implementing Agency pursuant to the provisions of and in accordance with Section 19.1 (*Development Period Insurances*) and **PART I (*Development Period Insurances*) OF SCHEDULE E (*Insurances*)**;

Concessionaire Development Progress Report shall have the meaning ascribed thereto in Section 12.6.1;

Development Time for Completion means the time permitted herein for performance and completion of Concessionaire Development Works and all other obligations to be performed by the Concessionaire for the issuance of the Development Completion Certificate, as set out in and contemplated by the Applicable Standards, including the:

(i) completion of development works and services on or prior to the date set out in the Project Completion Schedule;

(ii) achievement of Substantial Completion on or prior to the Scheduled Substantial Completion Date; and

(iii) achievement of Project Development Completion on or prior to the Scheduled Project Development Completion Date;

Development Works, means, collectively, the Implementing Agency Development Works and the Concessionaire Development Works;

DFBOT means design, finance, build, operate and transfer;

Dispute shall have the meaning ascribed thereto in Section 26.1.1;

Dispute Resolution Procedure means the procedure for resolution of Disputes as set out in Article 26 (*Dispute Resolution*);

Divestment Requirements shall have the meaning ascribed thereto in Section 23.1.1;

Easementary Rights means all easements, reservations, rights-of-way, utilities and other similar purposes, or zoning or other restrictions relating to the Project Site and to the use of real property relating to the Project Site, which are necessary or appropriate for the conduct of activities of the Concessionaire related to the Concession Assets;

Effective Date means the date on which this Agreement is signed by each of the Parties;

Emergency means a condition or situation that is likely to endanger the security of the individuals on or about the Project Site thereof or which poses an immediate threat of material damage to any of the Concession Assets or the Project Site;

Encumbrance means any encumbrance on an asset, including but not restricted to mortgage, charge, pledge, lien, hypothecation and/or any security interest, assignment, privilege or priority of any kind having the effect of security or other such obligations and shall include without limitation any designation of loss payees or beneficiaries or any similar arrangement under any insurance policy pertaining to the Concession Assets and/or any part or portion thereof and physical encumbrances and encroachments thereon;

Environmental Abnormality means any deviation from the baseline environmental conditions (as set out in the Baseline Assessment Report) or any climatic, hydrological, or ecological event (including unexpected rainfall patterns, soil salinity changes, pest infestations, or temperature fluctuations) which adversely affects the Project Works, the survival rate of the plantation, or the generation of Carbon Credits, regardless of whether such event constitutes Force Majeure;

Environmental Legal Requirements means any Legal Requirements relating to the protection of, or harm to, the environment, humans, animals, plants, air or to any water body or system (including any Legal Requirements relating to obligations for monitoring, investigation and abatement in respect of the foregoing);

Environmental Standards means collectively, the applicable environmental guidelines and occupational health and safety standards established by the "*Pakistan Environmental Protection Agency*" and the Balochistan Environmental Protection Agency;

Equity means the issued and paid up share capital of the Concessionaire;

Escrow Account means the account established by the Concessionaire with the Escrow Agent;

Escrow Agent means the bank selected by the parties to the Escrow Agreement to manage the Revenues, compensation and expenditures of the Concessionaire;

Escrow Agreement means the agreement entered into by and between, *inter alios*, the Implementing Agency, the Financiers (if any), the Escrow Agent and the Concessionaire, prior to the Scheduled Commencement Date, in relation to, *inter alia*, the obligations of the Concessionaire to deposit in and utilize from the Escrow Account, all Revenues;

Expenditures means, in respect of a Revenue Evaluation Period, the aggregate of all costs, fees, expenses, liabilities, duties, indemnities, damages, charges and Taxes incurred and/or to be incurred (including provisions and reserves for future costs) by the Concessionaire in relation to the Project, as certified by the Independent Auditor, including but not limited to: (a) all Taxes (whether incurred, accrued or payable in the future) deducted in accordance with Section 7.6.1; (b) insurance premiums and other costs relating to Insurances; (c) all costs, fees, expenses, duties, charges and taxes relating to the Project; (d) all Operation and Maintenance costs (including fees payable to the O&M Contractor); (e) fees and expenses payable to the Independent Expert, Independent Auditor, Project Validating Body and Project Verification Body; (g) legal, accounting and professional fees; (f) costs related to the Issuance, Registration and Transfer of Carbon Credits; (g) all Financing costs (if any), including principal repayments, interest, mark-up, profit payments, commitment fees, participation fees, transaction costs, breakage costs, redemption premiums, hedging costs, and any other fees, charges or costs payable to the Financiers or incurred in connection with the Financing, as applicable; and (h) any provisions or reserves set aside by the Concessionaire for future maintenance, capital expenditure or tax liabilities;

Final Expiry Date means the date falling after 552 months from the Commencement Date; provided, however, that the Final Expiry Date may be extended in accordance with Section 2.3 (*Extension of Concession Period*);

Financial Model shall have the meaning ascribed thereto in Section 3.1.2 (j);

Financiers means any Person or Persons (including banks, financial institutions, development finance institutions, carbon or climate financiers, shareholders, Sponsor or other lenders) that have provided or may provide financing to the Concessionaire pursuant to the Financing Documents, if any;

Financing means any financing or refinancing of the Project that may be arranged by the Concessionaire, at its sole and absolute discretion, pursuant to the Financing Documents, including any debt financing, mezzanine financing, quasi-equity instruments, carbon or climate financing, working capital facilities, or standby letters of credit, from any Person, on such terms and conditions as the Concessionaire may deem fit, if any;

Financing Documents means any and all loan agreements, notes, bonds, indentures, security agreements, direct agreements, grant agreements, carbon or climate financing agreements that may be entered into by the Concessionaire, in its sole discretion, from time to time, relating to the financing or refinancing of the Project, if any;

Financing Due means, to the extent the Concessionaire has availed financing pursuant to the Financing Documents, the aggregate of the following sums expressed in Pakistani Rupees outstanding and payable to the Financiers under the Financing Documents up to the date of payment of the Termination Payment: (a) the principal amount of the financing provided and disbursed by the Financiers under the Financing Documents (including any additional financing or working capital facilities) and outstanding as of the Termination Date; (b) all interest, mark-up, profit payments, and other return on financing accrued but unpaid up to the date of payment of the Termination Payment; (c) all breakage costs, redemption premiums, prepayment penalties, makeup payments, and other fees, costs or charges payable to the Financiers upon the early repayment or acceleration of the Financing; (d) all costs and expenses incurred by the Financiers in enforcing their rights under the Financing Documents; and (e) any amounts payable under any hedging agreements, interest rate swaps, currency swaps, or carbon forward sales/offtake agreement breakage costs entered into by the Concessionaire in connection with the Financing, including any Termination Payments thereunder;

Force Majeure Event means the occurrence of any or all of the Non-Political Events and/or the Political Events;

Force Majeure Notice shall have the meaning ascribed thereto in Section 20.2.1;

Force Majeure Period means, as determined by the Independent Expert, the period commencing from the date of occurrence of a Force Majeure Event and ending on (a) the date on which the Concessionaire resumes or should have resumed (as determined by the Independent Expert) such of its obligations the performance of which it was excused in terms of Section 20.8 (*Excuse from Performance of Obligations*); or (b) the Termination Date; as applicable;

FPIC shall have the meaning ascribed thereto in **SCHEDULE O** (*Implementing Agency Development Works*);

Freshwater Availability Failure means any failure, reduction or interruption in the availability of freshwater resources within or adjacent to the Project Site, at any point throughout the term of this Agreement, as described in **SCHEDULE O** (*Implementing Agency Development Works*), which is not attributable to any act or omission of the Concessionaire and which causes or is likely to cause an adverse effect on the survival, growth or health of the trees or plants forming part of the Plantation Works and/or the Concession Assets;

GHG means any greenhouse gas, including but not limited to carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6), nitrogen trifluoride (NF3), or any other greenhouse gas recognized by the Intergovernmental Panel on Climate Change (IPCC);

GHG Reduction or Removal means, with respect to the Project, the measurable, reportable, and verifiable net reductions, removals, avoidance, sequestration or mitigation (as applicable) of GHG within the Project Site, relative to the Baseline, in compliance with the Project Carbon Standard;

Good Industry Practice means those practices, methods, techniques, standards, skills, diligence and prudence which are generally and reasonably expected from a reasonably skilled and experienced operator engaged in the same type of undertaking as envisaged in respect of the Concessionaire under this Agreement and acting generally in accordance with the provisions of the Applicable Laws, and would mean good engineering practices in the development and project management and which would be expected to result in the performance of its obligations by the Concessionaire and in the operation and maintenance of the Project in accordance with the Applicable Standards. "*Good Industry Practices*" are not limited to optimum practices, methods, techniques, standards, skills, diligence, prudence or acts to the exclusion of all others, but rather are a spectrum of possible practices, methods, techniques, standards, skills, diligence, prudence or acts which could have been expected to accomplish the desired result at reasonable cost consistent with reliability and safety;

Government Authority(ies) means the Government of Pakistan, the Implementing Agency, any governmental department, commission, board, body, bureau, agency, authority, instrumentality, court or other judicial or administrative body having jurisdiction over the Concessionaire, the Project, Project Site, the Concession Assets or any part thereof, or the performance of all or any of the services or obligations of the Concessionaire or Implementing Agency under or pursuant to this Agreement;

IA Financial Instrument Expiry Date shall have the meaning ascribed thereto in Section 16.7.3(a);

Implementing Agency shall have the meaning ascribed thereto in the Preamble;

Implementing Agency Abandonment means the voluntary cessation of the Implementing Agency Development Works by the Implementing Agency and/or the withdrawal of all, or substantially all, personnel by the Implementing Agency from the Project Site;

Implementing Agency Agreements means:

(a) this Agreement;

(b) the Project Site Lease Agreement; and

(c) any other agreement entered into in respect of the Project between the:

  (i) Implementing Agency; and

  (ii) Concessionaire and/or the Sponsor in respect of the Project and designated as a "*Implementing Agency Agreement*" with the written consent of the Implementing Agency;

Implementing Agency Conditions Precedent shall have the meaning ascribed thereto in Section 3.1.3;

Implementing Agency Default Termination Amount shall have the meaning ascribed thereto in **SCHEDULE K** (***Termination Payments***);

Implementing Agency Development Works means collectively, the Plantation Works, and any and all other obligations as described in **SCHEDULE O** (*Implementing Agency Development Works*);

Implementing Agency Development Monthly Progress Report shall have the meaning ascribed thereto in Section 12.6.2;

Implementing Agency Event of Default shall have the meaning ascribed thereto in Section 21.2.1;

Implementing Agency Financial Instrument means an irrevocable and unconditional guarantee from the Implementing Agency in a form and substance acceptable to the Concessionaire (and, to the extent financing has been availed by the Concessionaire, the Financiers) as a stand-by letter of credit or a debit authority from the Implementing Agency authorising the State Bank of Pakistan to debit the relevant account of the Implementing Agency with the State Bank of Pakistan on demand from the Concessionaire (or, where financing has been availed, the security trustee acting on behalf of the Financiers);

Implementing Agency Permits means all such approvals, consents, authorizations, notifications, concessions, acknowledgements, licenses, permits, decisions or similar items that relate to the Project and its implementation including all such consents and authorisations issued by a Government Authority and which the Concessionaire is or its Contractors are required to obtain from any Government Authority and thereafter to maintain to fulfill its obligations under the Implementing Agency Agreements;

Implementing Agency Representative means the representative of the Implementing Agency appointed by the Implementing Agency for purposes of this Agreement in accordance with Section 8.4 *(Implementing Agency Representative)*;

Implementing Agency Revenue Share means, in any given Revenue Evaluation Period, an amount equivalent to [•][8] percent ([•][9]%) of the Available Distributable Revenues;

Indemnified Party shall have the meaning ascribed thereto in Section 9.3.1;

Indemnifying Party shall have the meaning ascribed thereto in Section 9.3.1;

Independent Auditor means the auditor appointed in respect of the Project in accordance with Article 6 (*Independent Auditor*) and in terms of the Independent Auditor Contract;

Independent Auditor Appointment Term shall have the meaning ascribed thereto in Section 6.2.1;

Independent Auditor Contract means the contract to be entered into between the Implementing Agency, the Concessionaire, the Independent Auditor and any other Person agreed by the Parties in accordance with Article 6 (*Independent Auditor*);

Independent Auditor Payment Account means the account to be established by the Concessionaire and Notified to the Implementing Agency, in accordance with the terms of this Agreement and the Independent Auditor Contract;

Independent Auditor Payments shall have the meaning ascribed thereto in Section 6.5.1;

Independent Expert means the expert appointed in respect of the Project in accordance Article 5 (*Independent Expert*) and in terms of the Independent Expert Contract;

Independent Expert Appointment Term shall have the meaning ascribed thereto in Section 5.2.1;

Independent Expert Contract means the contract to be entered into between the Implementing Agency, the Concessionaire, the Independent Expert and any other Person agreed by the Parties, in accordance with Article 5 (*Independent Expert*);

Independent Expert Payment Account means the account to be established by the Concessionaire and Notified to the Implementing Agency, in accordance with the terms of this Agreement and the Independent Expert Contract;

Independent Expert Payments shall bear the meaning ascribed thereto in Section 5.5.1;

Indicative Independent Auditor Terms of Reference means the duties, functions and the scope of work to be performed by the Independent Auditor, as indicatively attached herewith as **SCHEDULE H - PART I** (***Indicative Independent Auditor Terms of Reference***); provided, however, upon execution of the

Independent Auditor Contract, the scope of work of the Independent Auditor set out therein shall be deemed to replace **SCHEDULE H - PART I** (***Indicative Independent Auditor Terms of Reference***);

Indicative Independent Expert Terms of Reference means the duties, functions and the scope of work to be performed by the Independent Expert, as indicatively attached herewith as **SCHEDULE H-PART II** (***Indicative Independent Expert Terms of Reference***); provided, however, upon execution of the Independent Expert Contract, the scope of work of the Independent Expert set out therein shall be deemed to replace **SCHEDULE H - PART II** (***Indicative Independent Expert Terms of Reference***);

Insurances means all insurances, reinsurance, agreements of insurance and reinsurance and/or arrangement for insurance and/or reinsurance in relation to the Project, the Concession Assets, the Development Works and/or any part or portion thereof procured or to be procured by the Implementing Agency, including but not restricted to the Development Period Insurances and the Operations Period Insurances;

Insurance Proceeds means all moneys, compensation, damages, or other amounts received or receivable by the the Concessionaire from any insurer under or in respect of the Insurances, whether in respect of damage, destruction, loss, liability, or any other insured event relating to the Project, the Project Site, the Concession Assets, or any part thereof, net of any reasonable costs, fees, and expenses incurred in making or pursuing the relevant insurance claim;

International Marketing Agent means an entity incorporated or established in a jurisdiction outside Pakistan (which may be an Affiliate of the Concessionaire or the Sponsors) engaged by the Concessionaire for the purposes of marketing, selling, trading, and/or monetizing the Carbon Credits in the international Carbon Markets;

Invested Equity means the aggregate of all amounts invested in the Concessionaire from time to time by or on behalf of the Sponsors for the purposes of financing or otherwise funding the Project, including: (a) the Sponsor Invested Equity; (b) subscription for shares in cash (whether in Pakistani Rupees or foreign currency) or against consideration other than cash; (c) Sponsor Loans; (d) any quasi-equity instruments (including preference shares, convertible instruments, mezzanine financing, or subordinated instruments of any nature); (e) any Financing availed by the Concessionaire; and (f) all Plantation Material Costs and other costs directly incurred and funded by the

Sponsors in connection with the Project, in each case as certified by the Independent Auditor from time to time;

Issuance means the issuance of Carbon Credits into the Project Carbon Standard Registry in respect of GHG Reduction or Removal achieved by the Project, and **Issue**, **Issuing** and **Issued** shall be construed accordingly;

ITMO means internationally transferred mitigation outcomes, as defined in the Paris Agreement;

Lapse of Consent means any Implementing Agency Permit:

(a) ceasing to remain in full force and effect and not being renewed or replaced within the time period prescribed by the Applicable Laws for the renewal or replacement of such Implementing Agency Permit or, where a time period is not prescribed by the Applicable Laws, within sixty (60) days of such Implementing Agency Permit ceasing to be in full force and effect; or

(b) not being issued upon application having been properly and timely made and diligently pursued within the time period prescribed by the Applicable Laws or where a time period is not prescribed by the Applicable Laws, within sixty (60) days of proper application being made for such Implementing Agency Permit; or

(c) being made subject, upon renewal, or otherwise, to any terms or conditions that materially and adversely affect the Concessionaire's (or a Contractor's) ability to perform its obligations under any document included within Implementing Agency Agreements and/or the Project Agreements,

in each of the above instances despite such party's compliance with the applicable procedural and substantive requirements as applied in a "*non-discriminatory*" (as explained in Section 8.3.2) manner;

Lease shall have the meaning ascribed thereto in Section 4.1.1;

Legal Requirements means all Applicable Laws;

Losses means any loss, damage, liability, payment and obligation (excluding any indirect or consequential loss, damage, liability, payment or obligation), and all expenses (including, without limitation, reasonable legal fees);

Loss of Revenue means:

(a) in respect of an event(s) or circumstance(s) (including, without limitation, a Relief Event and/or Termination) occurring prior to Carbon Monetization Data Availability Date (**Pre- Carbon Monetization Data Availability Date Relevant Event**) for which "*Loss of Revenue(s)*" is being calculated in terms of this Agreement (the **Pre-Carbon Monetization Data Availability Date Loss of Revenue(s)**), an amount calculated as the product of (i) and (ii):

Where:

(i) the average daily revenue for a Comparable Project for the three (3) years immediately preceding the date of occurrence of the Pre- Carbon Monetization Data Availability Date Relevant Event relating to the Project; and

(ii) is the total number of days for which the Loss of Revenue(s) are being calculated in respect of the Project;

as illustrated, by way of example, in Part I – **SCHEDULE L** (*Illustrations*);

(b) in respect of an event(s) or circumstance(s) (including, without limitation, a Relief Event) occurring on or following the Carbon Monetization Data Availability Date (**Post- Carbon Monetization Data Availability Date Relevant Event**) for which "*Loss of Revenue(s)*" is being calculated in terms of this Agreement (the **Post-Carbon Monetization Data Availability Date Loss of Revenue(s)**), an amount calculated as the product of (i) and (ii):

Where:

(i) the average daily revenue of the Project for the three (3) years immediately preceding the occurrence of the Post- Carbon Monetization Data Availability Date Relevant Event provided that for the purposes of calculation of the daily average in this sub-section (i), any Loss of Revenues paid during the three (3) years immediately preceding the occurrence of the Post- Carbon Monetization Data Availability Date Relevant Event shall be treated as revenues; and

(ii) is the total number of days for which the Loss of Revenue(s) are being calculated in respect of the Project;

as illustrated, by way of example, in Part II – **Schedule L** (*Illustrations*);

Main Body means this Agreement *excluding* the Schedules;

Material Adverse Effect means, in the opinion of the Independent Expert (in respect of technical matters) and/or in the opinion of the Independent Auditor (in respect of financial matters), there has occurred or could reasonably be expected to occur an effect, event, matter or circumstance or a change in the circumstances which materially and adversely impairs:

(a) the business, operations, property, assets, present or future condition (financial or otherwise) or prospects of the Concessionaire, Sponsor or Contractor in respect of the Project;

(b) the ability or probability (financial or otherwise) of the Concessionaire, Sponsor or Contractor to perform and observe its respective obligations under the Project Agreements;

(c) the legality, validity or enforceability of, or the rights, obligations or remedies of, the Implementing Agency under this Agreement; and/or

(d) the Concessionaire's ability to implement, finance, develop, operate and maintain the Project in accordance with the terms of the Project Agreements;

Material Adverse Impediment shall have the meaning ascribed to it in Section 4.11.1;

Material Breach means breach by either Party or Sponsor of any of its/their obligations under the Implementing Agency Agreements which has/is likely to have a Material Adverse Effect on the Project and which such breaching Party shall have failed to cure (within the applicable Cure Period) and if such Cure Period is not applicable then the date falling forty-five (45) days following the date of receipt of a notice issued by the non-breaching Party to the breaching Party to cure such breach;

Minimum IA Financial Instrument Floor Amount shall have the meaning ascribed thereto in Section 16.7.3 (a);

Minimum Indemnification Amount means the amount equal to PKR 1,000,000/- (Pakistani Rupees One Million only) that a Party's claims for indemnification pursuant to Article 9 (*Indemnities & Limitation of Liabilities*) must exceed in the aggregate before that Party shall be entitled to indemnification;

MoCC & EC shall have the meaning ascribed thereto in Section 3.1.3(h);

Monitoring means activities undertaken pursuant to the Monitoring Plan, of collecting and recording data in accordance with the Project Design Document and the Project Carbon Standard, to assess, inter alia, the GHG Reductions or Removals and Co-benefits resulting from the Project, and **Monitor** and **Monitored** are to be construed accordingly;

Monitoring and Verification Period means each period in respect of which:

(a) the Concessionaire shall undertake Monitoring; and

(b) the Project Verification Body shall conduct Verification;

Monitoring Plan means the plan prepared by or on behalf of the Concessionaire, in accordance with the Project Carbon Standard and the applicable methodology, setting out, *inter alia*, the procedures, parameters, data collection methods, sampling designs, and reporting requirements for Monitoring the GHG Reductions or Removals and Co-benefits generated by the Project during each Monitoring and Verification Period, as submitted to and approved by the Project Carbon Standard Body (or the Project VVB, as applicable) in connection with the Registration of the Project, and as may be revised or updated from time to time in accordance with the requirements of the Project Carbon Standard and the provisions of this Agreement;

Monitoring Report means a report prepared by or on behalf of the Concessionaire setting out the quantity of GHG Reductions or Removals and Co-benefits resulting from the Project during the relevant Monitoring and Verification Period, as Monitored in accordance with the Monitoring Plan;

Monitoring, Reporting and Verification or **MRV** shall have the meaning ascribed thereto in **Schedule N** (*Concessionaire Development Works*);

NDC shall mean the contributions that each member country of the Paris Agreement is required to make under Article 4 of the Paris Agreement;

New O&M Performance Security shall have the meaning ascribed to it in Section 11.2.7;

Non-Breaching Party Remedy Invoice shall have the meaning ascribed thereto in Section 17.2.3;

Non-Political Event shall bear the meaning ascribed thereto in Section 20.1.1(b);

Non-Political Event Termination Amount shall have the meaning ascribed thereto in **SCHEDULE K** (***Termination Payments***);

Notice of Remedy shall have the meaning ascribed thereto in Section 17.2.1;

Notice, Notify, Notification and its grammatical variations means as notified in writing;

O&M Contract means the contract entered into or that may be entered into by the Concessionaire in accordance with this Agreement for the provision of the Operation and Maintenance;

O&M Contractor means the Person of good repute with whom the Concessionaire has entered into or may enter into the O&M Contract;

O&M Performance Security means the performance security, in the form of a bank guarantee or a standby letter of credit, issued by a scheduled bank in Pakistan (with a minimum credit rating of at least 'AA-' as rated by JCR VIS or an equivalent rating by PACRA) acceptable to the Implementing Agency, being in an amount equal to 5% of the annual O&M cost for each Operational Year, to which it pertains, furnished from time to time by the Concessionaire to the Implementing Agency in accordance with Section 11.2 (*O&M Performance Security*), in case of a bank guarantee, the same shall be in form and substance as attached hereto as **SCHEDULE G** (***Form of O&M Performance Security***);

O&M Time For Completion means the time permitted herein for performance and completion of Operations and Maintenance and all other obligations to be performed by the Concessionaire during the Operations Period, as set out in and contemplated by the Applicable Standards;

Offshore Project Account Bank means a bank or financial institution incorporated or organized outside Pakistan where the Offshore Revenue Account shall be established;

Offshore Revenue Account means the United States Dollar (or other foreign currency) denominated account: (a) established by the Concessionaire; or (b) established by the International Marketing Agent (for and on behalf of the Concessionaire), in each case, with the Offshore Project Account Bank, in which the Project Revenues shall be deposited;

Onshore Project Account Bank means a banking company incorporated under the laws of Pakistan and/or such other scheduled bank in Pakistan, where the Onshore Revenue Account shall be established;

Onshore Revenue Account means the Pakistani Rupee denominated account of the Concessionaire to be established with the Onshore Project Account Bank;

Operation and Maintenance or **Operate and Maintain** means all obligations, works, services and duties undertaken and/or performed and/or to be undertaken and/or performed by the Concessionaire during the Operations Period pursuant to the Applicable Standards including (a) the operation and maintenance of the Concession Assets during the Operations Period; (b) functions of operations, maintenance, safety measurements etc., and performance of other services and obligations incidental thereto;

Operational Year means a period of one (1) year commencing on each consecutive anniversary of the Commercial Operations Date (except for the first (1st) Operational Year which shall start on the Commercial Operations Date) and ending as of the end of the day preceding the next anniversary of the Commercial Operations Date;

Operations Period means the period commencing on the Commercial Operations Date and ending on the Trigger Date;

Operations Period Insurances means the Insurances procured and/or obtained by the Implementing Agency pursuant to the provisions of and in accordance with Section 19.2 (*Operations Period Insurances*) and **PART II (*Operations Period Insurances*) OF SCHEDULE E (*Insurances*)**;

Outer Security Cordon shall have the meaning ascribed thereto in Section 4.12.1;

Outstanding Completion Works means those parts of the Development Works that are expressly permitted to remain outstanding at the time of Substantial Completion, as set out in **SCHEDULE N** (*Concessionaire Development Works*), and which are not material in nature and will not adversely affect or delay the Operation and Maintenance or the Issuance of Carbon Credits.

Outstanding Termination Payment shall have the meaning ascribed thereto in Section 16.8.1 (c);

PKR or **Pakistani Rupees** means the lawful currency of the Islamic Republic of Pakistan;

Paris Agreement means the agreement under the United Nations Framework Convention on Climate Change which entered into force on November 4, 2016;

Party or Parties shall have the meaning ascribed thereto in the Preamble;

Payable Termination Payment Amount Shortfall shall have the meaning ascribed thereto in Section 16.8.1 (b);

Pending Termination Amount shall have the meaning ascribed thereto in Section 22.4.3 (b);

Permanent Concession Assets means all Project Facilities and all rights, title, benefits and easements that may be required for the operation and maintenance of the Project, in accordance with this Agreement, provided, that "*Permanent Concession Assets*" shall not include any Carbon Credits or any proprietary intellectual property of the Concessionaire and, provided further, that all plants and trees forming part of the Project Facilities shall do so following the Plantation Works Completion Date;

Permitted Events means:

(a) Force Majeure Events;

(b) Implementing Agency Events of Default;

(c) Emergency;

(d) Material Adverse Impediment, to the extent the same does not result from reasons attributable to the Concessionaire;

(e) a Change in Law causing a delay in the performance of the Concessionaire's obligations under this Agreement;

(f) Relief Event;

(g) Security Event; and

(h) the occurrence of the circumstances set out in Section 4.7 (*Geological and Archaeological Finds*) causing a delay in the performance of the Concessionaire's obligations under this Agreement;

Person means any individual, firm, company, corporation, society, partnership (whether or not having a separate legal personality), joint venture, trust, unincorporated organization, government state, association or Government Authority or any other legal entity and shall include successors and assigns;

Plantation Cost Notice means a written notice issued by the Implementing Agency to the Concessionaire setting out the Plantation Materials Cost, which cost shall be certified and approved by the Independent Expert (in consultation with the Concessionaire) as being consistent with prevailing market rates;

Plantation Deposit means the aggregate amount to be deposited by the Concessionaire into the Plantation Funding Account as specified in the Plantation Cost Notice, in accordance with Section 12.8;

Plantation Funding Account means the dedicated disbursement account established by the Concessionaire with the Plantation Funding Account Bank, governed by the Standing Instructions, into which the Plantation Deposit shall be credited and from which disbursements shall be made solely in accordance with Section 12.8.4;

Plantation Funding Account Bank means a scheduled bank in Pakistan with a minimum credit rating of 'AA-' as rated by JCR-VIS or an equivalent rating by PACRA, selected by mutual agreement of the Parties;

Plantation Material(s) means including without limitation, all plants, seeds, saplings, shrubs, and trees and all necessary ancillary supplies including soil amendments, fertilizers, mulches, and structural planting aids required for the proper execution and completion of the Plantation Works, in each case approved by the Independent Expert;

Plantation Materials Cost means the relevant cost of each Plantation Material required for the Plantation Works;

Plantation Works means the procurement of Plantation Materials and the conduct of all plantation and related site preparation activities, to be performed by the Implementing Agency on the Project Site, as more particularly described in **SCHEDULE O** (*Implementing Agency Development Works*);

Plantation Works Access Right shall have the meaning ascribed thereto in Section 4.2A.1

Plantation Works Completion Certificate means the certificate issued by the Independent Expert confirming that the Plantation Works Criteria have been satisfied in accordance with Section 12.7.3;

Plantation Works Completion Date means the date specified in the Plantation Works Completion Certificate;

Plantation Works Criteria means the completion criteria for the Plantation Works as set out in **SCHEDULE O** (*Implementing Agency Development Works*);

Political Event shall have the meaning ascribed thereto in Section 20.1.1(a);

Political Event Termination Amount shall have the meaning ascribed thereto in **SCHEDULE K** (***Termination Payments***);

Project means the project titled "*Carbon Offset Project*" including each of the following activities, as performed (in each case) in accordance with this Agreement:

(a) the Project Works to be undertaken on the Project Site and all associated facilities and infrastructure to be developed, maintained, monitored, and transferred, as more fully described in the Scope of the Project;

(b) the ownership and possession of the Concession Assets;

(c) the financing, development, procurement, permitting, testing and commissioning of, in each case, the Concession Assets;

(d) the procurement and contracting for goods, equipment and services for the Concession Assets;

(e) the insuring and Operation and Maintenance of the Concession Assets;

(f) the recruitment, employment and training of staff for the Concession Assets;

(g) the handover of the Project Site and the transfer of the Concession Assets to the Implementing Agency in terms of this Agreement;

(h) the marketing of the Carbon Credits;

(i) Validation and Registration;

(j) Monitoring and Verification;

(k) the generation and sharing of Project Revenues between the Parties in terms of this Agreement;

(l) meeting the performance guarantees;

(m) Issuance and sale of Carbon Credits;

(n) all activities incidental or related to any of the above;

Project Account Bank means collectively, the Onshore Project Account Bank and the Offshore Project Account Bank;

Project Agreements means:

(a) this Agreement;

(b) the O&M Contract;

(c) the Development Contract;

(d) any other material contract entered into or to be entered into by the Concessionaire at any time after the Effective Date in connection with the Project and designated as a "Project Agreement" with the consent of the Implementing Agency;

Project Carbon Standard shall have the meaning ascribed thereto in Section 12.1.1;

Project Carbon Standard Body shall have the meaning ascribed thereto in Section 12.1.1;

Project Carbon Standard Registry means the Carbon Standard Registry operated by the Project Carbon Standard Body;

Project Cost means the aggregate of all costs, fees, expenses, duties, charges and Taxes incurred and/or to be incurred by the Concessionaire in connection with the investigation, design, development, procurement, financing, construction, completion, commissioning, Operation and Maintenance, and transfer of the Project, including, without limitation: (a) all capital costs relating to the Concession Assets; (b) all costs of the Development Works; (c) all Plantation Material Costs; (d) all costs relating to Registration, Validation, Monitoring, Verification and Issuance of Carbon Credits; (e) all Financing costs, if any; (f) all fees and expenses payable to the Independent Expert, the Independent Auditor and the Project VVBs; and (g) all other costs reasonably required for the implementation of the Project in accordance with this Agreement, as set out in the Financial Model;

Project Design Document or **PDD** means the project design document prepared for the Project in compliance with the Project Carbon Standard;

Project Facilities means the facilities to be constructed, built, installed, erected and/or provided by the Concessionaire on the Project Site as detailed in **SCHEDULE B** (***Project Facilities***), save any plants and trees which form part of the Plantation Works, which shall be considered as part of the Project Facilities following the Plantation Works Completion Date;

Project Implementation Plan shall have the meaning ascribed thereto in Section 12.4.1;

Project Implementation Schedule means the schedule attached herewith as **SCHEDULE C** (***Project Implementation Schedule***) setting out:

(a) the Scheduled Commencement Date;

(b) the Scheduled Substantial Completion Date;

(c) the Scheduled Development Completion Date;

Project Revenue(s) means the Carbon Revenues;

Project Site means the site on which the Project is to be implemented comprising of the immovable property on which the Project Facilities (including the Concession Assets) are to be located in terms of this Agreement and as demarcated in the map attached hereto in **SCHEDULE D** (***Project Site***);

Project Site Conditions shall have the meaning ascribed to it in Section 4.3.1;

Project Site Lease Agreement means the agreement of Lease (in the form agreed between the Parties) to be entered into between the Implementing Agency and the Concessionaire pursuant to which the Implementing Agency shall Lease the land comprising the Project Site to the Concessionaire;

Project Validating Body means, with respect to the Validation of the Project Design Document, the VVB selected by the Concessionaire in accordance with **SCHEDULE N** (*Concessionaire Development Works*) and accredited or recognized by the Project Carbon Standard Body to carry out Validation under the Project Carbon Standard and the applicable methodology;

Project Verification Body means, with respect to each Monitoring and Verification Period, the VVB selected by the Concessionaire in accordance with **SCHEDULE N** (*Concessionaire Development Works*) and accredited or recognized by the Project Carbon Standard Body to carry out Verification under the Project Carbon Standard and the applicable methodology;

Project VVBs means the Project Validating Body and the Project Verification Body, and **Project VVB** means any of them;

Project Works means all obligations, works, services and duties undertaken and/or performed and/or to be undertaken and/or performed by the Concessionaire and the Implementing Agency (to the extent of the Implementing Agency Development Works) pursuant to the Applicable Standards and shall include:

(a) the Development Works and all obligations, works, services and duties undertaken and/or performed and/or to be undertaken and/or performed by the Concessionaire and the Implementing Agency (to the extent of the Implementing Agency Development Works) until the Development Completion Date;

(b) the Operations and Maintenance and all obligations, works, services and duties undertaken and/or performed and/or to be undertaken and/or performed by the Concessionaire during the Operations Period;

Protected Assets shall have the meaning ascribed thereto in Section 8.5.1(b);

PSC shall have the meaning ascribed thereto in Section 27.15.1;

PSP shall have the meaning ascribed thereto in **SCHEDULE N** (*Concessionaire Development Works*);

PW Delay shall have the meaning ascribed thereto in Section 12.7.5;

Recitals means the recital(s) to this Agreement;

Registration means formal acceptance by the Project Carbon Standard Body of the Project, and **Register**, **Registering** and **Registered** shall be construed accordingly;

Relief Compensations means any adverse financial impact on the Concessionaire that results from, is related to and/or is a consequence of, in each case, a Relief Event (including any effects of the same including any increases in such costs, losses, damages and expenses which result from or are a consequence of a Relief Event and/or a Force Majeure Event, which costs, losses, damages and expenses shall include, but not be limited to: (a) capital costs; (b) costs and expenses in respect of the development, procurement, commissioning, testing and completion of the Project; (c) costs of Taxes imposed on or payable by the Concessionaire; (d) operating costs; (e) Loss of Revenue (including loss of Carbon Revenues and/or delay in realization of the same); (f) loss of profit and loss of business opportunity; (g) legal and professional fees; (h) as applicable, Financing costs (including any additional interest, mark-up, penal interest, rescheduling fees, breakage costs, and any other costs or charges payable to the Financiers resulting from the delay or the relief event); and (i) any other costs and expenses determined by the Independent Auditor and the Independent Expert that are considered reasonable in the given circumstances, in each case, as determined by the Independent Expert and the Independent Auditor pursuant to Article 14 (*Adverse Carbon Market Event, Relief Extensions & Relief Compensations*) and which are set out in the Relief Order; provided, however, for the purposes of determining such costs, information contained in the Financial Model shall be relied upon by the Independent Expert and the Independent Auditor, provided further that any such determination shall not limit the Concessionaire's right to claim actual costs and losses incurred;

Relief Event(s) shall have the meaning ascribed thereto in Section 14.2.1;

Relief Order means a written order jointly issued by the Independent Auditor and the Independent Expert to the Parties pursuant to Article 14 (*Adverse*

Carbon Market Event, Relief Extensions & Relief Compensations) authorizing an extension of Time for Completion and/or payment of Relief Compensations in accordance with Article 14 (*Adverse Carbon Market Event, Relief Extensions & Relief Compensations*);

Relief Order Proposal shall have the meaning ascribed thereto in Section 14.3.1;

Remedy Events shall have the meaning ascribed thereto in Section 17.2.1;

Remedy Time Period shall have the meaning ascribed thereto in Section 17.2.1;

Required IA Financial Instrument Amount shall have the meaning ascribed thereto in Section 16.7.3 (a);

Required Termination Payment Date means the date falling on the ninetieth (90th) day from the Termination Date;

Retirement means the permanent removal or cancellation of a Carbon Credit from circulation, rendering it ineligible for resale, transfer, or further use, in accordance with the requirements of the Project Carbon Standard Body, and **Retire** shall be construed accordingly;

Revenue Account means the Onshore Revenue Account and/or the Offshore Revenue Account (as the context may require), details of which shall be notified in writing by the Concessionaire (and confirmed by the Project Account Bank) upon establishment to Implementing Agency, Independent Expert and Independent Auditor;

Revenue Evaluation Period means each Operational Year commencing at 00:00 hours on the first day of such Operational Year and ending at 23:59 hours on the last day of such Operational Year; provided, however, that the last Revenue Evaluation Period shall end on the Transfer Date;

Revenue Sharing Certificate shall have the meaning ascribed thereto in Section 16.4.1;

RFP shall have the meaning ascribed to in Recital A above;

Safety Requirements means the arrangements and procedures for conducting safety related measures in respect of the Concession Assets;

SC Application shall have the meaning ascribed thereto in **SCHEDULE P** (*Substantial Completion Criteria*);

Scheduled Commencement Date means the date 180 days after the Effective Date, as may be extended from time to time in accordance with this Agreement;

Scheduled Development Completion Date means the date falling 90 days after the Substantial Completion Date;

Scheduled Plantation Works Completion Date means the date falling twenty (20) months after the Commencement Date, being the date by which the Implementing Agency must complete the Plantation Works;

Scheduled Substantial Completion Date means the date falling 48 months after the Commencement Date, as such date as may be extended from time to time in accordance with the terms of this Agreement solely pursuant to a Relief Order;

Scope of the Project means the scope of the Project, as set out in **SCHEDULE A** (***Scope of the Project***);

Security Event means the occurrence of any of the following events which materially impedes the performance of the Project Works or endangers the safety of the Concessionaire's personnel: (a) any tribal feud, tribal dispute, or civil unrest within the Project premises or along the access routes thereto; (b) any targeted threat, intimidation, blackmail, extortion attempt, or act of violence directed at the Concessionaire, its Contractors, or their respective employees; (c) the withdrawal of security cover (including levies or frontier corps) by the Government Authority without the consent of the Concessionaire; or (d) the issuance of a security advisory by a Government Authority, a diplomatic mission, or the Concessionaire's security consultants advising against travel to or presence at the Site;

Security Infrastructure means the physical security installations required for the Project, including watchtowers, perimeter fencing, check-posts, and accommodation for security personnel;

Specific Nature Events means, from the Commencement Date until the Final Expiry Date, the following events or circumstances:

(a) droughts resulting in non-availability of water: (i) for broadcasting of seeds; (ii) for plantation area which needed to be inundated for growth

/ survival; and/or (iii) resulting in groundwater depletion required for high-lying areas;

(b) excessive flooding of the river resulting in damage to the plantations or seedlings; and/or

(c) disease and pest epidemics;

Sponsor Invested Equity means the amount injected by the Sponsor as part of the Equity for the implementation of the Project, as certified by the Independent Auditor;

Sponsor Loan means the aggregate of all amounts (whether principal, interest, mark-up or other charges) advanced by the Sponsors to the Concessionaire as subordinated debt for the purposes of financing the Project; provided that the terms of this Sponsor Loan shall be at the sole discretion of the Sponsor;

Sponsor(s) means [•][10];

State Bank Approved Auditors means the Audit firm from SBP 'Category A' approved list and / or any other successor-chartered accountancy firm categorized as one of the State Bank Approved Auditors;

Standing Instructions means the irrevocable payment instructions issued by the Concessionaire with the Plantation Funding Account Bank upon establishment of the Plantation Funding Account, providing upon presentation of an original Plantation Works Completion Certificate, funds shall be disbursed to the Implementing Agency strictly to the extent of the cost of surviving trees as certified therein, with the balance released to the Concessionaire absolutely;

Substantial Completion shall have the meaning ascribed thereto in Section 13.1.1;

Substantial Completion Certificate means the certificate issued by the Independent Expert at the request of the Concessionaire in accordance with Section 13.1 (*Substantial Completion Certificate*);

Substantial Completion Criteria means the criteria to be satisfied by the Concessionaire prior to the issuance of the Substantial Completion Certificate, as set out in **SCHEDULE P** (*Substantial Completion Criteria*);

Substantial Completion Date means the date referred to as '*Substantial Completion Date*' in the Substantial Completion Certificate;

Suspension shall have the meaning ascribed thereto in Section 17.3.1;

Tax(es) means any and all taxes (including corporate tax, minimum tax, alternate corporate tax, capital gains tax, and income tax), cesses, duties, levies, imposts, fees, charges, surcharges, rates, and other assessments of any nature whatsoever, whether direct or indirect, existing or future, charged, levied, imposed or collected by any Government Authority (federal, provincial, local or municipal), including but not limited to: (a) sales tax, value added tax, service tax, and excise duty; (b) customs duties, import duties, and regulatory duties; (c) stamp duties, registration fees, notarization fees, and court fees (including those applicable to this Agreement and the Project Site Lease Agreement); (d) withholding taxes (whether on income, dividends, interest, payments to contractors, or otherwise); (e) carbon taxes, environmental taxes, energy taxes, fuel taxes, or any levy on the generation or sale of Carbon Credits; (f) local government taxes, municipal charges, water charges, betterment taxes, and property taxes; (g) royalties, license fees, and permit fees; and (h) any interest, penalties, fines, or surcharges imposed in respect of any of the foregoing;

Temporary Concession Assets means the land, assets, rights, title, benefits and easements required for the development of the Permanent Concession Assets;

Termination means the termination of this Agreement and the Concession hereunder upon the issuance of a Termination Notice in accordance with the terms hereof and to the extent stated herein; and **Terminate** and its grammatical variations shall be construed accordingly;

Termination Date means the date of issuance of the Termination Notice;

Termination Notice means a notice to be issued in writing, by a Party notifying the other Party of the Termination in accordance with the applicable provisions of this Agreement including, where applicable, following the expiry of the relevant Cure Period or such other cure period specified in this Agreement;

Termination Payment(s) means:

(a) in respect of Termination due to a Concessionaire Event of Default, the Concessionaire Default Termination Amount;

(b) in respect of Termination due to a Corrupt Act, the Corrupt Act Termination Amount;

(c) in respect of Termination due to a Implementing Agency Event of Default, the Implementing Agency Default Termination Amount;

(d) in respect of Termination due to a Political Event, the Political Event Termination Amount;

(e) in respect of Termination due to a Non-Political Event, the Non-Political Event Termination Amount; and

(f) in respect of Termination due to a Adverse Carbon Market Event, the Adverse Carbon Market Event Termination Amount;

Termination Payment Date means the actual date on which the Implementing Agency has made payment of the relevant Termination Payment to the Concessionaire, such date is required to fall on or prior to the Required Termination Payment Date;

Time for Completion means (as applicable):

(a) in respect of Development Works, the Development Time for Completion; and

(b) in respect of Operations and Maintenance, the O&M Time for Completion;

Transfer means the transfer of Carbon Credits from one account with the Project Carbon Standard Registry to another, subject to and in accordance with the relevant rules of the Carbon Standard Body, and **Transferred** and **Transferring** are to be construed accordingly;

Transfer Date means:

(a) in case of early Termination of this Agreement prior to the Final Expiry Date, the Termination Payment Date subject to: (i) the Implementing Agency making payment of the relevant Termination Payment to the Concessionaire; and (ii) the Concessionaire completing the Divestment Requirements on or prior to such date;

(b) in case of achievement of Final Expiry Date pursuant to this Agreement, the Final Expiry Date;

Trigger Date means and includes, the Final Expiry Date and/or the Termination Date, as the case may be;

Unit Price means price at which a Carbon Credit is sold, or may be sold, under a respective Carbon Credit Sale Agreement denominated in USD (or the equivalent USD amount, calculated at the rate of exchange prevailing at the date of the relevant transaction);

Unpaid Termination Payment Amount shall have the meaning ascribed thereto in Section 16.8.1;

Unpaid Termination Payment Amount Certificate shall have the meaning ascribed thereto in Section 16.8.1;

Vacant Possession means delivery to the Concessionaire by the Implementing Agency of possession of the Project Site in accordance with this Agreement, in accordance with Applicable Laws, and in accordance with the Project Site Lease Agreement free from all Encumbrances, encroachments, existing trees, existing structures and utilities etc., a good marketable title with no defect in title and the grant of all Easementary Rights and all other rights appurtenant thereto, such that the Concessionaire enjoys complete uninterrupted and quiet possession and control of the Project Site from the grant of the Lease and throughout the Concession Period;

Validation means the process of independent evaluation and validation of the Project Design Document by the Project Validating Body in accordance with the rules and requirements of the Project Carbon Standard, and **Validate** shall be construed accordingly;

Validation Report means the written report prepared and issued by the Project Validating Body confirming the Validation of the Project Design Document;

VCUs shall have the meaning ascribed thereto in **SCHEDULE N** (*Concessionaire Development Works*);

Verification means, in respect of any Monitoring and Verification Period, the ex-post verification of, inter alia, the amount of GHG Reductions or Removals and Co-benefits achieved by the Project during such Monitoring and Verification Period in accordance with the rules of the Project Carbon Standard Body, and the requirements of the Project Carbon Standard, and **Verify** and **Verified** are to be construed accordingly;

Verification Report means a written report prepared and issued by the Project Verification Body in relation to the Verification, assessing the Monitoring Report for the relevant Monitoring and Verification Period;

Vesting Certificate shall have the meaning ascribed thereto in Section 23.3.1;

Voluntary Market shall have the meaning ascribed thereto in Section 16.2.1; and

VVB means an independent third party accredited or recognised by the Project Carbon Standard entitled to carry out validation and/or verification, as the case may be, in accordance with the Project Carbon Standard.

1.2 CONSTRUCTION

1.2.1 In this Agreement, unless the context otherwise requires:

(a) references to any legislation or any provision thereof shall include amendment or re-enactment or consolidation of such legislation or any provision thereof so far as such amendment or re-enactment or consolidation applies or is capable of applying to any transaction entered into hereunder;

(b) references to laws of Pakistan or Pakistan law or regulation having the force of law shall include the laws, acts, ordinances, rules, regulations, bye laws or notifications which have the force of law in the territory of Pakistan and as from time to time may be amended, modified, supplemented, extended or re-enacted;

(c) the table of contents, headings or sub-headings in this Agreement are for convenience of reference only and shall not be used in, and shall not affect, the construction or interpretation of this Agreement;

(d) the words "**include**" and "**including**" are to be construed without limitation and shall be deemed to be followed by "**without limitation**" or "**but not limited to**" whether or not they are followed by such phrases;

(e) references to "**construction**" or "**building**" include, unless the context otherwise requires, investigation, design, developing, engineering, procurement, delivery, transportation, installation, processing, fabrication, testing, commissioning and other activities incidental to the construction, and "**construct**" or "**build**" shall be construed accordingly;

(f) references to "**development**" include, unless the context otherwise requires, construction, renovation, refurbishing, augmentation, up-gradation and other activities incidental thereto, and "**develop**" shall be construed accordingly;

(g) any reference to any period of time means a reference to that according to Pakistan Standard Time;

(h) any reference to day means a reference to a calendar day as per the Gregorian Calendar;

(i) references to a "**business day**" shall be construed as a reference to a day (other than a Sunday) on which banks in Pakistan are generally open for business;

(j) any reference to month means a reference to a calendar month as per the Gregorian calendar;

(k) references to any date, period means and include such date, period as may be extended pursuant to Relief Order;

(l) any reference to any period commencing "**from**" a specified day or date and "**till**" or "**until**" a specified day or date shall include both such days or dates; provided, that if the last day of any period computed under this Agreement is not a business day, then the period shall run until the end of the next business day;

(m) the words importing singular shall include plural and vice versa;

(n) references to any gender shall include the other and the neutral gender;

(o) "**indebtedness**" shall be construed so as to include any obligation (whether incurred as principal or surety) for the payment or repayment of money, whether present or future, actual or contingent;

(p) references to the "**winding-up**", "**dissolution**", "**insolvency**", or "**reorganization**" of a company or corporation shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, reorganization, dissolution, arrangement, protection or relief of debtors;

(q) save and except as otherwise provided in this Agreement, any reference, at any time, to any agreement, deed, instrument, Lease or document of any description shall be construed as reference to that agreement, deed, instrument, Lease or other document as amended, varied, supplemented, modified or suspended at the time of such reference; provided, that this sub-section shall not operate so as to increase liabilities or obligations of the Implementing Agency hereunder or pursuant hereto in any manner whatsoever;

(r) any agreement, consent, approval, authorization, notice, communication, information or report required under or pursuant to this Agreement from or by any Party, the Independent Expert or the Independent Auditor shall be valid and effective only if it is in writing under the hand of a duly authorized representative of such Party, the Independent Expert or the Independent Auditor, as the case may be, in this behalf and not otherwise;

(s) the Schedules and Recitals to this Agreement form an integral part of this Agreement and shall be in full force and effect as though they were expressly set out in the body of this Agreement;

(t) references to Recitals, Articles, Sections, or Schedules in this Agreement shall, except where the context otherwise requires, mean references to Recitals, Articles, Sections, and Schedules of or to this Agreement, and references to a Paragraph shall, subject to any contrary indication, be construed as a reference to a Paragraph of this Agreement or of the Schedule in which such reference appears; and

(u) time shall be of the essence in the performance of the Parties' respective obligations. If any time period specified herein is extended, such extended time shall also be of the essence.

1.2.2 The rule of construction, if any, that a contract should be interpreted against the parties responsible for the drafting and preparation thereof, shall not apply.

1.2.3 Any word or expression used in this Agreement shall, unless otherwise defined or construed in this Agreement, bear its ordinary English meaning and, for these purposes, the General Clauses Act 1897 shall not apply.

1.3 <u>Costs for Documents</u>

1.3.1 Unless expressly provided otherwise in this Agreement, any documentation required to be provided or furnished by the Concessionaire to the Implementing Agency, the Independent Expert and/or the Independent Auditor or any other relevant person so appointed or nominated by the Implementing Agency, the Financiers or any other person legally so required shall be provided free of cost and in three (3) copies, and if the Implementing Agency, the Independent Expert and/or the Independent Auditor is required to return any such documentation with their comments and/or approval, they shall be entitled to retain two (2) copies thereof.

1.4 <u>Measurements and Arithmetic Conventions</u>

1.4.1 All measurements and calculations in respect of financial matters shall be in the metric system and calculations done to two (2) decimal places, with the third digit of five (5) or above being rounded up and below five (5) being rounded down, however all calculations in respect of technical matters shall be in SI/foot pound and second system in accordance with the provision of this Agreement.

1.5 <u>Priority of Agreements, Articles, Sections and Schedules</u>

1.5.1 This Agreement, and all other agreements and documents forming part of this Agreement are to be taken as mutually explanatory and, unless otherwise expressly provided elsewhere in this Agreement, the priority of this Agreement and the other Implementing Agency Agreement and other documents and agreements forming part thereof or referred to therein shall, in the event of any conflict between them, be in the following order (unless otherwise agreed between the Parties):

(a) this Agreement;

(b) the Implementing Agency Agreements (other than this Agreement).

1.5.2 Subject to the provisions of Section 1.5.1, in the event of any ambiguity and/or discrepancies with regard to this Agreement, the following shall apply:

(i) between two or more Articles and/or Section of this Agreement, the provisions of a specific Article relevant to the issue under consideration shall prevail over those in other Article and/or Section;

(ii) between the Article and/or Section of this Agreement and the Schedules, the Article and/or Section shall prevail unless the issue in question/matter is specifically provided for in the Schedule and only referred to in the Article and / or Section, as the case may be;

(iii) between any two Schedules, the Schedule relevant to the issue shall prevail;

(iv) between the dimension scaled from specific written dimension, the latter shall prevail; and

(v) between any value written in numerals and that in words, the latter shall prevail.

2. CONCESSION

2.1 GRANT OF CONCESSION

2.1.1 In consideration of the Concessionaire's obligations contained in this Agreement and relying on the Concessionaire's representations, warranties and covenants contained herein, the Implementing Agency, subject to the terms of this Agreement, hereby authorizes the Concessionaire, for the duration of the Concession Period, to investigate, study, procure, finance, construct, develop, operate, maintain and implement the Project on a design, finance, build, operate, and transfer basis, and to exercise and enjoy the rights, powers, benefits, privileges, Project Revenue collection, authorizations and entitlements as set forth in this Agreement.

2.1.2 The Concessionaire agrees and undertakes to implement the Project in accordance with the terms of this Agreement and the Implementing Agency Agreements.

2.2 CONCESSION PERIOD

2.2.1 The Concession hereby is granted and shall be effective for the Concession Period.

2.3 EXTENSION OF CONCESSION PERIOD

2.3.1 The Concessionaire may, at its sole option and discretion, by written notice to the Implementing Agency, require an extension of the Concession Period for an additional term at any time prior to the Final Expiry Date. The Implementing Agency shall, forthwith upon receipt of such notice from the Concessionaire, enter into such instruments, agreements and arrangements (including any amendments in the Implementing Agency Agreements) and on the same terms and conditions as applicable hereunder.

3. CONDITIONS

3.1 CONDITIONS PRECEDENT

3.1.1 Save and except as expressly provided herein, the respective obligations of the Parties shall be subject to the satisfaction (waiver and/or deferral, in accordance with the terms herein) in full of the conditions precedent specified in Section 3.1.2 and Section 3.1.3 (the **Conditions Precedent**) on or prior to the Scheduled Commencement Date.

3.1.2 The Concessionaire shall satisfy the following Conditions Precedent to the satisfaction of the Implementing Agency, the Independent Expert and the Independent Auditor prior to the Scheduled Commencement Date (the **Concessionaire Conditions Precedent**):

(a) the Concessionaire has provided the Development Performance Security to the Implementing Agency that remains effective and valid till the Development Performance Security Expiry Date;

(b) the Concessionaire has provided to the Implementing Agency copies (with copies delivered to the Independent Expert and Independent Auditor) of its Board Resolution that duly authorizes:

(i) the Concessionaire to enter into this Agreement and to undertake the obligations, liabilities, as set out in this Agreement, and the transactions as contemplated by this Agreement;

(ii) a specified Person or Persons to:

(aa) execute this Agreement on behalf of the Concessionaire; and

(bb) undertake all other acts specifically relating to this Agreement, as contemplated by this Agreement;

(c) the Implementing Agency has received the following legal opinions:

(i) a legal opinion from the legal counsel of the Concessionaire confirming that the Concessionaire has been duly organized and is validly existing under the Applicable Laws and has the requisite power and authority to enter into the Implementing Agency Agreements to which the Concessionaire is a party and to undertake the transactions as contemplated by the Implementing Agency Agreements and to assume the obligations as contained herein and the enforceability of the same against the Concessionaire;

(ii) a legal opinion from the legal counsel of the Sponsor confirming that such Sponsor is validly existing under the applicable laws and that such Sponsor has the requisite authority and power to enter into the Implementing Agency Agreement(s) and the Project Agreement(s) to which such Sponsor is a party and to assume the obligations as contained therein and the enforceability of the same against the Sponsor;

(d) the Concessionaire has entered into the Project Site Lease Agreement with the Implementing Agency for Lease of the Project Site to the Concessionaire in accordance with Article 4 (*Project Site*);

(e) the Concessionaire has provided to the Implementing Agency documents evidencing that:

(i) the Concessionaire entered into a valid and effective Independent Expert Contract for the appointment of the Independent Expert with the counterparties to such contract, within one (1) month of the Effective Date; and

(ii) the Concessionaire entered into a valid and effective Independent Auditor Contract for the appointment of the Independent Auditor with the counterparties to such contract, within one (1) month of the Effective Date;

(f) the Concessionaire has entered into the Escrow Agreement and has established the Escrow Account; and

(g) the Concessionaire has submitted copies of documents evidencing satisfaction of each of the Concessionaire Conditions Precedent to the Independent Expert and the Independent Auditor.

(h) the Concessionaire has paid a success fee of an amount equal to PKR _______________[11] to the BPPPA (the **Success Fee**) as stipulated in the RFP;

(i) the Concessionaire has paid a pdf cost of an amount equal to PKR __________[12] to the BPPPA (the **PDF Cost**) as stipulated in the RFP;

(j) as applicable, procured the approval of the Base Case Financial Model with Pre-Estimated Project Cost from the PSC (the **Financial Model**);

(k) as applicable, procured the approval of the Marketing Plan from the PSC;

(l) as applicable, procured the approval of the Baseline Assessment Report from the PSC;

(m) as applicable, procured the approval of the Project Implementation Plan from the PSC;

3.1.3 The Implementing Agency shall satisfy the following Conditions Precedent to the satisfaction of the Concessionaire, the Independent Auditor and the Independent Expert prior to the Scheduled Commencement Date (the **Implementing Agency Conditions Precedent**):

(a) the Implementing Agency has Leased the Project Site to the Concessionaire in accordance with Article 4 (*Project Site*) and the Project Site Lease Agreement;

(b) the Implementing Agency has handed over Vacant Possession of the Project Site to the Concessionaire in accordance with Article 4 (*Project Site*) and the Project Site Lease Agreement;

(c) the Implementing Agency has entered into the Independent Expert Contract for the appointment of the Independent Expert with the other counterparties to such contract, within one (1) month of the Effective Date;

(d) the Implementing Agency has entered into the Independent Auditor Contract for the appointment of the Independent Auditor with the other counterparties to such contract, within one (1) month of the Effective Date;

(e) the Implementing Agency has entered into the Escrow Agreement;

(f) the Implementing Agency has provided the Implementing Agency Financial Instrument in accordance with Section 16.7.3;

(g) provided an '*Endorsement Letter*' (to be attached to the '*Project Idea Note*') for the Project to the Concessionaire;

(h) submitted the '*Project Idea Note*' for the Project to the Ministry of Climate Change and Environmental Coordination, Government of Pakistan (the **MoCC & EC**);

(i) procured the '*Letter of Intent*' in respect of the Project from the Ministry of Climate Change and Environmental Coordination, Government of Pakistan;

(j) procured and delivered to the Concessionaire all applicable approvals, consents, no-objection certificates and permits required from any Government Authority (including the Environmental Protection Agency and any Carbon Standard Body) necessary for the commencement of the Project Works; and

(k) the Implementing Agency has submitted copies of documents evidencing satisfaction of each of the Implementing Agency Conditions Precedent to the Independent Expert and the Independent Auditor.

3.2 WAIVER AND/OR DEFERRAL OF CONDITIONS AND EXTENSION OF SCHEDULED COMMENCEMENT DATE

3.2.1 The:

(a) Implementing Agency may (at its discretion) waive and/or defer any of the Concessionaire Conditions Precedent set forth in Section 3.1.2. For the avoidance of doubt, the Implementing Agency may, at its sole discretion, grant any waiver and/or deferral hereunder with such conditions as it may deem fit;

(b) Concessionaire may (at its discretion) waive and/or defer any of the Implementing Agency Conditions Precedent set forth in Section 3.1.3. For the avoidance of doubt, the Concessionaire may, at its sole discretion, grant any waiver and/or deferral hereunder with such conditions as it may deem fit.

3.2.2 Any deferral and/or waiver of a Conditions Precedent in terms of this Section 3.2 (*Waiver and/or Deferral or Conditions and Extension of Scheduled Commencement Date*) shall be notified in writing to the Independent Expert and the Independent Auditor by the Party granting such deferral and/or waiver of such condition in accordance with this Agreement.

3.2.3 If, the achievement of the Commencement Date has been delayed due to (which is not otherwise attributable to the Concessionaire or any of its Contractors):

(a) any delay or failure on the part of Implementing Agency in the performance of its obligations under any Project Agreement (to which it is a party);

(b) the occurrence of a Force Majeure Event and/or Relief Event; or

(c) any delay or failure on the part of the Concessionaire in the performance of its obligations under this Agreement, which is attributable to any Implementing Agency failing to fulfil any of its obligations under any executed Project Agreement (to which it is a party),

the Scheduled Commencement Date shall be automatically extended by a period equal to the duration of such delay (plus a reasonable mobilization period), and the Concessionaire shall be entitled to claim any additional costs incurred as a result of such delay.

3.2.4 If the Concessionaire is unable to achieve the Commencement Date by the Scheduled Commencement Date for any reason, the Concessionaire shall be entitled to an extension of the Scheduled Commencement Date for such period as it reasonably requires, upon notice to the Implementing Agency.

3.3 COMMENCEMENT CERTIFICATE & COMMENCEMENT DATE

3.3.1 Each Party shall promptly inform the other Party in writing (together with copies delivered to the Independent Expert and the Independent Auditor) when the Conditions Precedent for which it is responsible have been satisfied.

3.3.2 The Parties agree that:

(a) within thirty (30) days of the Implementing Agency's receipt from the Concessionaire, through the Independent Expert and the Independent Auditor, evidence of satisfaction of a Concessionaire Condition

Precedent, the Implementing Agency shall notify the Independent Expert and the Independent Auditor in writing (with a copy to the Concessionaire) whether it has any objections on the satisfaction of such Concessionaire Condition Precedent. In the event the Implementing Agency does not raise any objection in writing on the satisfaction of a Concessionaire Condition Precedent within the thirty (30) day period set out herein, such Concessionaire Condition Precedent shall be deemed to be not objected to by the Implementing Agency. In the event the Implementing Agency raises any objections on the satisfaction of a Concessionaire Condition Precedent and notifies the same to the Independent Expert and the Independent Auditor (with a copy to the Concessionaire) within the thirty (30) day period set out herein, the Concessionaire shall address such objections and re-submit to the Independent Expert and the Independent Auditor (with a copy to Implementing Agency) evidence of satisfaction of such Concessionaire Condition Precedent and the process in this Section 3.3.2(a) shall be repeated until such time that the Implementing Agency has not objected to or is deemed to have not objected to the satisfaction of such Concessionaire Condition Precedent. The provisions of this Section 3.3.2(a) shall apply to each Concessionaire Condition Precedent for which evidence of satisfaction is submitted by the Concessionaire to the Independent Expert and the Independent Auditor (with a copy to the Implementing Agency) from time to time;

(b) within thirty (30) days of the Concessionaire's receipt from the Implementing Agency, through the Independent Expert and the Independent Auditor, evidence of satisfaction of a Implementing Agency Condition Precedent, the Concessionaire shall notify the Independent Expert and the Independent Auditor in writing (with a copy to the Implementing Agency) whether it has any objections on the satisfaction of such Implementing Agency Condition Precedent. In the event the Concessionaire does not raise any objection in writing on the satisfaction of a Implementing Agency Condition Precedent within the thirty (30) day period set out herein, such Implementing Agency Condition Precedent shall be deemed to be not objected to by the Concessionaire. In the event the Concessionaire raises any objections on the satisfaction of a Implementing Agency Condition Precedent and notifies the same to the Independent Expert and the Independent Auditor (with a copy to Implementing Agency) within the thirty (30) day period set out herein, the Implementing Agency shall address such objections and re-submit to the Independent Expert and the Independent Auditor (with a copy to the Concessionaire) evidence of satisfaction of such Implementing Agency

Condition Precedent and the process in this Section 3.3.2(b) shall be repeated until such time that the Concessionaire has not objected to or is deemed to have not objected to the satisfaction of such Implementing Agency Condition Precedent. The provisions of this Section 3.3.2(b) shall apply to each Implementing Agency Condition Precedent for which evidence of satisfaction is submitted by the Implementing Agency to the Independent Expert and the Independent Auditor (with a copy to Concessionaire) from time to time.

3.3.3 The Parties hereby jointly undertake to procure that the Independent Expert and the Independent Auditor jointly issue the Commencement Certificate within three (3) days of the date on which the Independent Expert and the Independent Auditor are satisfied that each of the:

(a) Concessionaire Conditions Precedent stand satisfied (and/or waived or deferred by the Implementing Agency in accordance with Section 3.2.1(a));

(b) Concessionaire Conditions Precedent are not objected to or deemed not to have been objected to by the Implementing Agency (acting through the Implementing Agency Representative) in accordance with Section 3.3.2(a) and if any Concessionaire Condition Precedent is objected to by the Implementing Agency in accordance with Section 3.3.2(a), the Concessionaire has addressed such objections and re-submitted evidence of satisfaction of such Concessionaire Condition Precedent to the Independent Expert and the Independent Auditor (with a copy to the Implementing Agency) in accordance with Section 3.3.2(a);

(c) Implementing Agency Conditions Precedent stand satisfied (and/or waived or deferred by the Concessionaire in accordance with Section 3.2.1(b)); and

(d) Implementing Agency Conditions Precedent are not objected to or deemed to not have been objected to by the Concessionaire in accordance with Section 3.3.2(b) and if any Implementing Agency Condition Precedent is objected to by the Concessionaire in accordance with Section 3.3.2(b), the Implementing Agency has addressed such objections and re-submitted evidence of satisfaction of such Implementing Agency Condition Precedent to the Independent Expert and the Independent Auditor (with a copy to the Concessionaire) in accordance with Section 3.3.2(b).

3.3.4 The Independent Expert and the Independent Auditor, jointly, shall set out in the Commencement Certificate the date on which the Commencement Date is achieved.

3.4 TERMINATION PRIOR TO COMMENCEMENT DATE

3.4.1 In the event:

(a) the Conditions Precedent are not satisfied, waived and/or deferred on or prior to the date falling ninety (90) days following the Scheduled Commencement Date, (including the extended time, if any) due to reasons attributable to the Concessionaire; and/or

(b) of occurrence of a Concessionaire Event of Default prior to the Commencement Date;

then the Implementing Agency shall have the right to Terminate this Agreement by issuance of a written Termination Notice to the Concessionaire. In such case, the Implementing Agency shall be entitled to encash the Development Performance Security to its full value and shall, within thirty (30) days of its receipt of a written demand from the Concessionaire, make payment to the Concessionaire of an amount equal to 100% of all actual costs, fees and charges incurred and/or committed by the Concessionaire in respect of the Project until the date of termination of this Agreement.

3.4.2 In the event:

(a) the Conditions Precedent are not satisfied, waived and/or deferred on or prior to the date falling ninety (90) days following the Scheduled Commencement Date, (including the extended time, if any) due to reasons attributable to the Implementing Agency and/or a Force Majeure Event; and/or

(b) of occurrence of a Implementing Agency Event of Default prior to Commencement Date,

the Concessionaire shall have the right (to be exercised in its sole discretion) to Terminate this Agreement by issuance of a written Termination Notice to the Implementing Agency. In such case, the Implementing Agency shall (within fifteen (15) days of its receipt of the Termination Notice) return the Development Performance Security, as applicable, to the Concessionaire without any encashment, demands or claims and shall, within 30 days of its receipt of a written demand from the Concessionaire, make payment to the Concessionaire of an amount equal to 125% of all actual costs, fees and charges incurred and/or committed by the Concessionaire in respect of the Project until the date of termination of this Agreement.

3.4.3 It is clarified that the provisions of this Section 3.4 (*Termination Prior to Commencement Date*) shall only apply to any Termination of this Agreement occurring prior to the Commencement Date.

4. PROJECT SITE

4.1 LEASE

4.1.1 Pursuant to the Project Site Lease Agreement, the Implementing Agency agrees to lease the Project Site for the Concession Period to the Concessionaire for the purposes set out herein in the Concession Agreement (the **Lease**) and in accordance with the Project Site Lease Agreement. The Project Site Lease Agreement shall be duly executed by the Parties and, to the extent required by Applicable Laws, registered by the Concessionaire with the relevant Government Authority and all costs, fees, expenses, duties, charges and taxes (including charges relating to the registration of the Project Site Lease Agreement) relating to the same shall be borne by the Concessionaire.

4.1.2 The Concessionaire shall be responsible for payment of all charges in accordance with the Project Site Lease Agreement that relate to the Lease of the Project Site to the Concessionaire by the Implementing Agency.

4.1.3 The Lease shall commence on the physical handing over of the Vacant Possession of the Project Site to the Concessionaire by the Implementing Agency and upon commencement shall be co-terminus on the Transfer Date without the need for any action to be taken by the Parties to terminate the Lease. Any extension of the Concession Period shall automatically extend the Lease.

4.1.4 The Implementing Agency shall grant such permission or exemptions as may be required under the Applicable Laws relating to and regulating land, as applicable in the Province of Balochistan, Pakistan, so as to ensure that the Concessionaire can enjoy Vacant Possession and hold the area of land comprising the Project Site.

4.2 TITLE OF PROJECT SITE & DELIVERY OF VACANT POSSESSION

4.2.1 The Implementing Agency represents and warrants that it is the sole legal and beneficial owner of the Project Site and has the power and authority to grant the Lease in respect of the Project Site to the Concessionaire.

4.2.2 The Implementing Agency shall at its own cost and expense, deliver to the Concessionaire the Vacant Possession of the Project Site (including all Easementary Rights) in accordance with the Project Site Lease Agreement.

4.2.3 The Parties agree and acknowledge that this Section 4.2.3 shall come into effect as of the Effective Date. In the event the Concessionaire is adversely affected and / or delayed in the performance of its obligations and/or there is any adverse financial impact on the Concessionaire, in each case, resulting from any delay and / or failure of the Implementing Agency to deliver Vacant Possession of the Project Site to the Concessionaire in accordance with the Project Site Lease Agreement, such delay and / or failure of the Implementing Agency shall entitle the Concessionaire to issuance of a Relief Order and in such case, the provisions of Article 14 (*Adverse Carbon Market Event, Relief Extensions & Relief Compensations*) shall apply.

4.2A **IMPLEMENTING AGENCY'S RIGHT OF ACCESS FOR PLANTATION WORKS**

4.2A.1 Following the handover of Vacant Possession of the Project Site to the Concessionaire pursuant to Section 3.1.3(b) and execution of the Project Site Lease Agreement (resulting in the grant of leasehold rights to the Concessionaire free of all Encumbrances), the Concessionaire shall grant to the Implementing Agency a right of access to the Project Site (the **Plantation Works Access Right**) solely and exclusively for the purpose of undertaking the Plantation Works in accordance with Section 12.7 (*Plantation Works*).

4.2A.2 Subject to the afore-stated, the Plantation Works Access Right shall:

(a) arise on the Commencement Date;

(b) extend to the Implementing Agency's personnel, contractors, sub-contractors, agents, and any other persons nominated by the Implementing Agency for the purposes of completing the Plantation Works; and

(c) terminate automatically upon the issuance of the Plantation Works Completion Certificate by the Independent Expert in accordance with Section 12.7.2, without the need for any further action or notice by either Party.

4.2A.3 The Plantation Works Access Right shall be exercised by the Implementing Agency strictly in accordance with the following conditions:

(a) the Implementing Agency shall exercise the Plantation Works Access Right solely for the purpose of completing the Plantation Works and for no other purpose whatsoever;

(b) the Implementing Agency shall coordinate with the Concessionaire in respect of the timing and conduct of the Plantation Works on the Project

Site so as to minimize disruption to the Concessionaire's activities on the Project Site; and

(c) the Implementing Agency shall vacate the Project Site promptly upon the issuance of the Plantation Works Completion Certificate and shall leave the Project Site in a condition consistent with the completion of the Plantation Works in accordance with the Applicable Standards.

4.2A.4 During the subsistence of the Plantation Works Access Right:

(a) all risk of loss, damage, or injury to the Project Site, the Concession Assets, the Concessionaire's equipment, machinery, or property on the Project Site, and any third-party property, arising from or in connection with the exercise of the Plantation Works Access Right by the Implementing Agency, its personnel, contractors, sub-contractors, agents, or nominees, shall be borne solely and exclusively by the Implementing Agency;

(b) the Implementing Agency shall indemnify, defend, and hold harmless the Concessionaire and its personnel, contractors, agents, and assigns from and against any and all claims, losses, damages, liabilities, costs, and expenses of any nature whatsoever arising from or in connection with, *inter alia*:

(i) the exercise of the Plantation Works Access Right by the Implementing Agency or any person acting on its behalf;

(ii) any omission, negligence, or misconduct of the Implementing Agency or any of its personnel, contractors, sub-contractors, agents, or nominees on the Project Site during the subsistence of the Plantation Works Access Right;

(iii) any damage caused to the Project Site, the Concession Assets, or any other property of the Concessionaire during the exercise of the Plantation Works Access Right; and

(iv) any third-party claims arising from or in connection with the Implementing Agency's presence on or activities on the Project Site during the subsistence of the Plantation Works Access Right.

4.3 IMPLEMENTING AGENCY'S REPRESENTATIONS REGARDING PROJECT SITE CONDITIONS

4.3.1 The Implementing Agency represents and warrants that the physical and the ambient conditions (including climatic, hydrological, hydro-geological, ecological, environmental, geotechnical, geological, paleontological and archaeological conditions) of the Project Site (the **Project Site Conditions**) are suitable for the Project and the Project Works. The Implementing Agency acknowledges that the Concessionaire has entered into this Agreement relying on the representations of the Implementing Agency regarding the Project Site Conditions, and the Concessionaire shall not be deemed to have:

(a) inspected the Project Site Conditions;

(b) accepted any risk or liability regarding the suitability of the Project Site;

4.3.2 Notwithstanding anything to the contrary, the Implementing Agency shall:

(a) be solely responsible for all costs and delays arising from unforeseen Project Site Conditions; and

(b) indemnify the Concessionaire against all direct Losses sustained by the Concessionaire and/or any third party in consequence of cleaning-up and otherwise dealing with any potentially hazardous materials being any natural or artificial substance existing on the Project Site prior to the Transfer Date.

4.4 CREATION OF ENCUMBRANCE

4.4.1 Notwithstanding anything to the contrary contained in this Agreement, the Concessionaire shall have the unrestricted right, at its sole and absolute discretion, to create, permit and subsist Encumbrances over its leasehold rights in the Project Site, the Concession Assets, and any other assets, rights or revenues of the Concessionaire in favor of any person the Concessionaire deems fit.

4.5 PROTECTION OF PROJECT SITE FROM ENCROACHMENTS

4.5.1 The Implementing Agency shall, at its own cost and risk, ensure that the Project Site remains free from any and all occupations, thefts, encroachments and Encumbrances (save and except as by the Concessionaire) throughout the Concession Period. In the event of any such occupation, theft, encroachment or Encumbrance (save and except as by the Concessionaire), the Implementing Agency shall immediately remove the same.

4.5.2 The Implementing Agency undertakes to indemnify the Concessionaire from any costs, claims, losses (including loss of profit and revenue), expenses or charges incurred resulting from any breach of its obligations under this Section 4.5.

4.6 SPECIAL/TEMPORARY RIGHT OF WAY

4.6.1 The Implementing Agency shall, at its own cost and risk, obtain any special or temporary right of way that is not included in the Scope of the Project and description of Project Site and the Concession Assets, which is required by the Concessionaire in connection with access to the Project Site and shall provide such rights of way to the Concessionaire within fifteen (15) days of a request.

4.7 GEOLOGICAL AND ARCHAEOLOGICAL FINDS

4.7.1 It is expressly agreed between the Parties that mining, geological or archaeological rights do not form part of the Lease to be granted to the Concessionaire in terms of the Project Site Lease Agreement and the Concessionaire hereby acknowledges and agrees that it shall not have any mining rights or interest in the underlying minerals, fossils, antiquities, structures or other remnants or things either of particular geological or archaeological interest and that all such rights, interest and property on or under the Project Site shall vest in and belong to the Implementing Agency or the relevant concerned Government Authority.

4.7.2 The Implementing Agency shall procure all no-objection certificates and consents from the Culture, Tourism and Archives Department, Government of Balochistan that may be required by the Concessionaire under the Applicable Laws, in respect of any potential geological and archaeological finds on the Project Site, prior to commencement of the Project Works. Furthermore, the Concessionaire shall take all reasonable precautions to prevent its employees, workmen, agents, representatives and/ or any other persons appointed by the Concessionaire from having access to the Project Site, including the Contractors, from removing or damaging such interest or property (as set out in Section 4.7.1) and shall inform the Implementing Agency forthwith of the discovery thereof and comply with such instructions as the Implementing Agency and/or the concerned Government Authority may issue in relation to the protection and/or removal of such property; provided that the Concessionaire shall not be responsible for any delay or suspension of Project Works resulting from the discovery of such items. In the event any expenses are incurred by the Concessionaire in fulfilling its obligations as set out in this Section 4.7.2 as a result of the geological and/or archaeological finds being on the Project Site, such event shall constitute a Relief Event entitling the Concessionaire to: (a) full reimbursement of all costs and expenses (including standby costs for machinery and labor) as Relief Compensations; and (b) an extension of the Time for Completion in accordance with Article 14 (*Adverse Carbon Market Event Relief Extensions & Relief Compensations*). Further, in the event the Concessionaire is delayed in performance of its obligations under this Agreement due to the occurrence of the circumstances set out in this Section 4.7 (*Geological and Archaeological Finds*), the Concessionaire shall be granted extensions in the timeline in which it has to perform its obligations under this Agreement (provided that such extensions are duly certified by the Independent Expert) and in such case the provisions of Article 14 (*Adverse Carbon Market Event, Relief Extensions & Relief Compensations*) shall apply.

4.8 EXISTING UTILITIES AND ROADS

4.8.1 The Implementing Agency shall, at its own cost, risk, and expense: (a) ensure that all existing roads, rights of way, or utilities on, under, or above the Project Site are maintained, diverted, or relocated as necessary to ensure the uninterrupted performance of the Project Works; (b) identify, locate, and supervise the relocation of any such existing utilities or roads in accordance with the Project requirements; and (c) initiate and conduct all legal proceedings and acquire any necessary rights of way for such diversions or relocations. The Implementing Agency shall indemnify and hold the Concessionaire harmless from and against any delay, cost, loss, or damage resulting from the existence, relocation, or diversion of such utilities or roads.

4.9 NEW UTILITIES AND ROADS

4.9.1 The Concessionaire shall, at its sole discretion, allow utility companies, access to, and use of the Project Site for laying telephone lines, water pipes, electric cables or other public utilities; provided, that any damage caused to the Concession Assets by such access to, and use of the Project Site for laying telephone lines, water pipes, electric cables or other public utilities shall be restored forthwith by the Implementing Agency at its own cost.

4.9.2 The affected part of the Concession Assets (or any part thereof) (the **Utilities Affected Assets**) shall be restored in accordance with the Applicable Standards and Good Industry Practice by the Implementing Agency and the costs relating to the same shall be borne by the Implementing Agency.

4.9.3 The Concessionaire shall have the right to charge fees from the utility company or any other entity for allowing the passage of the telephone lines, water pipes, electric cables or other public utilities over or under the Project Site and such fee shall be retained by the Concessionaire (the **Utility Proceeds**).

4.10 IMPLEMENTING AGENCY INDEMNITIES IN RESPECT OF PROJECT SITE

4.10.1 The Implementing Agency shall indemnify and shall hold the Concessionaire harmless from any costs, claims expenses or charges incurred (in respect of the time period falling prior to delivery of Vacant Possession of Project Site to the Concessionaire) in relocating, rehabilitating or resettling persons in connection with making available the Project Site to the Concessionaire for implementation of the Project and for delivery of Vacant Possession of the Project Site to the Concessionaire.

4.10.2 The Implementing Agency hereby indemnifies and holds harmless the Concessionaire against all Losses arising in connection with or relating to any defect in title in the Concessionaire's Leased interest in the Project Site, which prevents, impedes or delays the Concessionaire from constructing or, Operating and Maintaining the Concession Assets in accordance with this Agreement; provided, that such Losses are not the consequence of any breach or non-compliance by the Concessionaire of this Agreement, the Project Site Lease Agreement and the Applicable Standards.

4.11 REMOVAL OF MATERIAL ADVERSE IMPEDIMENT

4.11.1 Following delivery of the Vacant Possession of the Project Site to the Concessionaire by the Implementing Agency, the Implementing Agency shall be responsible for removal of all impediments, debris (including any structures not in anyone's possession) on the Project Site, whether physical or legal, to the development and, Operation and Maintenance of the Concession Assets; provided, however, that the Concessionaire shall Notify the Implementing Agency, within ten (10) days of any impediment (the **Material Adverse Impediment**) on the Project Site, whether physical or legal, to the development and/or, Operation and Maintenance of the Concession Assets which:

(a) causes a Material Adverse Effect;

(b) is not attributable to the Concessionaire;

(c) in the opinion of the Independent Expert, could not have been identified or foreseen through any investigations of the Project Site Conditions carried out, or deemed to be carried out, by the Concessionaire, in terms of Section 4.3; and

(d) does not result from any non-compliance by the Sponsor and/or the Concessionaire under any Implementing Agency Agreements.

4.11.2 Upon receipt by the Implementing Agency of the Notice, the Implementing Agency shall act so as to remove such Material Adverse Impediment within seven (7) days or such other period as agreed by the Concessionaire. In the event the Concessionaire suffers delays in the performance of its obligations and/or incurs costs, in each case, as a direct result of the Material Adverse Impediment, the same shall entitle the Concessionaire to issuance of a Relief Order and in such case, the provisions of Article 14 (*Adverse Carbon Market Event, Relief Extensions & Relief Compensations*) shall apply.

4.11.3 In the event the Implementing Agency fails to remove the Material Adverse Impediment within the timeline stipulated in Section 4.11.2, the Concessionaire shall have the right (but not the obligation) to remove such impediment at the cost and risk of the Implementing Agency.

4.12 SITE SECURITY AND LAW & ORDER

4.12.1 The Implementing Agency shall, at its own cost and expense, be responsible for the "*outer security cordon*" which shall include: (i) deployment of adequate personnel from the Balochistan levies, Police, or Frontier Corps (as required by the threat assessment) to secure the perimeter of the Project Site and the access routes; (ii) ensuring the Project Site is free from tribal disputes, feudal conflicts and local law and order disruptions; and (iii) managing community relations to prevent hostile actions against the Project (the **Outer Security Cordon)**.

4.12.2 In the event of a Security Event, the Concessionaire shall have the right to: (a) immediately Suspend the Project Works (or any part thereof) to ensure the safety of its personnel; and (b) evacuate its personnel from the Project Site.

5. INDEPENDENT EXPERT

5.1 SELECTION

5.1.1 Within thirty (30) days from the Effective Date, the Concessionaire shall select a reputable firm of experts to be appointed as the Independent Expert and shall Notify the Implementing Agency of such selection.

5.1.2 The Implementing Agency shall be entitled to object to the selection of the Independent Expert by the Concessionaire only if the proposed Independent Expert: (a) is a national of a country that is proscribed by the Applicable Laws of Pakistan; or (b) has been blacklisted by a Government Authority.

5.1.3 In the event the Implementing Agency does not raise an objection in accordance with Section 5.1.2 within ten (10) days of the Notification of selection by the Concessionaire, the Independent Expert selected by the Concessionaire shall be deemed to have been approved by the Implementing Agency.

5.1.4 In the event the Implementing Agency raises a valid objection in accordance with Section 5.1.2, the Concessionaire shall select another firm of experts and the provisions of this Section 5.1 shall apply *mutatis mutandis*.

5.1.5 The Independent Expert Contract shall be executed as a Condition Precedent within sixty (60) days from the Effective Date.

5.2 TERM OF APPOINTMENT OF THE INDEPENDENT EXPERT

5.2.1 The appointment of the Independent Expert shall be for an initial term of ten (10) years from the date of the effectiveness of the Independent Expert Contract (the **Independent Expert Appointment Term**); provided, however, that:

(a) the Independent Expert Appointment Term shall be extended to such other period as determined by the Concessionaire; or

(b) the Concessionaire shall be entitled to appoint a new Independent Expert prior to the expiry of the Independent Expert Appointment Term (such appointment to be effective upon expiry of the Independent Expert Appointment Term) so as to ensure that at all times during the Concession Period an Independent Expert is retained/appointed for the purposes set out in this Agreement. In the event of the appointment of a new Independent Expert upon expiry of the Independent Expert Appointment Term, the provisions of Section 5.2.3 shall apply.

5.2.2 The appointment of the Independent Expert may be terminated:

(a) by either Party if, the Independent Expert is adjudged insolvent and/or bankrupt and/or the winding up proceedings are filed against the Independent Expert and/or the Independent Expert files winding up proceedings in a court of law; or

(b) by the Parties with the mutual consent of the Parties.

5.2.3 Upon the occurrence of any of the events listed in Section 5.2.2, the Concessionaire shall select and appoint a replacement Independent Expert in accordance with the procedure set out in Section 5.1 (*Selection*) *mutatis mutandis*; provided, however, that the termination and/or replacement of the Independent Expert shall not have effect till such time as the replacement Independent Expert has been appointed. The provisions of this Article 5 (*Independent Expert*) shall apply to any new Independent Expert (including appointment and replacement of the same) appointed in accordance with the terms herein.

5.2.4 The term of appointment of the replacement Independent Expert shall be the unexpired period of the Independent Expert Appointment Term or such other term as may be determined by the Concessionaire.

5.2.5 The Concessionaire shall ensure that all provisions of this Agreement pertaining to the Independent Expert and its responsibilities in respect of the matters set out herein are duly incorporated in the Independent Expert Contract.

5.3 INDEPENDENT EXPERT AUTHORIZED SIGNATORIES

5.3.1 The Parties shall require the Independent Expert to designate and notify to the Implementing Agency and the Concessionaire of the authorized representatives of the Independent Expert that shall be authorized by the Independent Expert to sign for and on behalf of the Independent Expert, and any communication or document required to be signed by the Independent Expert shall be valid and effective only if signed by such authorized signatories on behalf of the Independent Expert; provided, that the Independent Expert may, by notice in writing to the Parties, substitute any of the authorized signatories.

5.4 DECISION OF INDEPENDENT EXPERT & DISPUTE RESOLUTION

5.4.1 In the event any Dispute arises between the Implementing Agency and the Concessionaire with regard to any advice, instruction, decision, direction and/or award of the Independent Expert, then such Dispute shall be resolved in accordance with the Dispute Resolution Procedure.

5.5 INDEPENDENT EXPERT REMUNERATION

5.5.1 The Concessionaire undertakes to affect the fees and expenses payable to the Independent Expert pursuant to the Independent Expert Contract (the **Independent Expert Payments**) in a diligent and timely manner and in accordance with the Independent Expert Contract.

5.6 INDEPENDENT EXPERT PAYMENT ACCOUNT

5.6.1 The Concessionaire shall establish and maintain the Independent Expert Payment Account from the Commencement Date and until the Trigger Date.

6. INDEPENDENT AUDITOR

6.1 SELECTION

6.1.1 The Concessionaire shall, at its sole and absolute discretion, select a reputable firm of chartered accountants to be appointed as the Independent Auditor and shall Notify the Implementing Agency of such selection.

6.1.2 The Implementing Agency shall, forthwith upon receipt of the Notification of selection by the Concessionaire (and in any event within five (5) days thereof), enter into and execute the Independent Auditor Contract with the firm selected by the Concessionaire.

6.1.3 The Independent Auditor shall provide the services set out in the Independent Auditor Contract and as requested by the Parties with mutual consent from time to time. Unless mutually agreed otherwise between the Parties, the Independent Auditor Contract shall be in accordance with the Indicative Independent Auditor Terms of Reference.

6.2 TERM OF APPOINTMENT OF THE INDEPENDENT AUDITOR

6.2.1 The appointment of the Independent Auditor shall be for an initial term of ten (10) years from the date of the effectiveness of the Independent Auditor Contract (the **Independent Auditor Appointment Term**); provided, however, that:

(a) the Independent Auditor Appointment Term shall be extended prior to expiry of the same or such other period as determined by the Concessionaire; or

(b) the Parties shall be entitled to appoint a new Independent Auditor prior to the expiry of the Independent Auditor Appointment Term (such appointment to be effective upon expiry of the Independent Auditor Appointment Term) so as to ensure that at all times during the Concession Period an Independent Auditor is retained/appointed for the purposes set out in this Agreement. In the event of the appointment of a new Independent Auditor upon expiry of the Independent Auditor Appointment Term, the provisions of Section 6.2.3 shall apply.

6.2.2 The appointment of the Independent Auditor may be terminated:

(a) by either Party if the Independent Auditor is adjudged insolvent and/or bankrupt and/or winding up proceedings are filed against the Independent Auditor and/or the Independent Auditor files winding up proceedings in a court of law;

(b) by the Parties with the mutual consent of the Parties.

6.2.3 Upon the occurrence of any of the events listed in Section 6.2.2, the Concessionaire shall select and appoint a replacement Independent Auditor in accordance with the procedure set out in Section 6.1 (*Selection*) *mutatis mutandis*; provided, however, that the termination and/or replacement of the Independent Auditor shall not have effect till such time as the replacement Independent Auditor has been appointed. The provisions of this Article 6 (*Independent Auditor*) shall apply to any new Independent Auditor (including appointment and replacement of the same) appointed in accordance with the terms herein.

6.2.4 The term of appointment of the replacement Independent Auditor shall be the unexpired period of the Independent Auditor Appointment Term or such other term as determined by the Concessionaire.

6.2.5 The Concessionaire shall ensure that all provisions of this Agreement pertaining to the Independent Auditor and its responsibilities in respect of the matters set out herein are duly incorporated in the Independent Auditor Contract.

6.3 INDEPENDENT AUDITOR AUTHORIZED SIGNATORIES

6.3.1 The Parties shall require the Independent Auditor to designate and notify to the Implementing Agency and the Concessionaire of the authorized representatives of the Independent Auditor that shall be authorized by the Independent Auditor to sign for and on behalf of the Independent Auditor, and any communication or document required to be signed by the Independent Auditor shall be valid and effective only if signed by such authorized signatories on behalf of the Independent Auditor; provided, that the Independent Auditor may, by notice in writing to the Parties, substitute any of the authorized signatories.

6.4 DECISION OF INDEPENDENT AUDITOR & DISPUTE RESOLUTION

6.4.1 In the event any Dispute arises between the Implementing Agency and the Concessionaire with regard to any advice, instruction, decision, direction and /

or award of the Independent Auditor, then such Dispute shall be resolved in accordance with the Dispute Resolution Procedure.

6.5 INDEPENDENT AUDITOR REMUNERATION

6.5.1 The Concessionaire undertakes to affect the fees and expenses payable to the Independent Auditor pursuant to the Independent Auditor Contract (the **Independent Auditor Payments**) in a diligent and timely manner and in accordance with the Independent Auditor Contract.

6.6 INDEPENDENT AUDITOR PAYMENT ACCOUNT

6.6.1 The Concessionaire shall establish and maintain the Independent Auditor Payment Account from the Commencement Date and until the Trigger Date.

7. CONCESSIONAIRE'S REPRESENTATIONS, WARRANTIES AND CERTAIN OBLIGATIONS & UNDERTAKINGS

7.1 CONCESSIONAIRE REPRESENTATIONS & WARRANTIES

7.1.1 The Concessionaire hereby represents and warrants to the Implementing Agency that:

(a) it is duly organized and validly existing under the Applicable Laws, and that it has full power and authority to execute and perform its obligations under this Agreement and to carry out the transactions contemplated hereby;

(b) it has taken all necessary corporate and other actions under the Applicable Laws to:

(i) authorize the execution, delivery and performance of this Agreement; and

(ii) validly exercise its rights and perform its obligations under this Agreement;

(c) this Agreement and all obligations contained herein constitute its legal, valid and binding obligations, enforceable against it in accordance with the terms hereof;

(d) it has the financial standing and capability to undertake and implement the Project in accordance with the Applicable Standards and neither the Concessionaire nor the Sponsors have committed a breach in respect of their payment obligations in relation to any financial indebtedness;

(e) the execution, delivery and performance of this Agreement does not and shall not conflict with, result in the breach of, constitute a default under, or accelerate performance required by any of the terms of its memorandum and articles of association or any of its constitutive and corporate charters, filings with Government Authorities, documents, or any Applicable Laws or any covenant, contract, agreement, arrangement, understanding, decree or order to which it is a party or by which it or any of its properties or assets is bound or affected;

(f) there are no actions, suits, proceedings, or investigations pending or, to its knowledge, threatened against it under the Applicable Laws before any court or before any other judicial, quasi-judicial or other authority, the outcome of which may result in the breach of this Agreement or which individually or in the aggregate may result in any material impairment of its ability to perform any of its obligations under this Agreement;

(g) it has no knowledge of any violation or default with respect to any order, writ, injunction or decree of any court or any legally binding order of any Government Authority which may result in any Material Adverse Effect on its ability to perform its obligations under this Agreement and no fact or circumstance exists which may give rise to such proceedings that would have a Material Adverse Effect on the performance of its obligations under this Agreement;

(h) it has complied with Applicable Laws in all material respects and has not been subject to any fines, penalties, injunctive relief or any other civil or criminal liabilities which in the aggregate have or may have a Material Adverse Effect on its ability to perform its obligations under this Agreement;

(i) no representation or warranty made by the Concessionaire and contained herein or in any other document furnished by it to the Implementing Agency or to any Government Authority contains any untrue or misleading statement of material fact or omits or shall omit to state a material fact necessary to make such representation or warranty misleading;

7.1.2 In the event that any occurrence or circumstance comes to the attention of either Party that renders any of its aforesaid representations or warranties untrue or incorrect, such Party shall immediately Notify the other Party of the same.

7.2 CONCESSIONAIRE'S GENERAL UNDERTAKINGS

7.2.1 The Concessionaire hereby undertakes that it shall, at its own cost and expense:

(a) comply with and perform all duties, obligations, acts, and deeds set out in, in each case, the Applicable Standards;

(b) continuously and diligently undertake, perform and complete all Project Works (excluding Implementing Agency Development Works) and

Concession Assets in accordance with the Applicable Standards and within the Time for Completion;

(c) ensure that all Project Works (excluding Implementing Agency Development Works) and Concession Assets comply with the Applicable Standards;

(d) investigate, study, finance, develop (to the extent of the Concessionaire Development Works), Operate and Maintain the Concession Assets in accordance with the Applicable Standards;

(e) achieve:

(i) Substantial Completion on or prior to the Scheduled Substantial Completion Date, subject to a Relief Order pursuant to Article 14; and

(ii) Project Development Completion on or prior to the Scheduled Development Completion Date, subject to a Relief Order pursuant to Article 14;

(f) be in compliance with and perform all its obligations in accordance with, in each case, the Applicable Laws;

(g) make its own arrangements for materials (including development materials), parts, components, supplies, tools, machinery etc. for performance of the Project Works (excluding Implementing Agency Development Works);

(h) not engage in any business or activity other than the business or related to, and conducted for, the purpose of the Project and/or other than as provided in this Agreement;

(i) maintain its corporate existence and its rights to carry on operations of its business;

(j) provide all necessary assistance to the Implementing Agency Representative, as the Implementing Agency Representative may reasonably require for the performance of its duties and services;

(k) make all payments to the Implementing Agency of the amounts due and payable by the Concessionaire in accordance with the terms of this Agreement and the Implementing Agency Agreements;

(l) coordinate and manage all the Project Works (excluding Implementing Agency Development Works) and be responsible for the coordination and general management of the Project Works (excluding Implementing Agency Development Works);

(m) ensure the safety of the Concession Assets in accordance with the Safety Requirements; and

(n) maintain the Project Site and the Concession Assets in good condition.

7.3 CONCESSIONAIRE ENGAGED PERSONS

7.3.1 The Concessionaire shall, commencing from the Effective Date, have requisite organization and designate and appoint suitable officers/ representatives as it may deem appropriate to implement and supervise the Project, to deal with the Independent Expert/Independent Auditor/the Implementing Agency and to be responsible for all necessary exchange of information required pursuant to the Applicable Standards.

7.4 CONCESSIONAIRE AUTHORIZED REPRESENTATIVE

7.4.1 Within forty (40) days following the Effective Date, the Concessionaire shall appoint, with the prior Notification to the Implementing Agency, the Independent Expert and the Independent Auditor, in accordance with all Applicable Laws, its representative duly authorized to deal with the Implementing Agency in respect of all matters under or arising out of or relating to this Agreement (the **Concessionaire Authorized Representative**).

7.4.2 The Concessionaire shall:

(a) ensure that the Concessionaire Authorized Representative perform their respective obligations in the same manner as the Concessionaire is required to perform its obligations under this Agreement; and

(b) prior to any substitution of the Concessionaire Authorized Representative, the Concessionaire shall submit the details of the same to the Implementing Agency in writing (with copies to the Independent Expert and the Independent Auditor) and shall provide any other information reasonably requested by the Implementing Agency in respect of the same.

7.4.3 The Concessionaire shall substitute the Concessionaire Authorized Representative upon prior written notice to the Implementing Agency.

7.5 THE DEVELOPMENT CONTRACTOR & THE O&M CONTRACTOR

7.5.1 The Concessionaire hereby undertakes that it shall:

(a) ensure that the assets created and/or constructed forming part of the Concession Assets pursuant to the Development Contract and the O&M Contract (if applicable) vest in the Implementing Agency on the Transfer Date; and

(b) ensure that the Development Contractor or the O&M Contractor (if applicable) perform their respective obligations in the same manner that the Concessionaire is required to perform its obligations under this Agreement.

7.5.2 Any substitution and/or replacement of the Development Contractor or the O&M Contractor (if applicable) of the Project shall be notified in writing to the Implementing Agency.

7.5.3 The Concessionaire shall deliver certified (as being true and correct) copies of the executed Development Contract(s) and O&M Contract(s) (if applicable) to the Implementing Agency, the Independent Expert and the Independent Auditor within seven (7) days of execution of the same.

7.6 TAXES AND SUBSIDIES

7.6.1 The Concessionaire undertakes to make all payments in respect of the rates, taxes (as applicable), charges, levies, assessments or equivalent taxes levied on it; provided, however, that: (a) such Taxes shall be deducted in the same proportion as the Concessionaire Revenue Share and the Implementing Agency Revenue Share (b) all such payments shall be deemed "*Expenditures*" and funded in priority from the Revenue Accounts in accordance with Article 10 (*Funding Requirements & Shareholding Matters*) and Article 16 (*Revenue Sharing and Revenue Account*); and (c) any increase in such rates, taxes, charges, levies or assessments (or the introduction of any new tax) following the Bid Submission Date shall be borne solely by the Implementing Agency and the financial impact thereof shall be deducted entirely from the Implementing Agency Revenue Share.

7.6.2 The Concessionaire may raise any objections in terms of any charges levied on it by any Government Authority; provided, that such objections shall be filed and pursued at the cost of the Project (and such costs shall be treated as Expenditures) and the Concessionaire shall be entitled to any benefit accruing as a result of the Concessionaire's successful objection.

7.6.3 The Implementing Agency shall provide all reasonable support and assistance to the Concessionaire in obtaining any applicable tax exemptions, tax holidays, rebates, or fiscal incentives available under Applicable Laws.

7.7 PROTECTION OF THE ENVIRONMENT

7.7.1 The Concessionaire shall materially comply with all Applicable Standards pertaining to protection of the environment in its arrangements, execution of Project Works, procurement, development and operations on Project Site. The Concessionaire shall take all reasonable steps to protect the environment (both on and off the Project Site).

7.8 ACCOUNTS AND REPORTS

7.8.1 The Concessionaire shall maintain records accounting for all transactions relating to any Relief Order, Relief Compensations, extensions of Time for Completion, Change of Scope, minutes of board meetings and shareholder meetings and other records.

7.8.2 The Concessionaire shall furnish to the Implementing Agency for its information only, during the Development Period, the Concessionaire Development Progress Report.

7.8.3 The Concessionaire shall Notify the Implementing Agency of any material amendment to its Corporate Documents within thirty (30) days after such amendment becomes effective.

7.9 NO RELIEF FROM LIABILITY

7.9.1 With respect to any review, non-objection, approval, instruction or direction given by the Implementing Agency, the Independent Expert or the Independent Auditor as required in this Agreement, the Concessionaire shall have no liability for any defect, loss, damage or non-compliance in the Project Works to the extent such defect, loss, damage or non-compliance results from the Concessionaire’s adherence to such specific written instruction, direction, approval or consent.

8. Implementing Agency Representations, Warranties And Certain Obligations & Undertakings

8.1 <u>Implementing Agency Representations & Warranties</u>

8.1.1 The Implementing Agency hereby represents and warrants to the Concessionaire that:

(a) it has taken all necessary actions under Applicable Laws and obtained all necessary approvals, consents, and authorizations (including from the Government of Balochistan and any other Government Authority) to:

(i) authorize the execution, delivery and performance of this Agreement; and

(ii) validly exercise its rights and perform its obligations under this Agreement;

(b) this Agreement and all obligations contained herein constitutes its legal, valid and binding obligations, enforceable against it in accordance with the terms hereof and it has not entered into any other agreement or arrangement which would restrict or impede the performance of its obligations hereunder;

(c) the execution, delivery and performance of this Agreement shall not conflict with, result in the breach of, constitute a default under, or accelerate performance required by any of Applicable Laws or any covenant, contract, agreement, arrangement, understanding, decree or order to which it is a party or by which it or any of its properties or assets are bound or affected;

(d) there are no actions, suits, proceedings, or investigations pending or, to its knowledge, threatened against it under the Applicable Laws before any court or before any other judicial, quasi-judicial or other authority which could restrict or prohibit the execution or performance of this Agreement or the Project Site Lease Agreement;

(e) it has no knowledge of any violation or default with respect to any order, writ, injunction or decree of any court or any legally binding order of any Government Authority which may result in any Material Adverse Effect on its ability to perform its obligations under this Agreement and no fact or circumstance exists which may give rise to such proceedings that would adversely affect the performance of its material obligations under this Agreement; and

(f) it has complied with Applicable Laws in all material respects and has not been subject to any fines, penalties, injunctive relief or any other civil liabilities which in the aggregate have or may have a Material Adverse Effect;

(g) it has good, valid, sole and absolute legal and beneficial right and title to the Project Site (and any additional land required for the Project), free and clear of all Encumbrances (save and except as by the Concessionaire), claims, disputes, and third-party rights, and has the full power and absolute authority to convey Vacant Possession thereof to the Concessionaire in accordance with the terms of this Agreement and the Project Site Lease Agreement;

(h) the Project Site is not subject to any compulsory acquisition, requisition, or expropriation proceedings, nor has any notice been issued in respect thereof;

(i) it has not transferred, assigned, pledged, sold or otherwise encumbered any Carbon Credits, carbon rights, or atmospheric rights associated with the Project Site to any third party or allocated such rights towards Pakistan's NDCs in a manner that would prevent the Concessionaire from generating and selling Carbon Credits as contemplated hereunder;

(j) to the best of its knowledge, the Project Site is free from any hazardous substances, environmental contamination, or pollution which could materially affect the Project Works or result in any liability for the Concessionaire; and

(k) it waives any right of sovereign immunity in respect of its obligations under this Agreement and agrees that the execution and performance of this Agreement constitute private and commercial acts.

8.1.2 In the event that any occurrence or circumstance comes to the attention of either Party that renders any of its aforesaid representations or warranties untrue or incorrect, such Party shall immediately notify the other Party of the same. Such notification shall not have the effect of remedying any breach of the representation or warranty that has been found to be untrue or incorrect, nor shall it adversely affect or waive any right, remedy or obligation of either Party under this Agreement or any Implementing Agency Agreement. Any breach of the representations and warranties set out in Section 8.1.1 shall constitute an Implementing Agency Event of Default, entitling the Concessionaire to Terminate this Agreement and receive the Termination Payment applicable to an Implementing Agency Event of Default.

8.2 General Undertakings

8.2.1 The Implementing Agency hereby undertakes to the Concessionaire that it shall:

(a) ensure quiet enjoyment and peaceful use of the Project Site by the Concessionaire without any let, interruption, disturbance or hindrance from the Implementing Agency, any person tribe, community or Government Authority claiming through or under them or otherwise;

(b) procure (at its own cost) police assistance for the Project and provide all necessary assistance to the Concessionaire in procuring police assistance for removal of trespassers, removal of encroachments and maintenance of security on and/or in respect of the Project (including maintaining the Outer Security Cordon in accordance with Section 4.13);

(c) ensure the availability of adequate skilled and unskilled labor within the Project and facilitating the Concessionaire in the recruitment and retention of such labor, including resolving any local community or tribal disputes regarding employment and indemnifying the Concessionaire against any labor unrest, strikes (other than those solely by the Concessionaire’s own employees), or unavailability of labor resulting from local community issues or actions by the Government Authority;

(d) provide police support at and/or near the Project Site sufficient to ensure the safety and security of the Concessionaire’s personnel and assets;

(e) support, cooperate with and facilitate the Concessionaire in the implementation of the Project in accordance with the provisions of the Implementing Agency Agreements including: (i) facilitating the grant of visas, work permits and security clearances for foreign personnel engaged by the Concessionaire; and (ii) granting (and procuring that relevant Government Authorities grant) all necessary no-objection certificates, waivers and approvals required for the sale, transfer and export of Carbon Credits to any Customer (whether domestic or international) selected by the Concessionaire;

(f) facilitate the Concessionaire in the conduct of all stakeholder and community engagement activities forming part of the Project, including, without limitation, by: (i) leveraging the Implementing Agency's and/or any other Government Authority's relationships with communities, local tribal leaders, community representatives, Government Authorities and the relevant forest department to, *inter alia*, broker introductions and secure community acceptance of the Project; (ii) providing or procuring all necessary governmental endorsements, introductions and access authorisations required to enable the Concessionaire's personnel to operate safely within local communities; (iii) coordinating with relevant security authorities to ensure safe access to and within the Project Site and surrounding communities for the Concessionaire's personnel and contractors; and (iv) providing such further facilitation support as is specified in **SCHEDULE O** (*Implementing Agency Development Works*);

(g) throughout the Concession Period, neither the Implementing Agency nor any of its officers, employees, agents, representatives, or any Person acting under its authority or at its direction shall, directly or indirectly:

(i) interfere in any manner whatsoever with the Concessionaire's commercial, operational, employment, procurement, or management decisions, including without limitation by:

(aa) soliciting, requesting, or procuring the employment or engagement by the Concessionaire of any Person (including any Person related to, connected with, or nominated by any officer, employee, political representative, or other representative of any Government Authority or the Implementing Agency);

(bb) exerting, or attempting to exert, any influence over the Concessionaire's selection of contractors, sub-contractors, consultants, suppliers, or other service providers;

(cc) directing or seeking to direct the Concessionaire's hiring, retention, promotion, or dismissal of any individual; or

(dd) otherwise interfering in the internal affairs or day-to-day operations of the Concessionaire;

(ii) intimidate, threaten, coerce, pressure, or harass the Concessionaire, its shareholders, officers, employees, agents, contractors, or any Person associated with the Project, whether through direct communication, the exercise of governmental authority, political influence, or otherwise; or

(iii) use, or permit the use of, any position of authority, political influence, tribal standing, administrative power, or governmental capacity to obtain any advantage, benefit, concession, or preferential treatment from the Concessionaire to which such Person would not otherwise be entitled.

The Implementing Agency shall, promptly upon becoming aware (including without limitation upon being notified by the Concessionaire) of any act or omission constituting a breach of this Section by any Person referred to herein, take all steps to prevent, remedy, and report such act or omission. Any breach of this Section shall constitute a Material Breach of this Agreement by the Implementing Agency and shall entitle the Concessionaire to pursue any and all remedies available under this Agreement. Without prejudice to any other rights or remedies available to the Concessionaire under this Agreement, and in addition to the Concessionaire's right to treat any breach of this Section as a Material Breach, the Implementing Agency hereby irrevocably and unconditionally indemnifies, defends, and holds harmless the Concessionaire and its shareholders, officers, directors, employees, agents, contractors, sub-contractors, and consultants from and against any and all losses, liabilities, obligations, claims, demands, damages, costs, charges, penalties, fines, judgments, awards, payments, and expenses of whatsoever nature (including, without limitation, third party claims, consequential losses, indirect losses, loss of revenue, loss of profit, loss of opportunity, special damages, exemplary damages, legal and professional costs, and any accrued or contingent liabilities), in each case whether direct or indirect, foreseen or unforeseen, accrued or contingent, suffered, incurred, sustained, or required to be paid by the Concessionaire or any of its shareholders, officers, directors, employees, agents, contractors, sub-contractors, or consultants, arising out of, resulting from, or in connection with any act, omission, or conduct constituting a breach of this Section by the Implementing Agency or any Person referred to herein, or any failure by the Implementing Agency to take all steps required to prevent, remedy, or report any such act or omission. The obligations of the Implementing Agency under this paragraph shall survive the expiry or earlier termination of this Agreement.

8.3 IMPLEMENTING AGENCY PERMITS

8.3.1 The Implementing Agency shall, at its sole cost, risk, and expense, procure, obtain, maintain and renew all Implementing Agency Permits required for the implementation of the Project, the performance of the Project Works, and the exercise of the Concessionaire's rights under this Agreement.

8.3.2 The Implementing Agency shall ensure that: (a) all Implementing Agency Permits required for the commencement works and Development Works are obtained and delivered to the Concessionaire in valid and effective form on or prior to the Commencement Date; and (b) all Implementing Agency Permits required for the Operation and Maintenance and the sale/export of Carbon Credits are obtained and delivered to the Concessionaire in valid and effective form no later than thirty (30) days prior to the Scheduled Substantial Completion Date.

8.3.3 In the event of any delay in the issuance, renewal or effectiveness of any Implementing Agency Permit (or if any Implementing Agency Permit is revoked, suspended or made subject to conditions that materially impair the Concessionaire's ability to perform its obligations): (a) such event shall be deemed a Political Event entitling the Concessionaire to relief (including extension of time) and compensation (including Relief Compensations in accordance with Article 14 (*Adverse Carbon Market Event, Relief Extensions & Relief Compensations*) and Article 20 (*Force Majeure*); and (b) the Concessionaire shall be excused from the performance of any obligation under this Agreement to the extent such performance is prevented or impeded by such delay or failure.

8.3.4 The Implementing Agency shall indemnify, defend and hold harmless the Concessionaire from and against any and all claims, penalties, fines, liabilities, losses (including Loss of Revenue and profit) and expenses incurred by the Concessionaire resulting from: (a) the failure of the Implementing Agency to obtain, maintain or renew any Implementing Agency Permit; or (b) any non-compliance with the terms of any Implementing Agency Permit.

8.4 IMPLEMENTING AGENCY REPRESENTATIVE

8.4.1 Unless already appointed prior to the Effective Date, the Implementing Agency shall, within seven (7) days following the Effective Date, appoint its representative duly authorized to deal on its behalf to facilitate on all matters under or arising out of or relating to the Implementing Agency Agreements (the **Implementing Agency Representative**). The Implementing Agency may, by notice in writing to the Concessionaire, substitute the Implementing Agency Representative at its discretion at any time.

8.4.2 The function of the Implementing Agency Representative shall be to clarify and resolve with the Concessionaire Authorized Representative, the Independent Expert, the Independent Auditor any difficulties and disputes arising pursuant to this Agreement and manage any complaints by or against third parties.

8.5 SOVEREIGN IMMUNITY

8.5.1 The Implementing Agency unconditionally and irrevocably:

(a) agrees that the execution, delivery and performance by it of the Implementing Agency Agreements and all other agreements, documents and writings relating to the same constitute private and commercial acts and not public or governmental acts;

(b) agrees that should any proceedings be brought against it or its assets (other than any of its assets which are significant in respect of national security of Pakistan (the **Protected Assets**)) in any jurisdiction in relation to the Implementing Agency Agreements or any transaction contemplated by the Implementing Agency Agreements, no immunity, sovereign or otherwise, from such proceedings, execution, attachment or other legal process shall be claimed by or on behalf of itself or with respect to any of its assets (other than the Protected Assets); and

(c) waives any such right of immunity, sovereign or otherwise, which the Implementing Agency or its assets now has or may acquire in the future (other than the Protected Assets), in respect of proceedings under the Implementing Agency Agreements.

8.6 IMPLEMENTING AGENCY PERMITS

8.6.1 The Implementing Agency shall make or cause to be made, in a timely fashion, all applications (whether initial or renewal applications) for the Implementing Agency Permits in the prescribed form and with the prescribed fee (in each case, in accordance with the Applicable Laws) to the appropriate Government Authority and shall diligently pursue all such applications. The information supplied in the applications shall be complete and accurate and shall satisfy the substantive and procedural requirements of the Applicable Laws applied in a "*non-discriminatory*" manner.

8.6.2 The Implementing Agency shall make or cause to be made, at least monthly prior to the Development Completion Date, and at least quarterly thereafter, reports listing its schedule for submitting Implementing Agency Permits application forms or renewal application forms, the status of any Implementing Agency Permit applications then outstanding, notifications of the granting or denial of any Implementing Agency Permit or Implementing Agency Permit renewal, and notifications of any violations of any Implementing Agency Permit. Each report shall be submitted to the Concessionaire, the Independent Expert and the Independent Auditor and shall include copies of all applications and notifications discussed in the report which have not been provided with a previous report. The first section of each report shall also summarize any problems regarding any Implementing Agency Permit or Implementing Agency Permit application that may materially affect the Implementing Agency's performance under any Implementing Agency Agreement.

8.7 ACCESS ROUTE & TRANSPORTATION

8.7.1 The Implementing Agency shall be responsible for selection and usage of all transportation means, transportation routes, roads, bridges, highways and routes within, and to and from the Project Site in respect of performance of its Project Works and the Concessionaire shall not be responsible for any claims attributable to Implementing Agency in respect of the same. The Implementing Agency shall (as between the Parties) be responsible for the repair of access routes damaged by any Person.

9. INDEMNITIES & LIMITATION OF LIABILITY

9.1 GENERAL INDEMNITY

9.1.1 THE CONCESSIONAIRE

The Concessionaire shall indemnify and defend the Implementing Agency against, and hold the Implementing Agency harmless from, at all times after the Effective Date, any and all Losses incurred by the Implementing Agency for personal injury or death to persons by the Concessionaire in connection with this Agreement. Notwithstanding anything to the contrary contained in the preceding sentence, nothing in this Section 9.1.1 shall apply to any Loss in respect of and to the extent of which the Implementing Agency receives proceeds from insurance policies relating to the Project.

9.1.2 THE IMPLEMENTING AGENCY

The Implementing Agency shall indemnify and defend the Concessionaire, for itself and as trustee for its officers, directors and employees (the **Concessionaire Indemnified Persons**), and hold the Concessionaire Indemnified Persons harmless from, at all times after the Effective Date, any and all Loss incurred, suffered, sustained or required to be paid, directly or indirectly, by, or sought to be imposed upon the Concessionaire Indemnified Persons for personal injury or death to persons or damage to property arising out of any negligent or intentional act or omission by the Implementing Agency in connection with this Agreement. Notwithstanding anything to the contrary contained in the preceding sentence, nothing in this Section 9.1.2 shall apply to any Loss in respect of and to the extent of which the Concessionaire receives proceeds from insurance policies or indemnification from another party relating to the Project.

9.1.3 JOINT NEGLIGENCE

In the event injury or damage results from the joint or concurrent negligent or intentional acts or omissions of the Parties (as determined by the Independent Expert and the Independent Auditor), each Party shall be liable under this indemnification in proportion to its relative degree of fault, as determined by the Independent Expert and the Independent Auditor.

9.2 ASSERTION OF CLAIMS TO EXCEED MINIMUM INDEMNIFICATION AMOUNT

9.2.1 Each Party shall be solely liable and shall not be entitled to assert any claim for indemnification under this Agreement, for any Loss that would otherwise be the subject of indemnification under this Agreement, until all Losses of such Party, in the aggregate, during the then-current accounting year or Accounting Year (as the case may be), exceed the Minimum Indemnification Amount. For the purposes of this Section 9.2 (*Assertion of Claims to Exceed Minimum Indemnification Amount*), a Loss (or claim for indemnification) shall be deemed to arise in the accounting year or Accounting Year (as the case may be) in which the event giving rise to such Loss (or claim for indemnification) occurred, or if the event is continuing in more than one (1) accounting year or Accounting Year (as the case may be), in the accounting year or Accounting Year (as the case may be) in which such event ends.

9.3 NOTICE AND CONTEST OF CLAIMS

9.3.1 In the event that either Party receives a claim or demand from a third party in respect of which it is entitled to the benefit of an indemnity under this Article 9 *(Indemnities & Limitation of Liability)* (the **Indemnified Party**) it shall notify the other Party (the **Indemnifying Party**) within twenty-one (21) days of receipt of the claim or demand and shall not settle or pay the claim without the prior approval of the Indemnifying Party, which approval shall not be unreasonably withheld, conditioned or delayed. In the event that the Indemnifying Party wishes to contest or dispute the claim or demand, it may conduct the proceedings in the name of the Indemnified Party, subject to the Indemnified Party being secured against any costs involved, to its reasonable satisfaction.

9.4 DEFENSE OF CLAIMS

9.4.1 Where the Concessionaire is the Indemnifying Party, it shall have the sole right to assume and control the defense of such claim, action, suit or proceeding with counsel of its selection. Where the Implementing Agency is the Indemnifying Party, the Concessionaire shall have the right (but not the obligation) to control the defense of such claim, action, suit or proceeding at the cost and expense of the Implementing Agency.

9.4.2 If the Implementing Agency (as Indemnifying Party) fails to assume the defense of a claim within fifteen (15) days of notice, the Concessionaire may defend, settle or compromise such claim at the Implementing Agency's sole cost and risk.

9.4.3 Where the Implementing Agency is the Indemnifying Party, it shall advance to the Concessionaire all costs and expenses (including legal fees) likely to be incurred by the Concessionaire in connection with the defense of the claim.

9.4.4 Notwithstanding the assumption of defense by the Implementing Agency, the Concessionaire shall have the right to employ its own counsel and the fees and expenses of such counsel shall be borne by the Implementing Agency.

9.5 NO CONSEQUENTIAL CLAIMS

9.5.1 Notwithstanding anything to the contrary contained in this Article 9 (*Indemnities & Limitation of Liability*), the indemnities herein provided shall not include any claim or recovery in respect of any cost, expense, loss or damage of any indirect, incidental or consequential nature, except as expressly provided in this Agreement.

9.6 SURVIVAL ON TERMINATION

9.6.1 The provisions of this Article 9 (*Indemnities & Limitation of Liability*) shall survive Termination for a maximum period of five (5) years following Termination and the provisions of this Article 9 (*Indemnities & Limitation of Liability*) shall apply solely in respect of claims that arose immediately on or prior to the Termination Date.

9.7 LIMITATION OF LIABILITY & INDEMNIFICATION FOR FINES AND PENALTIES

9.7.1 Neither Party shall be liable to the other Party in contract, tort, warranty, strict liability (except as may be expressly provided in any Implementing Agency Agreement), or any other legal theory for any indirect, consequential, incidental, punitive, or exemplary damages; provided, that the Parties hereby agree that the Termination Payment and Relief Compensations payable under this Agreement are not indirect, consequential, incidental, punitive or exemplary damages. The aggregate liability of the Concessionaire to the Implementing Agency under or in connection with this Agreement (whether in contract, tort, or otherwise) shall not exceed the amount of the Development Performance Security; provided that such limitation shall not apply to fraud or wilful misconduct. The liability of the Implementing Agency under this Agreement shall be unlimited.

9.7.2 The Implementing Agency shall indemnify the Concessionaire against any fines, penalties or charges imposed by any Government Authority.

10. FUNDING REQUIREMENTS & SHAREHOLDING MATTERS

10.1 FUNDING OF EQUITY

10.1.1 The Concessionaire shall procure funding of the Project Cost in accordance with the terms of this Agreement.

10.1.2 The Concessionaire hereby undertakes to procure that the Sponsors fund the Sponsor Invested Equity from time to time, which may be funded by way of: (a) subscription for shares in cash (in Pakistani Rupees or foreign currency); (b) subscription for shares against consideration other than cash; and/or (c) the provision of Sponsor Loans (whether or not subordinated to any Financing) to the Concessionaire.

10.2 SHARES

10.2.1 Upon funding of the Sponsor Invested Equity (or any part thereof) by the Sponsors from time to time, the Concessionaire shall issue the relevant shares (or other equity instruments) to the Sponsors in accordance with the Applicable Laws.

10.2.2 The Concessionaire shall have the sole and absolute discretion to determine its authorized and paid-up share capital structure, including the creation of different classes of shares (e.g., ordinary shares, preference shares) with varying rights, privileges, or restrictions, provided that the Concessionaire shall Notify the Implementing Agency of any such structure.

10.3 CHANGE IN CONTROL AND SHARE TRANSFER

10.3.1 Notwithstanding anything to the contrary contained in this Agreement, the Sponsors shall be entitled to transfer, assign, or dispose of their shares or interest in the Concessionaire: (a) to any Affiliate of the Sponsor (upon prior written notice to the Implementing Agency); or (b) to any other Person, provided that such transfer does not result in the Sponsors (collectively) holding less than fifty-one percent (51%) of the issued share capital of the Concessionaire.

11. DEVELOPMENT PERFORMANCE SECURITY & O&M PERFORMANCE SECURITY

11.1 DEVELOPMENT PERFORMANCE SECURITY

11.1.1 Prior to the Effective Date, the Concessionaire has provided and delivered to the Implementing Agency the Development Performance Security. Development Performance Security has been issued and maintained without any recourse on the Concessionaire, its assets or properties. All costs, expenses, fees and other charges of any nature, in each case, associated with the issuance, maintenance and encashment of the Development Performance Security are solely on account of the Sponsor.

11.1.2 The Development Performance Security came into force and became effective in accordance with the terms thereof.

11.1.3 The Development Performance Security shall be encashable only in the event that: (a) a Concessionaire Event of Default has occurred and is continuing; and (b) the Independent Expert has certified in writing that such Concessionaire Event of Default has resulted in a direct financial loss to the Implementing Agency and quantified such loss; provided that any encashment shall be strictly limited to the amount of loss so certified by the Independent Expert.

11.1.4 The Concessionaire shall be obligated to maintain and keep valid the Development Performance Security until the date falling one hundred and eighty (180) days following Substantial Completion Date (the **Development Performance Security Expiry Date**), as evidenced by a certificate jointly issued by the Independent Expert and the Independent Auditor. In the event the Development Performance Security expires prior to the Development Performance Security Expiry Date, the Concessionaire shall extend the validity of the Development Performance Security, at least fifteen (15) business days prior to its expiry, so as to keep it valid and enforceable until the Development Performance Security Expiry Date. In the event of failure by the Concessionaire to keep valid or extend the validity of the Development Performance Security in accordance with this Section 11.1.4, the Implementing Agency shall have the right to encash the Development Performance Security at any time to its full outstanding value.

11.1.5 Upon the issuance of a certificate jointly issued by the Independent Expert and the Independent Auditor evidencing the occurrence of Development Performance Security Expiry Date, the Development Performance Security shall be null and void and shall be returned to the Concessionaire by the

Implementing Agency within ten (10) business days of receipt by the Implementing Agency of the afore-stated certificate.

11.2 O&M PERFORMANCE SECURITY

11.2.1 The Concessionaire hereby undertakes to procure issuance and delivery to the Implementing Agency of the O&M Performance Security from time to time in accordance with this Section 11.2 (*O&M Performance Security*).

11.2.2 The Concessionaire shall deliver the O&M Performance Security to the Implementing Agency at least thirty (30) days prior to the Development Performance Security Expiry Date. Following the Development Performance Security Expiry Date, and until the Trigger Date, the Concessionaire shall replace the O&M Performance Security ten (10) days prior to commencement of each Operational Year. Each O&M Performance Security shall become effective simultaneously upon issuance.

11.2.3 The O&M Performance Security shall be issued and maintained without any recourse on the Concessionaire, its assets or properties. All costs, expenses, fees and other charges of any nature, in each case, associated with the issuance, maintenance and encashment of the O&M Performance Security are solely on account of the Sponsors.

11.2.4 In the event of any encashment of the O&M Performance Security by the Implementing Agency in accordance with Section 11.2.5, the Concessionaire shall have no obligation to restore the amount of the O&M Performance Security until the commencement of the subsequent Operational Year.

11.2.5 The O&M Performance Security shall be encashable only in the event that: (a) a Material Breach of Operations and Maintenance obligations as set out in this Agreement has occurred and is continuing beyond the applicable cure period; and (b) the Independent Expert has certified in writing that such breach has resulted in a direct financial loss to the Implementing Agency and quantified such loss; provided that any encashment shall be strictly limited to the amount of loss so certified by the Independent Expert.

11.2.6 The O&M Performance Security provided by the Concessionaire in respect of an Operational Year shall remain in force and effect until the date that falls on the expiry of such Operational Year subject to receipt by the Implementing Agency of a fully valid and effective O&M Performance Security for the subsequent Operational Year in accordance with the terms of this Agreement on or prior to such date (the **O&M Performance Security Expiry Date**). In the event an O&M

Performance Security is to expire prior to the O&M Performance Security Expiry Date, the Concessionaire shall extend the validity of the O&M Performance Security, at least ten (10) business days prior to its expiry, so as to keep it valid and enforceable until the O&M Performance Security Expiry Date. In the event of failure by the Concessionaire to keep valid or extend the validity of any O&M Performance Security in accordance with this Section 11.2.6, the Implementing Agency shall have the right to encash such O&M Performance Security at any time prior to its expiry to its full outstanding value.

11.2.7 Upon the delivery and commencement of an O&M Performance Security for an Operational Year (the **New O&M Performance Security**) to the Implementing Agency by the Concessionaire in accordance with this Section 11.2 (*O&M Performance Security*) on or prior to the commencement of such Operational Year, the previous O&M Performance Security issued for the previous Operational Year shall be null and void and shall be returned to the Concessionaire by the Implementing Agency simultaneously with the provision of the New O&M Performance Security.

11.2.8 Notwithstanding anything to the contrary, the Concessionaire hereby undertakes and agrees that the O&M Performance Security shall remain valid and shall be returned:

(a) in case of Termination, at least for one (1) month after the Termination Notice has been issued; and

(b) in case of expiry of this Agreement on the Final Expiry Date, one (1) month after the Final Expiry Date.

12. CARBON RELATED MATTERS & DEVELOPMENT WORKS

12.1 SELECTION OF PROJECT CARBON STANDARD

12.1.1 Within fifteen (15) days following the Effective Date, the Concessionaire shall select a Carbon Standard Body (the **Project Carbon Standard Body**) and the Carbon Standards thereunder (the **Project Carbon Standard**), for the Project, and shall Notify the Implementing Agency of such selection.

12.1.2 The Project Carbon Standard selected in accordance with Section 12.1 (*Selection of Project Carbon Standard*) shall be binding on the Concessionaire for the performance of the Project Works.

12.1.3 If, following the Development Completion Date, the Concessionaire seeks to transition the Project to a different Carbon Standard Body and/or Carbon Standard, the Concessionaire shall Notify the Implementing Agency of the new Carbon Standard Body and/or the Carbon Standards (as applicable).

12.1.4 The Concessionaire shall ensure that any Carbon Credits previously Issued to the Project are, as applicable:

(a) transferred to the new Carbon Standard Registry; or

(b) cancelled on the previous Project Carbon Standard Registry and reissued on the new Carbon Standard Registry.

12.1.5 All activities required to be undertaken to effectuate the transition contemplated in Sections 12.1.3 and 12.1.4 shall be at the cost, risk, and expense of the Concessionaire.

12.2 CARBON STANDARD DOCUMENTS

12.2.1 Within fifteen (15) days following the selection of the Project Carbon Standard in accordance with Section 12.1 (*Selection of Project Carbon Standard*), the Concessionaire shall submit to Implementing Agency and the Independent Expert, a list of all documents, plans, and methodologies to be prepared by the Concessionaire over the Concession Period as required under the Project Carbon Standard (the **Carbon Standard Documents**) including a schedule of their submission timelines as mandated by the Project Carbon Standard.

12.2.2 In the event of an inconsistency between a timeline stipulated by the Project Carbon Standard and this Agreement in respect of the Project Works, the more stringent timeline shall prevail for the purposes of this Agreement.

12.2.3 In the event that the Project Carbon Standard Body amends the Project Carbon Standard, which results in a change in the Carbon Standard Documents (including in form or in the timelines for submission), the Concessionaire shall provide a revised list to Implementing Agency and the Independent Expert as soon as practical. The Concessionaire shall (at its own cost, risk, and expense) be responsible for implementing any such changes.

12.3 BASELINE ASSESSMENT REPORT

12.3.1 Following the Effective Date, the Concessionaire shall undertake the Baseline Assessments and prepare and submit to the Independent Expert (with a copy to Implementing Agency), in the manner and within the timelines stipulated in **SCHEDULE N** (*Concessionaire Development Works*) a baseline assessment report for the Project prepared in compliance with the Project Carbon Standard (the **Baseline Assessment Report**).

12.4 PROJECT IMPLEMENTATION PLAN

12.4.1 The Concessionaire shall submit to the Independent Expert and the Independent Auditor (with a copy to Implementing Agency), a plan prepared, and in compliance with the Applicable Standards for performance of the Project Works (the **Project Implementation Plan**), which shall include the progressive milestones relating to the performance of Project Works (including relevant sub-milestones) and the dates for achievement of such milestones/submilestones, in addition to those specified in the Project Implementation Schedule.

12.4.2 The Project Implementation Plan, as may be amended from time to time in accordance with this Agreement, shall be binding on the Concessionaire and the Implementing Agency including in respect of performance of the Development Works.

12.4.3 If required, the timelines set out under the Project Implementation Plan may be revised and updated at the sole discretion of the Concessionaire.

12.5 COMMENCEMENT OF DEVELOPMENT WORKS

12.5.1 Both the Concessionaire and the Implementing Agency shall commence the Development Works no later than the Commencement Date and immediately provide evidence to the Independent Expert and the Independent Auditor of the same.

12.5.2 With effect from the Commencement Date:

(a) the Implementing Agency hereby undertakes to perform and complete the Implementing Agency Development Works in accordance with the Applicable Standards; and

(b) the Concessionaire hereby undertakes to perform and complete the Concessionaire Development Works, in accordance with the Applicable Standards.

12.5.3 The Concessionaire may undertake the Concessionaire Development Works by itself or through Contractors possessing requisite technical, financial and managerial expertise/capability; provided however, the Concessionaire shall remain solely liable for the Concessionaire Development Works and compliance with the Applicable Standards and the Project Implementation Plan, it being acknowledged that sole liability for the Implementing Agency Development Works rests with the Implementing Agency in accordance with Section 12.7.

12.5.4 The Concessionaire undertakes that the Concessionaire shall achieve Substantial Completion on or prior to the Scheduled Substantial Completion Date, save to the extent that the Scheduled Substantial Completion Date has been extended pursuant to a Relief Order in accordance with Article 14 as a result of, *inter alia*, Relief Event, any delay and/or failure by the Implementing Agency in the performance of the Implementing Agency Development Works and/or any delay and/or failure in the performance by the Implementing Agency of any of its obligations under the Implementing Agency Agreements; and, in each case, the said obligation and liability of the Concessionaire shall be reduced, negated, rescinded and/or waived by any delay and/or failure of the Implementing Agency or the Independent Expert.

12.6 QUARTERLY PROGRESS REPORTS

12.6.1 During the Development Period, the Concessionaire shall, furnish to the Independent Expert and Implementing Agency reports on the progress of the Concessionaire Development Works (the **Concessionaire Development Progress Report**), in accordance with **SCHEDULE N** (*Concessionaire Development Works*) and shall promptly give such other relevant information as may be reasonably required by the Independent Expert and the Independent Auditor and/or Implementing Agency.

12.6.2 The Implementing Agency shall furnish to the Concessionaire and the Independent Expert monthly reports on the progress of the Implementing Agency Development Works containing all such information as required by the Concessionaire and the Independent Expert (the **Implementing Agency Development Monthly Progress Report**), in accordance with the Applicable Standards, and additionally, shall promptly provide such further information, documentation and access to the Project Site as the Concessionaire and the Independent Expert may reasonably require to verify the progress and status of the Plantation Works. Any failure by the Implementing Agency to submit a report within the prescribed timeframe shall entitle the Concessionaire to treat such failure as a Relief Event in accordance with Article 14.

12.7 PLANTATION WORKS

12.7.1 The Implementing Agency hereby undertakes to perform and complete the Plantation Works in accordance with **SCHEDULE O** (*Implementing Agency Development Works*) and the Applicable Standards, under the supervision of the Independent Expert and any such representative of the Concessionaire as the Concessionaire deems fit. The Plantation Works shall commence on the Commencement Date and the Implementing Agency hereby undertakes that the Plantation Works shall be completed no later than the Scheduled Plantation Works Completion Date.

12.7.2 Upon fulfillment of the Plantation Works Criteria, the Implementing Agency shall apply to the Independent Expert for the issuance of the Plantation Works Completion Certificate. The Independent Expert shall issue the Plantation Works Completion Certificate within twenty (20) days of receipt of a complete application, upon its satisfaction that the Plantation Works Criteria have been met. Upon issuance of the Plantation Works Completion Certificate, the Plantation Works and all trees and plants forming part thereof shall stand vested in and be handed over to the Concessionaire, forming part of the Concession Assets with effect from the Plantation Works Completion Date.

12.7.3 In the event, the Independent Expert determines that the Plantation Works Criteria have not been satisfied in full, the Concessionaire shall, in its sole discretion, within twenty (20) days of such determination, elect one of the following by written notice to the Implementing Agency and the Independent Expert:

(a) to accept handover of the Plantation Works notwithstanding the non-satisfaction of the Plantation Works Criteria, in which event the

Plantation Works Completion Date shall occur on the date of such election, the Independent Expert shall issue the Plantation Works Completion Certificate noting the unsatisfied criteria, and all plants shall vest in the Concessionaire and form part of the Concession Assets with effect from the Plantation Works Completion Date and the Substantial Completion Criteria shall stand accordingly amended (as determined by the Independent Expert, with the consent of the Concessionaire); or

(b) the Concessionaire may require the Implementing Agency to remedy the identified defects and deficiencies, in which event the Concessionaire shall prepare a remedial plan specifying the remediation activities, timeline and applicable standards (the **Remedial Plan**), to be approved by the Independent Expert within fifteen (15) days of submission. The Implementing Agency shall implement the approved Remedial Plan at its own cost and expense within the timelines stipulated therein. Upon the Independent Expert confirming satisfaction of the Plantation Works Criteria following remediation, the Plantation Works Completion Certificate shall be issued and the Plantation Works Completion Date shall occur in accordance with Section 12.7.2.

12.7.4 Following the Plantation Works Completion Date, subject to Section 12.7.5, the Concessionaire shall, for the remainder of the Development Period:

(a) maintain, protect and continue to develop the Concession Assets, including all trees and plants forming part of the Plantation Works vested in the Concessionaire pursuant to Section 12.7.2, in accordance with the Applicable Standards and the requirements of the Project Carbon Standard Body;

(b) perform and complete the Concessionaire Development Works in accordance with **SCHEDULE N** (*Concessionaire Development Works*); and

(c) take all steps necessary to satisfy the Substantial Completion Criteria set out in **SCHEDULE P** (*Substantial Completion Criteria*) within the Development Period,

it being agreed that the Concessionaire's obligation to maintain and develop the Concession Assets under this Section 12.7.4 is contingent upon the Plantation Works having been completed and handed over in accordance with Section 12.7.2.

12.7.5 Any delay and/or failure in the performance or completion of the Plantation Works (the **PW Delay**) shall constitute a Relief Event, entitling the Concessionaire to a Relief Order, Relief Compensations and a corresponding extension of the Time for Completion in accordance with Article 14 (*Adverse Carbon Market Event, Relief Extensions & Relief Compensations*).

12.8 PLANTATION FUNDING ACCOUNT

12.8.1 Concessionaire shall establish the Plantation Funding Account with the Plantation Funding Account Bank and shall issue the Standing Instructions prior to the Scheduled Commencement Date. The Plantation Funding Account shall be held in the name of the Concessionaire and maintained separately from all other accounts of the Concessionaire, including the Revenue Accounts and the Escrow Account.

12.8.2 The Implementing Agency shall issue the Plantation Cost Notice to the Concessionaire no later than [●][13] days prior to the Commencement Date.

12.8.3 The Concessionaire shall, no later than [●][14] days of receipt of a valid Plantation Cost Notice, deposit the Plantation Deposit into the Plantation Funding Account. The Concessionaire's obligation to fund the Plantation Funding Account is strictly limited to the Plantation Deposit as specified in the Plantation Cost Notice. Any cost overrun of any nature whatsoever shall be borne solely by the Implementing Agency.

12.8.4 The Plantation Deposit shall be released to the Implementing Agency in accordance with the Standing Instructions upon issuance of the Plantation Works Completion Certificate, provided that the amount released to the Implementing Agency shall be limited strictly to the product of: (i) the percentage of trees verified as surviving as at the Plantation Works Completion Date, as certified by the Independent Expert in the Plantation Works Completion Certificate; and (ii) the Plantation Deposit. The balance of the Plantation Deposit remaining after such disbursement shall be released to the Concessionaire absolutely and free of any restriction. In the event the Plantation Works Completion Certificate is not issued by the Scheduled Plantation Works Completion Date, the funds shall remain locked in the Plantation Funding Account and the Concessionaire shall retain the Plantation Deposit in the Plantation Funding Account and extend the Implementing Agency's obligation to complete the Plantation Works for such period as the Concessionaire specifies, with a corresponding extension of the Time for Completion and Relief Compensations for the Concessionaire Development Works in accordance with Article 14 (*Adverse Carbon Market Event, Relief Extensions & Relief Compensations*).

12.9 APPOINTMENT OF INTERNATIONAL MARKETING AGENT

12.9.1 Notwithstanding anything to the contrary contained in this Agreement, the Concessionaire shall, in its sole discretion, engage an International Marketing Agent.

12.9.2 The Concessionaire, in its sole discretion, shall exclusively and irrevocably grant the legal right to sell, trade, assign, or dispose of the Carbon Credits generated from the Project to the International Marketing Agent to any person in any jurisdiction.

12.9.3 The Implementing Agency acknowledges and agrees that the International Marketing Agent shall have the full and irrevocable legal right to sell, trade, assign, or dispose of the Carbon Credits to any person in any jurisdiction.

12.9.4 The engagement of the International Marketing Agent and the grant of rights shall not relieve the Concessionaire of any of its obligations or liabilities under this Agreement. The Concessionaire shall remain solely and fully responsible to the Implementing Agency for: (a) the calculation and remittance of the Implementing Agency Revenue Share; (b) the acts and omissions of the International Marketing Agent; and (c) compliance with all Applicable Laws and Carbon Policies.

12.9.5 The Concessionaire shall ensure that all Carbon Revenues realized by the International Marketing Agent from the sale of Carbon Credits are deposited directly into the Offshore Revenue Account.

13. COMPLETION

13.1 SUBSTANTIAL COMPLETION CERTIFICATE

13.1.1 Provided the Plantation Works Completion Certificate has been issued in accordance with Section 12.7.3, the Substantial Completion Certificate under this Section 13.1.1 shall, upon request of the Concessionaire to this effect, be issued by the Independent Expert and the Independent Auditor certifying that the Development Works (other than the Outstanding Completion Works) have been completed and the Substantial Completion Criteria set out in **SCHEDULE P** (*Substantial Completion Criteria*) has been satisfied, as certified by the Independent Expert and the Independent Auditor (the **Substantial Completion**). Upon issuance of such Substantial Completion Certificate, Substantial Completion shall be achieved.

13.1.2 The Independent Expert and the Independent Auditor shall, at the request of the Concessionaire, issue a Substantial Completion Certificate upon Substantial Completion, even if the certain Outstanding Completion Works are outstanding and not yet completed. In such an event, the Substantial Completion Certificate shall have appended thereto a list of the Outstanding Completion Works signed jointly by the Independent Expert, the Independent Auditor and the Concessionaire (the **Development Completion Checklist**) to be completed by the Scheduled Development Completion Date.

13.2 DEVELOPMENT COMPLETION CERTIFICATE

13.2.1 The Concessionaire undertakes to complete all Outstanding Completion Works on the Development Completion Checklist by the Scheduled Development Completion Date and submit the completion documents in accordance with the Applicable Standards (**Development Completion**).

13.2.2 The Development Completion Certificate shall be issued upon Development Completion by the Independent Expert and the Independent Auditor.

13.3 TITLE TO PROJECT SITE, DEVELOPMENT WORKS AND CONCESSION ASSETS

13.3.1 The Concessionaire shall be entitled to mortgage, charge, pledge, hypothecate or otherwise Encumber such leasehold rights and the Concession Assets in favor any Person, including the Financiers (if any) as security for any Financing.

13.3.2 The Concessionaire shall retain all legal and beneficial rights and ownership of the Concession Assets (including the Development Works) as and when the same are performed and/or completed until the Transfer Date.

13.3.3 On the Transfer Date and subject to:

(a) receipt by the shareholders of the Termination Payment in accordance with Section 22.4 *(Termination Payments)*;

(b) resolution of Disputes (if any);

(c) as applicable, consent of the Financiers, during the period the Financing Due is outstanding; and

(d) receipt by the Concessionaire of all other amounts due and payable by the Implementing Agency under this Agreement (including any Relief Compensations);

the Concessionaire shall transfer the ownership rights to the Concession Assets to the Implementing Agency.

13.3.4 For the avoidance of doubt, until such time as the Concessionaire and/or the Sponsors have received the full amount of the Termination Payment and, where applicable, the Financing Due, the Concessionaire shall: (a) retain full title, possession, and control of the Concession Assets and the Carbon Credits; (b) continue to enjoy the rights under the Concession (including the right to generate and sell Carbon Credits); and (c) be entitled to any revenues generated from the Project during such period, without any deduction or set-off by the Implementing Agency.

14. ADVERSE CARBON MARKET EVENT, RELIEF EXTENSIONS & RELIEF COMPENSATIONS

14.1 ADVERSE CARBON MARKET EVENT

14.1.1 In the event of occurrence of an Adverse Carbon Market Event, the Concessionaire shall Notify the Independent Expert, Independent Auditor and Implementing Agency of the same, setting out reasonable details of the event and its estimated impact on the Project Revenues.

14.1.2 The Independent Auditor shall, within fifteen (15) days of receipt of the Notice under Section 14.1.1, verify the occurrence of the Adverse Carbon Market Event and certify the financial impact on the Concessionaire (based on the Carbon Revenues that may be generated under the prevailing revenue model of the Concessionaire). Such certification shall be binding on the Parties.

14.1.3 Within ninety (90) days (unless otherwise agreed by the Parties) of the assessment and confirmation of existence of the Adverse Carbon Market Event in accordance with Section 14.1.2, the Parties shall, enter into good faith negotiations to mutually agree on:

(a) measures to address and mitigate (as applicable) the impact of the Adverse Carbon Market Event; and

(b) any adjustments to the financial terms provided under this Agreement, including temporary or permanent rationalization of the Implementing Agency's revenue share so as to ensure that the Concessionaire achieves a reasonable cumulative return of KIBOR plus a spread of five percent (5%).

14.1.4 Following expiration of the negotiation period under this Section 14.1.4:

(a) in the event a solution has been agreed by the Parties and requisite approvals have been obtained, the Parties shall enter into a binding agreement in writing, confirming the agreed terms of the negotiated solution; or

(b) in the event that the Parties are unable to agree on a solution, the Concessionaire, may, at its discretion, terminate this Agreement in accordance with Article 22 (*Termination*).

14.1.5 The Parties agree that until such time that they enter into the agreed terms of the negotiated solution in terms of Section 14.1.4 (a) and/or this Agreement is terminated pursuant to Section 14.1.4(b) in accordance with Article 22 (*Termination*), an Adverse Carbon Market Event shall constitute a Relief Event.

14.2 RELIEF EVENTS

14.2.1 The Concessionaire shall be entitled to a Relief Order and shall be entitled to, *inter alia*, an extension of the Time For Completion and/or payment of Relief Compensations by the Implementing Agency in the event of occurrence of the following event and circumstances as determined by the Concessionaire in consultation with the Independent Expert (the **Relief Events**):

(a) a Material Adverse Impediment;

(b) a Political Event;

(c) the occurrence of the circumstances set out in Section 4.7 (*Geological and Archaeological Finds*);

(d) a Non-Political Event;

(e) an Emergency directly resulting from a Non-Political Event;

(f) a delay by the Implementing Agency in providing the Vacant Possession of the Project Site in accordance with the terms of any Implementing Agency Agreement;

(g) a delay caused as a result of Suspension;

(h) a Specific Nature Event;

(i) any Environmental Abnormality;

(j) a PW Delay;

(k) a failure by the Implementing Agency to procure the issuance of the Plantation Works Completion Certificate by the Scheduled Plantation Works Completion Date;

(l) a Freshwater Availability Failure;

(m) an Adverse Tree Event;

(n) an event or circumstance constituting an Implementing Agency Event of Default, irrespective of whether the same has been declared or not;

(o) any delay and/or failure by the Implementing Agency to perform any of its obligation whatsoever under this Agreement;

(p) an Adverse Carbon Market Event;

(q) any delay, failure and/or non performance by the Independent Expert of any of its obligations and/or responsibilities stipulated in any of the Implementing Agency Agreements and/or the Independent Expert Contract;

(r) any other event(s) and/or circumstance(s) as mutually agreed between the Parties;

(s) any other event(s) and/or circumstance(s) determined by the Independent Expert keeping in view the overall dynamics of the Project and/or other considerations; and

(t) an act of delay, impediment or prevention by any Government Authority (including any governmental entity, agency, or authority, under the direct or indirect control of the Implementing Agency) or a material breach by the Implementing Agency and/or any Government Authority of any of its obligations under this Agreement or any other Project Agreement to which it is a party.

14.2.2 Upon occurrence of a Relief Event, the Concessionaire shall be entitled to a Relief Order, in which case the Concessionaire shall prepare and deliver to the Independent Expert and the Independent Auditor (with a copy to the Implementing Agency) a Relief Order Proposal that is prepared in accordance with and is subject to Section 14.3 (*Relief Order Procedure*). Each Relief Order Proposal prepared in accordance with Section 14.3 (*Relief Order Procedure*) shall specifically set out in detail the events and circumstances constituting the Relief Event, together with all supporting satisfactory documentary evidence relating thereto.

14.2.3 Following submission to the Independent Expert and the Independent Auditor of a Relief Order Proposal pursuant to Section 14.2.2, the Independent Expert and the Independent Auditor shall proceed in accordance with Section 14.3 (*Relief Order Procedure*).

14.2.4 Notwithstanding anything to the contrary, the Parties agree that the Concessionaire shall not be entitled to any extensions of Time For Completion and/or Relief Compensations, as applicable, due to occurrence of a Relief Event, until such time the same is determined by the Independent Expert and the Independent Auditor and set out in the Relief Order issued by the same in accordance with this Agreement.

14.2.5 Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence of a Relief Event: (a) the Concessionaire shall be expressly excused from the performance of its obligations under this Agreement to the extent such performance is prevented, impeded, or delayed by such Relief Event; and (b) the Concessionaire shall not be liable for any Defects & Deficiencies, penalties, or damages (including performance damages and/or any other Loss and/or inability of any nature whatsoever) resulting from such Relief Event.

14.3 RELIEF ORDER PROCEDURE

14.3.1 The Concessionaire shall prepare and submit to the Independent Auditor and the Independent Expert (with a copy to the Implementing Agency), as soon as practicable, a detailed proposal (the **Relief Order Proposal**) containing:

(a) a description of the proposed work to be performed and a detailed programme for its execution;

(b) the Concessionaire's proposal for any Relief Compensations and any adjustments to Time for Completion, accompanied by detailed pricing and documentary evidence;

14.3.2 The Independent Expert and the Independent Auditor shall issue the Relief Order in accordance with the Concessionaire's Relief Order Proposal within fourteen (14) days of receipt thereof, unless they notify the Concessionaire of a manifest arithmetic error. If no such notice is received within the said fourteen (14) day period, the Relief Order Proposal shall be deemed approved and the Relief Order shall be deemed to have been issued granting the full relief requested by the Concessionaire.

14.3.3 The Concessionaire shall be entitled to all Relief Compensations incurred and/or to be incurred, or suffered and/or to be suffered as a consequence of a Relief

Event (including Loss of Revenue, profit and financing costs), and the Implementing Agency shall pay such Relief Compensations within thirty (30) days of the issuance (or deemed issuance) of the Relief Order.

14.3.4 In the event any Relief Compensations are due and payable by the Implementing Agency pursuant to this Article 14 (*Adverse Carbon Market Event, Relief Extensions & Relief Compensations*), and the Implementing Agency fails to make such payment by the date upon which such Relief Compensations are to be paid as determined pursuant to Section 14.3.3, the Implementing Agency shall (in addition to the payment of the due and payable Relief Compensations) make payment to the Concessionaire of late payment interest on such due and payable Relief Compensations at the rate of Delayed Payment Rate, such interest commencing to accrue commencing from date such payment was due till the date it was actually paid.

14.4 DISPUTES AND BURDEN OF PROOF

14.4.1 Any Dispute between the Parties in reference to the issuance of a Relief Order and/or any matters relating to the same shall be resolved pursuant to Article 26 (*Dispute Resolution*); provided that pending resolution of the Dispute, the Implementing Agency shall pay fifty percent (50%) of the disputed Relief Compensations to the Concessionaire on an interim basis, and provided further, until such time that such Dispute is resolved, the Concessionaire shall be entitled to have been granted the extensions in performance of its obligations proposed in its Relief Order Proposal.

14.4.2 Without prejudice and in addition, in each case, to the rights remedies and interests of the Concessionaire stipulated in this Agreement in relation to Relief Events (including the extensions of time and Relief Compensation), the Implementing Agency hereby indemnifies and agrees to hold harmless, in each case, the Concessionaire from all Losses (including, without limitation, third party claims) arising out of and/or relating to the Relief Events (including any matters relating to the same), any delay in the issuance of Relief Orders and/or any delay and/or failure to make payments to the Concessionaire of Relief Compensations.

15. CHANGE OF SCOPE

15.1 CHANGE OF SCOPE

15.1.1 Notwithstanding anything to the contrary contained in this Agreement, the Implementing Agency may recommend a change/amendment in the Scope of the Project (the **Change of Scope**); provided, that the Concessionaire shall have the sole and absolute discretion to accept or reject such recommendation and shall have no obligation to execute such Change of Scope. In the event the Concessionaire elects to execute such Change of Scope, all Additional Costs to be paid by the Implementing Agency in respect of the Change of Scope and any extensions in the timelines for the performance by the Concessionaire of its obligations resulting from a Change of Scope shall be in accordance with Section 15.2 and Section 15.3.

15.2 CHANGE OF SCOPE NOTICE

15.2.1 The Implementing Agency may propose the Change of Scope by issuing a Change of Scope Notice in accordance with the provisions of this Section 15.2 (*Change of Scope Notice*).

15.2.2 The Implementing Agency may submit a proposal for a Change of Scope by issuing a notice in writing to the Concessionaire through the Independent Expert (the **Change of Scope Notice**):

(a) at least ninety (90) days prior to the Scheduled Substantial Completion Date in the event the Change of Scope is required during the Development Period; and

(b) at any time in the event the Change of Scope is required during the Operations Period.

15.2.3 In the event at any time during the Development Period and/or the Operations Period, the Concessionaire determines that a Change of Scope is necessary for providing safer and improved services, the Concessionaire shall issue a request in writing to the Implementing Agency through the Independent Expert to consider issuing a Change of Scope Notice in respect of the same. The Implementing Agency shall within forty-five (45) days from the date of receipt of such notice, consider such request and, on an "*as is*" basis or with modifications, and issue the requisite Change of Scope Notice in accordance with the provisions of this Section 15.2 (*Change of Scope Notice*).

15.2.4 The Concessionaire shall, within fourteen (14) days of receipt of a Change of Scope Notice from the Implementing Agency, Notify the Implementing Agency whether it accepts or rejects the proposed Change of Scope. If the Concessionaire rejects the proposal (or fails to respond), the Change of Scope Notice shall be deemed withdrawn and the Concessionaire shall have no liability in respect thereof.

15.3 CHANGE OF SCOPE ORDER

15.3.1 Subject to the Concessionaire's acceptance of the Change of Scope in accordance with Section 15.2.4, the Concessionaire shall, within fifteen (15) days of receipt of the Change of Scope Notice, provide to the Independent Expert such information as is necessary and reasonable together with the preliminary documentation and details, including the calculations, where necessary, in support of the following:

(a) the budgeted estimate of the Additional Cost to be incurred by the Concessionaire for implementing the Change of Scope;

(b) the estimated additional time (number of days) that the Concessionaire would require to achieve Substantial Completion and/or Project Development Completion consequent to the Change of Scope and any delay, in the Final Expiry Date;

(c) any extensions in the Project Implementation Schedule resulting from the Change of Scope; and

(d) any extensions in the timelines for performance by the Concessionaire of its obligations under this Agreement resulting from the Change of Scope.

15.3.2 The Independent Expert shall after reviewing the information, documentation and the budgeted estimate of the Additional Cost submitted by the Concessionaire pursuant to Section 15.3.1, settle the rates and forward the budgeted estimates of the Additional Cost, as duly certified by the Independent Expert and the Independent Auditor in consultation with the Concessionaire, to the Implementing Agency. In the event the Implementing Agency fails to issue a Change of Scope Order or object to the budgeted estimates within fifteen (15) days of receipt, the Concessionaire's estimates shall be deemed approved.

15.3.3 Subject to the Concessionaire's acceptance of the Change of Scope in accordance with Section 15.2.4, the Parties shall execute a Change of Scope Order.

15.3.4 In the event, the Implementing Agency for any reason whatsoever decides not to issue a Change of Scope Order in accordance with Section 15.3.1, then the Implementing Agency shall reimburse the Concessionaire for the cost/expenses actually incurred by the Concessionaire in the preparation and submission of the drawings, documents, estimates and other information in compliance with the Change of Scope Notice; provided, such costs and expenses are duly certified by the Independent Auditor and the Independent Expert.

15.3.5 The mode for payment of the Additional Costs to the Concessionaire shall be as follows and shall be complied by the Implementing Agency prior to the commencement of any works related to the Change of Scope and until such time that the following conditions are complied by the Implementing Agency, the Concessionaire shall not be obligated to commence and/or perform the works forming part of the Change of Scope Order:

(a) Fifty percent (50%) of the Additional Cost shall be paid in advance upon issuance of the Change of Scope Order (or as agreed between the Parties in accordance with Applicable Laws); and

(b) the remaining fifty percent (50%) shall be paid progressively based on milestones to be agreed between the Parties.

15.3.6 The Change of Scope Order shall be effective from the date that the Implementing Agency notifies the mode of reimbursement of the Additional Cost to the Concessionaire pursuant to sub-section 15.3.5 of this Section 15.3 (*Change of Scope Order*).

15.3.7 Save for the advance payment under Section 15.3.5(a), the Implementing Agency shall progressively pay the Additional Cost in accordance with Section 15.3.5 or any other modality as mutually agreed between the Parties, only upon receiving a certificate from the Independent Expert confirming that the Concessionaire has completed the relevant milestone(s) of the works in accordance with the Change of Scope Order.

15.3.8 Notwithstanding anything to the contrary, if the Change of Scope involves the procurement of any equipment or materials, the Concessionaire shall not be required to place any orders for such equipment or materials until it has received the advance payment in accordance with Section 15.3.5(a).

16. REVENUE SHARING AND REVENUE ACCOUNT

16.1 CARBON REVENUE

16.1.1 The Concessionaire shall, for the duration of the Concession Period and thereafter, have:

(a) the exclusive, sole and absolute legal and beneficial title to the Carbon Credits (including all environmental attributes, ITMOs, and Co-benefits associated therewith); and

(b) the exclusive rights to sell, transfer, assign, encumber or otherwise dispose of good and marketable title to the Carbon Credits in accordance with this Agreement.

16.1.2 Subject to Section 16.1.3, Section 16.1.4 and Section 16.3 (*Agreements with Affiliates*), the Concessionaire shall, following the Commencement Date, have the right to sell Carbon Credits to Customers in any Carbon Markets (including any voluntary carbon market, compliance market, or any other market selected by the Concessionaire in its sole discretion); provided that the Concessionaire shall have the sole discretion to determine the terms and conditions (including price, volume, and timing) of such sales.

16.1.3 The Concessionaire shall ensure that Carbon Credits sold under any Carbon Credit Sale Agreements do not include any:

(a) Buffer Credits (unless released by the Project Carbon Standard Body); and

(b) Carbon Credits mandatorily allocated toward Pakistan's NDC under the Applicable Laws.

16.1.4 The Concessionaire shall have the sole and absolute discretion to determine the Unit Price at which the Carbon Credits are sold, traded, or disposed of, and the Implementing Agency shall have no right to challenge or dispute such Unit Price on the basis of prevailing market rates or otherwise.

16.1.5 The Concessionaire shall have the right, at its sole discretion, to hold, bank, or accumulate Carbon Credits for future sale or trading and shall be under no obligation to sell such Carbon Credits within any specific timeline; provided that any Carbon Credits sold subsequently shall be accounted for in the Revenue Evaluation Period in which the revenue from such sale is actually realized.

16.1.6 Promptly following the execution of a Carbon Credit Sale Agreement, the Concessionaire shall provide the certified (as being true and correct) copies of the executed agreement to the Independent Expert, Independent Auditor and Implementing Agency; provided that the Concessionaire shall have the sole discretion to redact any commercially sensitive information (including the identity of the Customer) from such copies.

16.1.7 The Concessionaire shall ensure that the Carbon Credit Sale Agreement executed by it in favour of the Customer is duly stamped and registered as may be required under the Applicable Laws.

16.2 SELECTION OF VOLUNTARY AND COMPLIANCE MARKETS

16.2.1 Notwithstanding anything to the contrary contained in this Agreement (including the Project Scope), the Concessionaire shall have the sole, absolute and unfettered discretion to determine and select the specific Carbon Market(s) in which the Carbon Credits shall be sold, traded or otherwise disposed of, which may include: (a) any compliance market (whether under the Paris Agreement, CORSIA or any other international or domestic compliance regime); (b) any voluntary carbon market (the **Voluntary Market**); (c) any bilateral trading mechanism; and/or (d) any exchange-based trading platform.

16.2.2 The Implementing Agency hereby acknowledges and agrees that: (a) the Concessionaire may prioritize sales in the Voluntary Market over compliance markets (or vice versa) based on its own commercial assessment; (b) the Concessionaire shall have no obligation to seek or obtain the approval of the Implementing Agency regarding the selection of the Carbon Market; and (c) the Implementing Agency shall have no claim against the Concessionaire for any potential revenue differential, loss of opportunity, or price variance resulting from the Concessionaire's selection of a specific Carbon Market (including a Voluntary Market) over another available market.

16.2.3 In the event the Concessionaire elects to sell Carbon Credits in a Voluntary Market, the Implementing Agency shall, upon the written request of the Concessionaire, provide all reasonable assistance (including the issuance of any requisite no-objection certificates or waivers or Letters of Authorization) to facilitate such sale within seven (7) days of such request. The Implementing Agency shall indemnify the Concessionaire for any loss of Carbon Revenue resulting from a failure by the Implementing Agency to provide such assistance in a timely manner.

16.3 AGREEMENTS WITH AFFILIATES

16.3.1 The Concessionaire may enter into a Carbon Credit Sale Agreement and/or an Ancillary Activities Agreement with an Affiliate in accordance with Section 16.1 (*Carbon Revenue*), provided, however, that the Concessionaire shall ensure that any such transaction is on terms that are not materially less favorable to the Concessionaire than those available from unrelated third parties, ensures the best available commercial outcome for the Concessionaire, and complies with Applicable Laws, including any laws of Pakistan with respect to related party transactions.

16.3.2 The Concessionaire shall submit any policy regarding related party transactions, as approved by its board of directors, to the Independent Auditor for its information and record only.

16.3.3 The Concessionaire shall, at least twenty (20) days prior to the execution of a Carbon Credit Sale Agreement with an Affiliate, provide: (a) the draft contracts; (b) details of the Affiliate and the relationship; (c) the proposed Unit Price(s) under such Carbon Credit Sale Agreement, to the Independent Expert and Independent Auditor for information purposes. For the avoidance of doubt, the Independent Expert and the Independent Auditor shall have no right to approve, reject, delay, or modify the terms of such Carbon Credit Sale Agreement or the Unit Price(s) set out therein.

16.4 REVENUE SHARING MECHANISM

16.4.1 Within ten (10) business days of expiry of each Revenue Evaluation Period, the Concessionaire shall procure issuance of a certificate (the **Revenue Sharing Certificate**) (with a copy to Implementing Agency and Project Account Bank) from the Independent Auditor certifying the following, each with respect to such Revenue Evaluation Period: (a) Project Revenues; (b) Expenditures (incurred and/or to be incurred); (c) Available Distributable Revenues; (d) Implementing Agency Revenue Share; and (e) Concessionaire Revenue Share.

16.4.2 The Concessionaire shall, within twenty (20) business days of the issuance of the Revenue Sharing Certificate, transfer the Concessionaire Revenue Share and the Implementing Agency Revenue Share as certified in accordance with Section 16.4.1 in the Revenue Sharing Certificate.

16.5 PROJECT REVENUES

16.5.1 The Concessionaire shall ensure that all Project Revenues are deposited in the Revenue Account. In the event, the Concessionaire engages an International Marketing Agent, the Concessionaire shall procure that all Carbon Revenues collected by such International Marketing Agent are deposited into the Offshore Revenue Account. The Concessionaire shall have the sole and absolute discretion to determine the allocation of Project Revenues between the Onshore Revenue Account and the Offshore Revenue Account (subject to Applicable Laws).

16.6 REVENUE ACCOUNT

16.6.1 The Concessionaire shall have the right, at its sole and absolute discretion, to establish, maintain and operate the Onshore Revenue Account and/or the Offshore Revenue Account until the Final Expiry Date in accordance with the terms of this Agreement and Applicable Laws.

16.6.2 The Revenue Account shall be managed, operated and controlled solely by the Concessionaire at its own discretion.

16.6.3 The Concessionaire shall be entitled to withdraw funds from the Revenue Accounts to pay any Expenditures (including foreign Expenditures) or for any other purpose at any time in its sole discretion.

16.7 IMPLEMENTING AGENCY FINANCIAL INSTRUMENT AND RELATED MATTERS

16.7.1 Issuance of Implementing Agency Financial Instrument

(a) The Implementing Agency hereby agrees and undertakes to provide the Implementing Agency Financial Instrument (to be issued by the Implementing Agency Financial Instrument Issuing Bank) and hereby agrees to maintain the same in accordance with the terms of this Agreement.

(b) The Implementing Agency hereby agrees and undertakes that the Implementing Agency Financial Instrument shall be issued on its behalf. The Implementing Agency Financial Instrument shall be fully secured by the Implementing Agency as a principal debtor and not as surety without any recourse to the Concessionaire, its assets or properties. All costs, expenses, fees and other charges of any nature associated with the issuance and maintenance of the Implementing Agency Financial Instrument shall be borne solely by the Implementing Agency.

(c) The Implementing Agency Financial Instrument shall be issued in the form and substance acceptable to the Concessionaire.

(d) The Implementing Agency Financial Instrument shall be unconditional, irrevocable, encashable in accordance with the terms thereof and shall be payable on first written demand without any prior notice, reference or recourse to the Implementing Agency or any other entity. The Implementing Agency hereby agrees to the terms of encashment of the Implementing Agency Financial Instrument issued on its behalf, as set out in Section 16.7 and in the Implementing Agency Financial Instrument.

16.7.2 ENCASHMENT

(a) Notwithstanding anything to the contrary contained in this Agreement, the Concessionaire shall be entitled to immediately encash the Implementing Agency Financial Instrument (in whole or in part) by issuing a written demand to the issuing bank, upon the occurrence of any of the following events:

(i) the Implementing Agency fails to extend, renew, or replace the Implementing Agency Financial Instrument at least one-hundred and twenty (120) days prior to its expiry date;

(ii) the Implementing Agency fails to pay any amount due and payable to the Concessionaire under this Agreement (including, without limitation, any Termination Payment, Relief Compensations, and/or any and all other undisputed invoices) within the timelines prescribed herein; or

(iii) an Implementing Agency Event of Default has occurred.

16.7.3 IMPLEMENTING AGENCY FINANCIAL INSTRUMENT AMOUNT

(a) The Implementing Agency Financial Instrument shall, at all times from the date of its issuance until the Transfer Date (the **IA Financial Instrument Expiry Date**), be maintained and kept valid by the Implementing Agency in an amount (the **Required IA Financial Instrument Amount**) equal to the higher of:

(i) PKR [●][15] (Pakistani Rupees [●][16] only) (the **Minimum IA Financial Instrument Floor Amount**); and

(ii) one hundred percent (100%) of the sum of the Financing Due (if any) and the Invested Equity, as certified by the Independent Auditor from time to time.

(b) The Implementing Agency shall, at its sole cost and expense, ensure that the Implementing Agency Financial Instrument:

(i) remains at all times equal to the Required IA Financial Instrument Amount;

(ii) is topped up to the Required IA Financial Instrument Amount within thirty (30) days of the Concessionaire's delivery to the Implementing Agency of a certificate issued by the Independent Auditor setting out the then-current Required IA Financial Instrument Amount following the expiry of each calendar quarter, in the event that the face value of the Implementing Agency Financial Instrument is less than the Required IA Financial Instrument Amount specified therein; and

(iii) where it has been encashed in whole or in part, is topped up to the Required IA Financial Instrument Amount (as certified by the Independent Auditor at the relevant time) within thirty (30) days of such encashment, and such obligation to top up shall be continuing until the IA Financial Instrument Expiry Date.

(c) In the event the Implementing Agency Financial Instrument is due to expire prior to the IA Financial Instrument Expiry Date and has not been fully encashed, the Implementing Agency shall, no later than one hundred and twenty (120) days prior to such expiry, renew or extend the Implementing Agency Financial Instrument so as to remain valid and enforceable until the IA Financial Instrument Expiry Date, in an amount equal to no less than the Required IA Financial Instrument Amount prevailing at the time of such renewal or extension. Any failure to renew or extend in the manner set out herein shall entitle the Concessionaire to encash the Implementing Agency Financial Instrument in full without any further notice.

16.8 PAYMENT OF TERMINATION PAYMENT BY DEBIT OF REVENUE ACCOUNTS AND/OR ESCROW ACCOUNT AND ENCASHMENT OF IMPLEMENTING AGENCY FINANCIAL INSTRUMENT

16.8.1 In the event of Termination of this Agreement and to the extent the Termination Payment (or any part thereof) remains due, payable and outstanding on the Required Termination Payment Date (as certified in a certificate (the **Unpaid Termination Payment Amount Certificate**) issued by the Independent Expert and the Independent Auditor) (the **Unpaid Termination Payment Amount**), the Unpaid Termination Payment Amount shall be paid to the Concessionaire in the following manner on the Required Termination Payment Date:

(a) if applicable, the Concessionaire may, at its option, instruct the debit of any funds standing to the credit of the Revenue Accounts or Escrow Account (if any) towards the Unpaid Termination Payment Amount;

(b) in the event the funds standing to credit of the Escrow Account are insufficient to fund the Unpaid Termination Payment Amount in full (the **Payable Termination Payment Amount Shortfall**), as certified and set out by the Independent Auditor and the Independent Expert in the Unpaid Termination Payment Amount Certificate, the Concessionaire shall be entitled to encash the Implementing Agency Financial Instrument in an amount equal to the Payable Termination Payment Amount Shortfall; and

(c) in the event the Payable Termination Payment Amount Shortfall is not paid in full despite encashment of the Implementing Agency Financial Instrument in accordance with Section 16.8.1 (b), the Implementing Agency shall pay the unpaid portion of the Payable Termination Payment Amount Shortfall (the **Outstanding Termination Payment**) to the Concessionaire by credit of the Outstanding Termination Payment to the Revenue Account.

17. DEFECTS & DEFICIENCIES, NOTICE OF REMEDY, SUSPENSION

17.1 REMEDYING DEFECTS & DEFICIENCIES

17.1.1 The Concessionaire warrants that the:

(a) Project Works (excluding the Implementing Agency Development Works) shall be materially in accordance with the Applicable Standards; and

(a) the Concession Assets shall materially comply with the Applicable Standards,

provided that minor deviations which do not materially impair the safety or operability of the Project shall not constitute a breach of this warranty.

17.1.2 The Implementing Agency warrants that the Implementing Agency Development Works shall be materially in accordance with the Applicable Standards.

17.1.3 In order that the Project Works (excluding the Implementing Agency Development Works) and the Concession Assets are in accordance with the Applicable Standards, the Concessionaire shall execute all works and services relating to amendment, reconstruction and remedying of Defects & Deficiencies provided that the Concessionaire shall only be obligated to execute such works and services (at its own cost) if and to the extent the relevant Defect & Deficiency is a direct result of the Concessionaire's gross negligence or wilful misconduct. In all other cases (including where the Concessionaire has complied with the Applicable Standards but a Defect & Deficiency nevertheless occurs, or where such Defect & Deficiency is caused by a Relief Event or normal wear and tear), such works shall be treated as a Change of Scope and the costs thereof (including Additional Costs) shall be borne by the Implementing Agency in accordance with Article 15 (Change of Scope).

17.1.4 In order that the Implementing Agency Development Works are in accordance with the Applicable Standards, the Implementing Agency shall execute all works and services relating to amendment, reconstruction and remedying of Defects & Deficiencies, in each case at the cost and expense of the Implementing Agency.

17.2 NOTICE OF REMEDY

17.2.1 In the event of a material breach of the Applicable Standards which materially adversely affects the safety or operability of the Project (the **Remedy Events**):

(a) the Project Works (or any part thereof) are not performed in accordance with the Applicable Standards; and/or

(b) the Project Works (or any part thereof) fail to comply with the Applicable Standards; and / or

(c) the Concession Assets (or any part thereof) fail to comply with the Applicable Standards,

then the Independent Expert shall be entitled to issue a Notice to the Party to whom such Notice is applicable (the **Breaching Party**), to rectify and remedy the same (the **Notice of Remedy**). The Notice of Remedy shall set out the reasonable time period (as determined by the Independent Expert) (the **Remedy Time Period**) in which the Breaching Party shall remedy and rectify the Remedy Events in accordance with the Applicable Standards.

17.2.2 In the event of failure by the Breaching Party to remedy the Remedy Events within the Remedy Time Period (or such longer period as may be reasonable in the circumstances), the non-breaching Party shall, without prejudice to any of its other rights and remedies under this Agreement, be entitled to, with the prior approval of the Independent Expert and at the risk and cost of the Breaching Party, cause the remedying and rectification of the Remedy Events.

17.2.3 The Breaching Party shall reimburse all reasonable and documented costs incurred by the non-breaching Party (as certified by the Independent Auditor and the Independent Expert) on account of such remedying and rectification of the Remedy Events within thirty (30) days of receipt of the Breaching Party's claim thereof set out in an invoice approved by the Independent Expert and the Independent Auditor (the **Non-Breaching Party Remedy Invoice**); provided, however, that in the event the Concessionaire is the Breaching Party: (a) the Concessionaire shall not be obligated to reimburse any costs if the underlying Remedy Event or the quantum of costs is disputed by the Concessionaire in accordance with Article 26 (*Dispute Resolution*) until such Dispute is finally resolved by arbitration; and (b) the Implementing Agency shall have no right to encash the Development Performance Security or the O&M Performance Security for the recovery of such amounts.

17.3 SUSPENSION

17.3.1 The Concessionaire shall have the right to suspend the Project Works (or any part thereof) at any time upon giving three (3) days' written notice to the Implementing Agency and the Independent Expert if: (a) the Implementing Agency fails to make any payment due to the Concessionaire under this Agreement within the timelines prescribed herein; (b) the Implementing Agency fails to perform any of its material obligations under this Agreement (including failure to provide security under Section 4.12 or failure to procure/renew Implementing Agency Permits); (c) a Security Event or Force Majeure Event has occurred; or (d) the Concessionaire reasonably believes that continuing the Project Works would be unsafe or would result in a violation of Applicable Laws,

(the **Suspension, Suspend and its grammatical variations**).

17.3.2 During any period of Suspension, the Implementing Agency shall pay to the Concessionaire: (a) (i) all fixed costs (including O&M costs, staff salaries, and security costs); and (ii) all debt service obligations (including interest, principal and fees) payable to the Financiers, to the extent any Financing has been availed by the Concessionaire; and (b) any Suspension shall be deemed a Relief Event, entitling the Concessionaire to an extension of the Time for Completion and payment of Relief Compensations (including loss of revenue and profit) in accordance with Article 14 (*Adverse Carbon Market Event, Relief Extensions & Relief Compensations*).

17.3.3 A Suspension initiated by the Concessionaire under Section 17.3.1 shall legally continue until the underlying cause has been remedied to the satisfaction of the Concessionaire.

18. OPERATION AND MAINTENANCE

18.1 OPERATION AND MAINTENANCE

18.1.1 During the Operations Period, the Concessionaire shall use reasonable commercial efforts to undertake the Operation and Maintenance of the Concession Assets.

18.1.2 The Concessionaire shall perform the Operation and Maintenance either itself, or through a Contractor appointed in accordance with the terms of this Agreement and the engagement of such Contractor shall be deemed to satisfy the Concessionaire's obligations hereunder regarding the performance of Operation and Maintenance.

18.2 OPERATION AND MAINTENANCE OBLIGATIONS OF THE CONCESSIONAIRE

18.2.1 The Concessionaire undertakes to perform the Operation and Maintenance of the Concession Assets during the Operations Period in accordance with the provisions of Section 18.1 (*Operation and Maintenance*) and manage the Concession Assets in accordance with the Applicable Standards.

18.2.2 The Concessionaire hereby agrees that the Operation and Maintenance obligations of the Concessionaire hereunder shall include the performance of the following obligations in accordance with the Applicable Standards and Good Industry Practices and within the O&M Time for Completion:

(a) carrying out maintenance of the Concession Assets;

(b) complying with Safety Requirements; and

(c) performing all other activities and obligations relating to Operation and Maintenance so as to comply with the Applicable Standards and also so as to result in the Concession Assets complying with the Applicable Standards.

18.3 BARRIERS AND DIVERSIONS

18.3.1 The Implementing Agency shall procure and ensure that during the Operations Period, no barriers are erected or placed by any Government Authority and/or the Implementing Agency on the Concession Assets, except for reasons of Emergency, national security, law and order; provided, that all such barriers shall be in accordance with the Applicable Standards (including the Safety Requirements).

19. INSURANCES

19.1 DEVELOPMENT PERIOD INSURANCES

19.1.1 The Implementing Agency shall, procure and maintain during the Development Period all such Insurances, as described in **PART I (*Development Period Insurances*) OF SCHEDULE E (*Insurances*)**, that are necessary and required to be procured in accordance with the Applicable Standards.

19.2 OPERATIONS PERIOD INSURANCES

19.2.1 The Implementing Agency shall, procure and maintain during the Operations Period all such Insurances, as described in **PART II (*Operations Period Insurances*) OF SCHEDULE E (*Insurances*)**, that are necessary and required to be procured in accordance with the Applicable Standards.

19.3 INSURANCE COMPANIES

The Implementing Agency, shall in consultation with the Concessionaire, procure the Insurances from reputable and financially sound insurance companies, whether local or foreign (including reinsurance), as mutually agreed.

19.4 EVIDENCE OF INSURANCES

19.4.1 The Implementing Agency shall, from time to time, provide to the Concessionaire copies (duly attested as certified to be a true and correct copy by the relevant insurance company) of all insurance policies (or appropriate endorsements, certifications or other satisfactory evidence of insurance) obtained by the Implementing Agency in accordance with this Agreement.

19.4.2 Failure by the Implementing Agency to obtain the Insurance coverage or certificates of Insurance required by this Article 19 (*Insurances*) shall not in any way relieve or limit the Implementing Agency's obligations and liabilities under any provision of this Agreement.

19.4.3 The Implementing Agency shall provide the Concessionaire with copies of any underwriters' reports or other reports received by the Implementing Agency from any insurance company; provided, that the Implementing Agency shall not disclose such reports to any other person except as necessary in connection with administration and enforcement of this Agreement or any other Implementing Agency Agreement or as may be required by any Government Authority and shall use and internally distribute such reports only as necessary in connection with the administration and enforcement of this Agreement.

19.5 APPLICATION OF INSURANCE PROCEEDS

19.5.1 All moneys received under the Insurance shall be promptly applied by the sole discretion of the Concessionaire towards repair, renovation, restoration and/or substitution of the Concession Assets or any part thereof which may have been damaged or destroyed.

19.6 MAINTENANCE OF "*OCCURRENCE*" FORM POLICIES

19.6.1 A coverage required under this Article 19 (*Insurances*) and **SCHEDULE E (*Insurances*)** and any "*umbrella*" or excess coverage shall be "*occurrence*" form policies.

19.7 POLICY ENDORSEMENTS

19.7.1 The Implementing Agency shall cause the insurance companies to provide the following endorsement items in the commercial general liability and, if applicable, umbrella or excess liability policies relating to the development, Operation and Maintenance of the Concession Assets provided pursuant to this Article 19 *(Insurances)* and **SCHEDULE E (*Insurances*)** the following separation of interests clause shall be made a part of the policy:

> "In the event of claims being made by reason of (i) personal and/or bodily injuries suffered by any employee or employees of one insured hereunder for which another insured hereunder is or may be liable, or (ii) damage to property belonging to any insured hereunder for which another insured is or may be liable, then this policy shall cover such insured against whom a claim is made or may be made in the same manner as if separate policies have been issued to each insured hereunder, except with respect to the limits of insurance.".

20. FORCE MAJEURE

20.1 FORCE MAJEURE EVENT

20.1.1 A Force Majeure Event means any event or circumstance or combination of events or circumstances (including the effects thereof) that is beyond the reasonable control of the Concessionaire and that on or after the Commencement Date materially and adversely affects the performance by the Concessionaire of its obligations under or pursuant to this Agreement; provided, however, that, such material and adverse effect could not have been prevented, overcome or remedied in whole or in part by the Concessionaire through the exercise of diligence and reasonable care, it being understood and agreed that reasonable care includes acts and activities to protect the Concession Assets from a casualty or other event that are reasonable in light of the probability of the occurrence of such event, the probable effect of such event if it should occur, and the likely efficacy of the protection measures. Without limiting the generality of the foregoing, Force Majeure Events hereunder shall include each of the following events and circumstances (including the effects thereof), but only to the extent that each satisfies the requirements above:

(a) the following political events that occur (each a **Political Event**):

(i) any act of war (whether declared or undeclared), invasion, armed conflict or act of foreign enemy, blockade, embargo, closure of roads, highways or borders (provincial or national) preventing access to the Site or the movement of personnel or materials, tribal conflict, feudal disputes, revolution, riot, insurrection, civil commotion, or campaign of terrorism or political sabotage, terrorism, kidnapping, hostage-taking, or targeted violence against the Concessionaire's personnel or property;

(ii) any Lapse of Consent of which report to Implementing Agency, the Independent Expert and the Independent Auditor shall have been given under Section 8.6.3 and that shall have existed for thirty (30) consecutive days or more;

(iii) any strike, work-to-rule, go-slow, or analogous labour action that is politically motivated or is widespread or nationwide and that (or its effects) shall have existed for thirty (30) consecutive days or more;

(iv) Change In Law;

(v) an Administrator Event;

(vi) Emergency; and/or

(vii) any Security Event;

(b) the following events beyond the reasonable control of the Concessionaire (each a **Non-Political Event**), including, but not limited to:

(i) lightning, fire, earthquake, tsunami, flood, storm, cyclone, typhoon, or tornado, which has, in each case, affected the work or operations for more than fifteen (15) consecutive days;

(ii) any Lapse of Consent of which report to Implementing Agency, the Independent Expert and the Independent Auditor shall have been given under Section 8.6.3 and that shall have existed for less than thirty (30) consecutive days;

(iii) any strike, work-to-rule, go-slow, or analogous labour action that is not politically motivated or is not widespread or nationwide and that shall have existed for thirty (30) consecutive days or more;

(iv) explosion, chemical contamination, radioactive contamination or ionizing radiation; and/or

(v) epidemic or plague.

(c) Force Majeure Events shall expressly not include the following conditions, events or circumstances:

(i) late delivery or interruption in the delivery of machinery, equipment materials, spare parts or consumables;

(ii) a breakdown in machinery and/or equipment; and

(iii) normal wear and tear or random flaws in materials and equipment, provided, that each of the events described in clauses (c) (i), (ii) or (iii) shall constitute a Force Majeure Event to the extent that such events or circumstances are caused by an event or circumstance that is in itself a Force Majeure Event whether experienced directly by the Concessionaire or by one of its Contractors.

20.2 <u>OBLIGATION TO NOTIFY</u>

20.2.1 Notwithstanding anything contained herein, the Concessionaire shall, as soon as practicable, Notify the Independent Expert, the Independent Auditor and the Implementing Agency, of the occurrence of the Force Majeure Event by the issuance of a notice in writing (the **Force Majeure Notice**).

20.2.2 The Concessionaire shall provide all relevant details in respect of the Force Majeure Event in the Force Majeure Notice, including but not restricted to the following:

(a) the nature and extent of the Force Majeure Event;

(b) the estimated Force Majeure Period;

(c) the nature of and the extent to which, performance of any of the Concessionaire's obligations under this Agreement are affected by the Force Majeure Event;

(d) the measures which the Concessionaire has taken or proposes to undertake to alleviate/mitigate the impact of the Force Majeure Event and to resume performance of such of its obligations that are affected by the Force Majeure Event; and

(e) any other relevant information concerning the Force Majeure Event, and /or the rights and obligations of the Parties under this Agreement.

20.2.3 The Parties shall, as soon as practicable upon the receipt of the Force Majeure Notice and in any case within five (5) days from the date of receipt of the same, convene a meeting, along with the Independent Expert for the purpose of conducting discussions, in good faith, and where necessary the Parties shall agree to conduct inspections and / or surveys of the Project in order to:

(a) assess the impact of the underlying Force Majeure Event;

(b) to determine the likely duration of Force Majeure Period; and

(c) to formulate damage mitigation measures and the steps to be undertaken by the Parties for resumption of the obligations, the performance of which had been affected by the Force Majeure Event.

20.2.4 The Concessionaire shall during the Force Majeure Period provide to the Implementing Agency with regular (not less than weekly) reports in respect of the matters set out in Section 20.2.3 and such other information, details and / or documents that the other Party may reasonably require.

20.3 CONSEQUENCE OF FORCE MAJEURE EVENT

20.3.1 Upon occurrence of a Force Majeure Event, the following shall apply:

(a) there shall be no Termination of this Agreement except in accordance with the provisions of Section 20.5 (*Termination Notice for Force Majeure Event*), Section 20.6 (*Termination Payment for Force Majeure Event*) and Article 22 (*Termination*);

(b) in the event of occurrence of a Force Majeure Event:

(i) subject to Section 20.8, the Concessionaire shall have the right to a Relief Order (affected by the Force Majeure Event), in accordance with the provisions of Article 14 (*Adverse Carbon Market Event, Relief Extensions & Relief Compensations*);

(ii) all costs, fees, expenses and charges arising from and relating to the Force Majeure Event shall be allocated in accordance with Section 20.4 (*Allocation of Costs Arising out of Force Majeure*); and

(iii) the Concessionaire shall be entitled to an extension of the Time for Completion, and/or the Final Expiry Date (as applicable) for a period equal to the duration of the Force Majeure Event plus a reasonable period for remobilization and recommencement of the Project Works.

20.4 ALLOCATION OF COSTS ARISING OUT OF FORCE MAJEURE

20.4.1 Upon occurrence of a Force Majeure Event, the Relief Compensation shall be allocated as follows:

(a) upon occurrence of a Non-Political Event, all Relief Compensations shall be funded from the proceeds of the Insurances; provided, however, that if the aggregate of such proceeds actually received (or irrevocably committed to be received) by the Concessionaire is less than the estimated Relief Compensations (the **Reinstatement Shortfall**), then;

(i) the Concessionaire shall Notify the Implementing Agency of such Reinstatement Shortfall; and

(ii) if the Implementing Agency does not agree in writing, within thirty (30) days of such Notice, to pay, fund and/or reimburse the Concessionaire for the Reinstatement Shortfall in a manner satisfactory to the Concessionaire, the Concessionaire shall have the right (exercised at its sole and absolute discretion) to Terminate this Agreement immediately upon written notice to the Implementing Agency.

(b) upon occurrence of a Political Event, the Implementing Agency shall fund and bear the Relief Compensations (as set out in a Relief Order) and in such case, the provisions of Article 14 (*Adverse Carbon Market Event, Relief Extensions & Relief Compensations*) shall apply.

20.5 TERMINATION NOTICE FOR FORCE MAJEURE EVENT

20.5.1 If a Force Majeure Event subsists for a continuous period of one hundred and twenty (120) days, the Concessionaire may in its discretion Terminate this Agreement by issuing a Termination Notice to the Implementing Agency. In such case, the Concessionaire shall not be liable in any manner whatsoever, save as provided in this Section 20.5 (*Termination Notice for Force Majeure*) and Section 20.6 (*Termination Payment for Force Majeure Event*), and upon issue of such Termination Notice, this Agreement shall, notwithstanding anything to the contrary contained herein, stand Terminated forthwith; provided, that before issuing such Termination Notice, the Concessionaire shall inform the Implementing Agency of such intention and grant fifteen (15) days' time to make a representation, and may after the expiry of such fifteen (15) days period, whether or not it is in receipt of such representation, in its sole discretion issue the Termination Notice.

20.6 TERMINATION PAYMENT FOR FORCE MAJEURE EVENT

20.6.1 If Termination is on account of a Non-Political Event, the Implementing Agency shall make a Termination Payment to the Concessionaire on or prior to the

Required Termination Payment Date in an amount equal to the Non-Political Event Termination Amount.

20.6.2 If Termination is on account of a Political Event, the Implementing Agency shall make a Termination Payment to the Concessionaire on or prior to the Required Termination Payment Date in an amount equal to the Political Event Termination Amount.

20.7 FORCE MAJEURE DISPUTE RESOLUTION

20.7.1 In the event that the Parties are unable to agree in good faith about the occurrence or existence of a Force Majeure Event, such Dispute shall be finally settled in accordance with the Dispute Resolution Procedure; provided, that the burden of proof as to the non-occurrence or non-existence of such Force Majeure Event shall be upon the Implementing Agency.

20.8 EXCUSE FROM PERFORMANCE OF OBLIGATIONS

20.8.1 If the Concessionaire is rendered wholly or partially unable to perform its obligations under this Agreement because of a Force Majeure Event, it shall be excused from performance of such of its obligations to the extent it is unable to perform on account of such Force Majeure Event.

21. EVENTS OF DEFAULT

21.1. CONCESSIONAIRE EVENT OF DEFAULT

21.1.1 Any of the following events shall constitute an event of default by the Concessionaire (the **Concessionaire Event of Default**) unless such event has occurred as a consequence of a Relief Event:

(a) any Material Breach by the Concessionaire or the Sponsor of any Implementing Agency Agreement which Material Breach has not been cured within sixty (60) days from the date of written notice thereof by the Implementing Agency, or within such time period as provided in the relevant Implementing Agency Agreement, respectively;

(b) the Concessionaire fails to achieve Substantial Completion by the date falling one hundred and twenty (120) days following the Scheduled Substantial Completion Date;

(c) any statement, representation or warranty made by the Concessionaire in this Agreement proving to have been incorrect, in any material respect, when made or when reaffirmed and such incorrect statement, representation or warranty having a Material Adverse Effect on the Concessionaire's ability to perform its obligations under this Agreement and/or on the Project or having a Material Adverse Effect on the rights and/or obligations of the Implementing Agency hereunder or under the Implementing Agency Agreements in a manner that has a Material Adverse Effect on the Implementing Agency and is not cured within ninety (90) days of notice;

(d) except for the purpose of amalgamation or reconstruction (provided, that such amalgamation or reconstruction does not affect the ability of the amalgamated or reconstructed entity, as the case may be, to perform its obligations under this Agreement and further; provided, that such amalgamation has been agreed to by the Implementing Agency), the occurrence of any of the following events:

(i) the passing of a resolution for the dissolution or winding up of the Concessionaire;

(ii) the voluntary filing by the Concessionaire of a petition of bankruptcy, moratorium, winding up, or other similar relief;

(iii) the appointment of a provisional liquidator in a proceeding for the winding up of the Concessionaire after notice to the Concessionaire and due hearing, which appointment has not been set aside or stayed within one hundred and eighty (180) days of such appointment;

(iv) the making by a court with jurisdiction over the Concessionaire of an order winding up the Concessionaire that is not stayed or reversed by a court of competent authority within one hundred eighty (180) days; and/or

(v) any proceeding being validly instituted under the Applicable Laws for the dissolution of the Concessionaire or attachment of the Concession Assets in accordance with Applicable Laws that has a Material Adverse Effect and that is not stayed or suspended in ninety (90) days; provided, that, if, within seven (7) business days of the Concessionaire becoming aware of such proceedings being filed, the Concessionaire:

A. confirms to the Implementing Agency that such proceedings relate to the recovery of a claim against the Concessionaire that is disputed bona fide by the Concessionaire as payable, and

B. furnishes a certificate by the Independent Auditor to the effect that the Concessionaire is and shall remain solvent despite the payment of the claim subject to the said insolvency proceedings,

then, in such case, the Concessionaire Event of Default set forth in Section 21.1.1(d)(v) shall not constitute a Concessionaire Event of Default until such time that the said certificate by the Independent Auditor is revoked or otherwise ceases to remain accurate;

(e) termination of the Project Site Lease Agreement as a result of a material breach by the Concessionaire that is not remedied in accordance with the terms of the Project Site Lease Agreement;

(f) the Concessionaire has delayed any payment that has fallen due and payable under this Agreement and any of the Implementing Agency

Agreements and if such delay exceeds sixty (60) days, save where such payment is duly Disputed by the Concessionaire in accordance with this Agreement; and/or

(g) the right of the Implementing Agency to terminate the Agreement in accordance with Section 3.4.1.

21.2 IMPLEMENTING AGENCY EVENT OF DEFAULT

21.2.1 The following events shall constitute events of default by the Implementing Agency (the **Implementing Agency Event of Default**), unless the same has occurred and / or results from a Concessionaire Event of Default or a Force Majeure Event:

(a) any Material Breach by the Implementing Agency of any Implementing Agency Agreement and the same has not been cured within forty-five (45) days from the date of written notice thereof by the Concessionaire, or within such time period as provided in the relevant Implementing Agency Agreement, respectively;

(b) any statement, representation or warranty made by the Implementing Agency in any Implementing Agency Agreement proving to have been incorrect, in any material respect, when made or when reaffirmed and such incorrect statement, representation or warranty having a Material Adverse Effect on the Concessionaire's ability to perform its obligations under this Agreement and/or on the Project;

(c) any termination, cancellation, resumption or revocation of the Concessionaire's interest established under the Project Site Lease Agreement in respect of the Project Site (otherwise than for a breach of the conditions of the Project Site Lease Agreement by the Concessionaire entitling such termination, cancellation, resumption or revocation);

(d) any change in any Applicable Laws:

(i) making unenforceable, invalid, or void any material undertaking of the Implementing Agency under the Implementing Agency Agreements; and/or

(ii) making:

A. it unlawful for the Concessionaire, the Financiers (if any) or the Sponsors to make or receive any payment, to perform any material obligation or to enjoy or enforce any material right under any Implementing Agency Agreement (other than a Change in Law for which compensation is provided in accordance with this Agreement); or

B. any payment, the performance of any material obligation or the enjoyment or enforcement of any material right unenforceable under any Implementing Agency Agreement, invalid or void as a result of any such change in Applicable Laws (other than a Change in Law for which compensation is provided in accordance with this Agreement);

(e) the expropriation, compulsory acquisition, or nationalization by the Implementing Agency or any Government Authority of: (i) any shares in the Concessionaire; or (ii) of any Concession Assets or rights of the Concessionaire;

(f) any change in, or any change in the interpretation of, any of the Applicable Laws (including the Constitution of Pakistan and any other Applicable Laws that gives effect to the injunctions of Islam, being in the case of a decision of a court, a decision which is no longer in suspense as a result of an appeal) from and after the date of this Agreement having the effect of making:

(i) unlawful, unenforceable, invalid, or void any material undertaking of the Implementing Agency under any Implementing Agency Agreement; or

(ii) unlawful for the Concessionaire to make or receive or the Sponsors to receive any payment (including interest or return), for the Concessionaire to perform any material obligation or to enjoy or enforce any material right under this Agreement or any other Project Agreement in relation to the Project; or

(iii) any such payment, the performance of any such material obligation or the enjoyment or enforcement of any such material right becoming unenforceable, invalid or void as a result of any such change in the Applicable Laws, which in the case of (i) (ii) or (iii) above, has a continuing effect for more than one hundred and eighty (180) days without an arrangement being provided to exempt the affected party from the effect of such Change in Law (other than a Change in Law for which compensation is provided in accordance with this Agreement);

(g) a Change in Law for which no relief is provided under this Agreement;

(h) Implementing Agency Abandonment;

(i) failure to procure sufficient Insurances in accordance with this Agreement;

(j) the Implementing Agency or any Government Authority obstructs, hinders, or interferes with the performance of the Project Works or the enjoyment of the Concession rights by the Concessionaire;

(k) the Implementing Agency fails to renew or maintain the Implementing Agency Financial Instrument in accordance with Article 16; or

(l) the Implementing Agency has delayed any payment that has fallen due and payable under this Agreement and/or any of the Implementing Agency Agreements and if such delay exceeds ninety (90) days, save where such payment is duly Disputed by the Implementing Agency in accordance with this Agreement and /or Implementing Agency Agreements; and

(m) the right of the Concessionaire to terminate the Agreement in accordance with Section 3.4.2.

22. TERMINATION

22.1 TERMINATION FOR CONCESSIONAIRE EVENT OF DEFAULT

22.1.1 Without prejudice to any other right or remedy which the Implementing Agency may have in respect thereof under this Agreement, upon the occurrence and continuation of a Concessionaire Event of Default, the Implementing Agency shall be entitled to Terminate this Agreement by issuing a Termination Notice to the Concessionaire; provided, that before issuing the Termination Notice, the Implementing Agency shall by a notice in writing inform the Concessionaire of its intention to issue the Termination Notice (the **Implementing Agency Preliminary Notice**).

22.1.2 In the event the underlying Concessionaire Event of Default is not cured within the Cure Period and the same is subsisting at the expiry of the Cure Period, the Implementing Agency shall be entitled to:

(a) Terminate this Agreement by issuing the Termination Notice upon expiry of the Cure Period; and

(b) encash the Development Performance Security or the O&M Performance Security, as applicable and in effect as such time, on or following the issuance of the Termination Notice.

22.1.3 The following shall apply in respect of Cure Period relating to a Concessionaire Event of Default:

(a) the Cure Period provided in this Agreement shall not relieve the Concessionaire from liability for damages (as expressly set out in this Agreement), if any, caused by its underlying breach or default giving rise to the Implementing Agency Preliminary Notice; and

(b) the Cure Period shall not in any way be extended by any period of Suspension under this Agreement.

22.1.4 Upon issuance of a Termination Notice by the Implementing Agency (following expiry of the Cure Period) on account of occurrence and continuation of a Concessionaire Event of Default during the Operations Period, the right of the Concessionaire to collect Project Revenues shall stand terminated, with immediate effect and no Project Revenues shall accrue and/or be payable to the Concessionaire from the date of occurrence of the Concessionaire's receipt of the Termination Notice.

22.1.5 In the event of Termination due to a Concessionaire Event of Default, the Implementing Agency shall pay to the Concessionaire on or prior to the Required Termination Payment Date, by way of Termination Payment, an amount equal to the Concessionaire Default Termination Amount.

22.2 TERMINATION FOR IMPLEMENTING AGENCY EVENT OF DEFAULT

22.2.1 Without prejudice to any other right or remedy which the Concessionaire may have in respect thereof under this Agreement, upon the occurrence and continuation of any of the Implementing Agency Event of Default, the Concessionaire shall by a notice in writing inform the Implementing Agency of its intention to issue the Termination Notice (the **Concessionaire Preliminary Notice**).

22.2.2 In the event the underlying Implementing Agency Event of Default is not cured by the Implementing Agency within the Cure Period and the same is subsisting at the expiry of the Cure Period, the Concessionaire shall be entitled to terminate this Agreement by issuing the Termination Notice upon expiry of the Cure Period.

22.2.3 In the event of Termination due to a Implementing Agency Event of Default, the Implementing Agency shall have the obligation to pay to the Concessionaire on or prior to the Required Termination Payment Date, by way of Termination Payment, an amount equal to the Implementing Agency Default Termination Amount.

22.3 TERMINATION FOR AN UNRESOLVED ADVERSE CARBON MARKET EVENT & TERMINATION FOR CORRUPT ACTS

22.3.1 In the event of an Adverse Carbon Market Event, if the Parties are unable to agree on a solution in accordance with Article 14 (*Adverse Carbon Market Event, Relief Extensions & Relief Compensations*), the Concessionaire may terminate this Agreement by issuing a Termination Notice to the other Party, whereupon this Agreement shall terminate on the date of termination specified therein, or such later date as the Parties may agree in writing. If the Agreement is terminated in accordance with this Section 22.3 (*Termination For An Unresolved Adverse Carbon Market Event & Termination For Corrupt Acts*), Implementing Agency shall pay the Adverse Carbon Market Event Termination Amount.

22.3.2 The Concessionaire warrants that in entering into this Agreement it has not committed any Corrupt Act.

22.3.3 If any Corrupt Act is committed, then the Implementing Agency shall be entitled to act in accordance with the following provisions of this Section 22.3 (*Termination For An Unresolved Adverse Carbon Market Event & Termination For Corrupt Acts*); provided, that at all times the Implementing Agency shall bear the burden of proof for establishing that a Corrupt Act has been committed:

(a) if the Corrupt Act is committed by the Concessionaire or any Associate of the Concessionaire, as the case may be, then in any such case, the Implementing Agency may issue a notice to the Concessionaire of its intent to issue a Termination Notice;

(b) if the Corrupt Act is committed by an employee of the Concessionaire, then in such case, the Implementing Agency may give written notice to the Concessionaire of its intention to issue a Termination Notice; provided, however, the Implementing Agency shall not be entitled to issue a Termination Notice in the event the Concessionaire, within forty-five (45) days of its receipt of the Implementing Agency's notice stating its intention to issue a Termination Notice, terminates such employee's involvement in the Project and (if necessary) provides evidence to the Implementing Agency of the performance of any part of the Project deliverables previously performed by such employee by another person;

(c) if the Corrupt Act is committed by any other person not specified in sub-section (b) above but involved in the Project as a subcontractor or supplier to any Contractor or to the Concessionaire, then the Implementing Agency may give notice to the Concessionaire of its intention to issue a Termination Notice; provided, however, that the Implementing Agency shall not be entitled to issue a Termination Notice in the event the Concessionaire, within thirty (30) days of its receipt of the Implementing Agency's notice stating its intention to issue a Termination Notice, procures the termination of such person's involvement in the Project and (if necessary) procures the performance of the relevant contract and procures the performance of the relevant part of the Project Works by another person.

22.3.4 Any notice of intention to issue a Termination Notice by the Implementing Agency under this Section 22.3 shall specify:

(a) the nature of the Corrupt Act;

(b) the identity of the party or parties who the Implementing Agency believes has committed the Corrupt Act; and

(c) the date on which the Termination Notice shall be issued, which date shall be subject to the timelines provided in Section 22.3.3(b) and (c), as applicable.

22.3.5 Nothing contained in this Section shall prevent the Concessionaire from paying any proper commission or bonus to its employees within the agreed terms of their employment.

22.3.6 In the event of Termination due to a Corrupt Act in accordance with this Section 22.3, the Implementing Agency shall have the obligation to pay to the Concessionaire on or prior to the Required Termination Payment Date, by way of Termination Payment, an amount equal to the Corrupt Act Termination Amount.

22.4 TERMINATION PAYMENTS

22.4.1 The Termination Payment shall be payable to the Concessionaire by the Implementing Agency on or prior to the Required Termination Payment Date in accordance with a demand being made by the Concessionaire in writing, subject to the same being duly certified by the Independent Expert and Independent Auditor.

22.4.2 The recipients of the Termination Payment shall be shareholders, provided however, for the purposes of calculating the Termination Payment, the term Equity shall exclude all amounts comprising injections to the Equity effected after Development Completion Date; if any Termination Payment (or any part thereof) becomes subject to any Tax (including corporate tax, capital gains tax, minimum tax or turnover tax), the Implementing Agency shall pay to the Concessionaire such additional amount (as determined by the Independent Auditor) as is necessary to ensure that the net amount received by the Concessionaire (after deduction or payment of such Tax) is equal to the total Termination Payment that would have been received had no such Tax been paid or incurred.

22.4.3 To the extent:

(a) the Termination Payment is payable by the Implementing Agency to the Concessionaire upon Termination of this Agreement; and

(b) the Implementing Agency fails to make payment of such due and payable Termination Payment (the **Pending Termination Amount**) by the date falling fifty (50) days following the Required Termination Payment Date,

then, the Implementing Agency shall (in addition to the payment of the due and payable Pending Termination Amount) make payment to the Concessionaire of late payment interest on the Pending Termination Amount at the rate of Delayed Payment Rate, such interest commencing to accrue on the date falling fifty (50) days following the Required Termination Payment Date and ending on the actual date on which the Implementing Agency makes payment of the Pending Termination Amount. The stipulation regarding additional amounts payable in respect of delayed Pending Termination Amount contained in this Section 22.4.3 shall not be construed nor be deemed to authorize any delay in payment of any amount due to the Concessionaire nor be construed or deemed to be a waiver of the underlying breach of payment obligations, in each case, in the afore-stated circumstances.

22.5 MODE OF PAYMENT

22.5.1 Notwithstanding any instructions to the contrary issued or any dispute raised by the Concessionaire, the Termination Payment, and all other payments that are or may be payable by the Implementing Agency under any of the provisions of this Agreement shall be made only by way of credit directly to a bank account notified by the Concessionaire.

22.5.2 Notwithstanding anything to the contrary contained in this Agreement, any Termination pursuant to the provisions of this Agreement shall be without prejudice to accrued rights of either Party including its right to claim and recover money damages and other rights and remedies which it may have in law or contract. All rights and obligations of either Party under this Agreement, including without limitation Termination Payment, shall survive the Termination of this Agreement to the extent such survival is necessary for giving effect to such rights and obligations.

23. DIVESTMENT OF RIGHTS AND INTEREST

23.1 REQUIREMENTS FOR DIVESTMENT

23.1.1 In case of (as applicable):

(a) Termination of this Agreement prior to Final Expiry Date and subject to the Implementing Agency fully complying with all its obligations in respect of making Termination Payments on or prior to the Required Termination Payment Date; or

(b) one (1) year prior to expiry of this Agreement on the Final Expiry Date,

and subject in each case to the receipt by the Concessionaire of the full Termination Payment and any other amounts payable by the Implementing Agency under this Agreement, the Concessionaire shall ensure complete compliance with the following requirements by the Transfer Date (the **Divestment Requirements**):

(a) Notify the Implementing Agency forthwith the location and particulars of all Concession Assets;

(b) all Concession Assets shall be handed over on '*as is where is*' basis;

(c) comply with all other requirements as may be prescribed or required under Applicable Laws for completing the divestment and assignment of all rights, title and interest of the Concessionaire in the Concession Assets, unto the Implementing Agency or to its nominee.

23.1.2 The Implementing Agency may, in its sole discretion, waive any of the Divestment Requirements set forth in Section 23.1.1.

23.2 COOPERATION AND ASSISTANCE FOR TRANSFER OF THE CONCESSION ASSETS

23.2.1 The Parties shall cooperate on a best effort basis and take all necessary measures, in good faith, to achieve a smooth transfer of the Concession Assets in accordance with the provisions of this Agreement so as to protect the safety of and avoid undue delay or inconvenience to the users, other members of the public or the lawful occupiers of any part of the Project Site and the Concession Assets.

23.2.2 The Parties shall provide to each other (as applicable):

(a) in case of Termination of this Agreement, two (2) months prior to the Required Termination Payment Date in the event of Termination and immediately in the event of either Party conveying to the other Party its intent to issue a Termination Notice, as the case may be; or

(b) in case of expiry of this Agreement on the Final Expiry Date, six (6) months prior to the Final Expiry Date,

as much information and advice as is reasonably practicable regarding the proposed arrangements for operation of the Project following the Transfer Date. The Concessionaire shall further provide such reasonable advice and assistance as the Implementing Agency, its appointed concessionaire or agent may reasonably require for operation of the Project until the Transfer Date.

23.3 VESTING CERTIFICATE

23.3.1 Subject to:

(a) in case of Termination of this Agreement, the Implementing Agency fully complying with all its obligations in respect of making Termination Payments on or prior to the Required Termination Payment Date; or

(b) expiry of this Agreement on the Final Expiry Date,

the divestment of all rights, title and interest in the Project shall be deemed to be complete on the Transfer Date, and the Independent Auditor and the Independent Expert shall jointly, without unreasonable delay, thereupon issue a certificate (the **Vesting Certificate**) substantially in the form set forth in **SCHEDULE I** (***Form of Vesting Certificate***), which shall have the effect of constituting evidence of divestment by the Concessionaire of all of its rights, title and interest in the Concession Assets, and their vesting in the Implementing Agency pursuant hereto.

23.4 TRANSFER CONSIDERATION

23.4.1 The Parties agree that the Concession Assets shall be transferred to the Implementing Agency on the Transfer Date for a sum of (as consideration) PKR 1/- (Pakistani Rupees One only).

23.5 DIVESTMENT COSTS

23.5.1 The Implementing Agency shall bear and pay all costs, fees, expenses, taxes, stamp duties, and charges incidental to the divestment and transfer of the Concession Assets, regardless of the reason for Termination or expiry.

23.5.2 In the event of any Dispute relating to matters covered by and under this Article 23 (*Divestment of Rights and Interest*), the Dispute Resolution Procedure shall apply.

24. DISCLAIMER

24.1 DISCLAIMER

24.1.1 The Implementing Agency hereby represents, warrants and covenants to the Concessionaire that the Implementing Agency has, after a complete and careful examination and due diligence, verified the accuracy, correctness, and completeness of the Concession, the RFP, the Scope of the Project, the Project Site, existing structures, local conditions, physical qualities of ground, subsoil and geology and all other information provided by the Implementing Agency (or on its behalf) to the Concessionaire. The Implementing Agency acknowledges that the Concessionaire has entered into this Agreement in reliance upon the accuracy and completeness of such information.

24.1.2 The Implementing Agency hereby acknowledges and accepts the sole and absolute risk of any inadequacy, mistake, error, or omission in or relating to any of the matters set forth in Section 24.1.1. The Implementing Agency agrees that the Concessionaire shall not be liable for any loss, damage, or delay resulting from such inadequacy, mistake, error, or omission.

24.1.3 Any mistake, error, or omission in the information referred to in Section 24.1.1 shall constitute a Relief Event, entitling the Concessionaire to: (a) Relief Compensations (including loss of revenue); (b) an extension of the Time for Completion; and (c) rectification of such error at the sole cost and expense of the Implementing Agency.

24.1.4 In the event that either Party becomes aware of any mistake or error relating to any of the matters set forth in sub-section 24.1.1 of this Section 24.1 (*Disclaimer*) above, such Party shall immediately notify the other Party, specifying the mistake or error; provided that any failure by the Concessionaire to provide such notice shall not relieve the Implementing Agency of its obligations or liabilities under this Article 24.

24.1.5 Notwithstanding anything to the contrary contained in this Agreement, all risks relating to the Concession Assets (including risks arising from the physical conditions of the Site, the Applicable Laws, or the design data provided by the Implementing Agency) shall be borne by the Implementing Agency, except to the extent such risks are directly caused by the gross negligence or wilful misconduct of the Concessionaire.

25. ASSIGNMENT AND CHARGES

25.1 RIGHT TO FINANCE AND CREATE SECURITY

25.1.1 Notwithstanding anything to the contrary contained in this Agreement (including any provisions relating to Assignment, Encumbrances, or Change in Control), the Concessionaire shall have the sole, absolute, and unfettered right and discretion, at any time and from time to time, to: (a) arrange, procure, raise, draw down, and utilize financing (including any additional financing, working capital facilities, or standby letters of credit) from any Person on such terms and conditions as the Concessionaire may deem fit; (b) refinance, replace, reschedule, restructure, novate, or amend any existing financing or financing documents (including any increase in the principal amount, interest rates, or changes to repayment schedules); and (c) enter into, execute, and perform any financing documents (including any hedging agreements, intercreditor agreements, and security documents) in relation thereto.

25.1.2 The Implementing Agency hereby expressly acknowledges and agrees that: (a) the Concessionaire shall not be required to submit any term sheets, financial models, loan agreements, or any other Financing Documents to the Implementing Agency (or the Independent Expert and Independent Auditor) for their review, approval, consent, or non-objection prior to the execution thereof; (b) the selection of the Financiers and the commercial, financial, and legal terms of the Financing (including the debt-equity ratio, interest rates, and repayment tenors) shall be the sole prerogative of the Concessionaire; and (c) the Implementing Agency shall have no right to object to, delay, or any subsequent financing activity on the grounds of the terms of the Financing Documents.

25.1.3 The Implementing Agency hereby grants its irrevocable and unconditional consent and authorization to the Concessionaire to create, perfect, and enforce any Encumbrance over: (a) the Concession Assets (including the Project Works and the Project Site Lease rights); (b) the Concessionaire's rights, title, and interest under this Agreement and the Project Agreements; (c) the Revenue Accounts (including the Offshore Revenue Account and Onshore Revenue Account) and all funds standing to the credit thereof; (d) the shares of the Concessionaire (including any pledge of shares by the Sponsors); and (e) any other assets, revenues, or rights of the Concessionaire, in each case, in favor of the Financiers (or their security agents/trustees) for the purposes of securing the Financing.

25.1.4 The Implementing Agency undertakes to, within seven (7) days of a written request by the Concessionaire, execute, deliver, and acknowledge any direct agreements, consent letters, or acknowledgment of security interests as may be reasonably required by the Financiers to perfect their security interest, provided that such documents shall not impose any financial liability on the Implementing Agency for the repayment of the Financing.

25.2 ASSIGNMENT BY THE IMPLEMENTING AGENCY

25.2.1 Notwithstanding anything to the contrary contained in this Agreement or any other Implementing Agency Agreement, the Implementing Agency shall not assign and/ or transfer any of its rights and benefits and/or obligations under this Agreement or any Implementing Agency Agreement to an assignee or any Person without the consent of the Concessionaire.

26. DISPUTE RESOLUTION

26.1 DISPUTE RESOLUTION

26.1.1 Any dispute, difference or controversy of whatever nature howsoever arising under or out of or in relation to this Agreement (including its interpretation) between the Parties, and so notified in writing by either Party to the other Party (the **Dispute**) shall, in the first instance, be attempted to be resolved amicably in accordance with the conciliation procedure set forth in Section 26.2 (*Conciliation*).

26.1.2 The Parties agree to use their best efforts for resolving all Disputes promptly, equitably and in good faith, and further agree to provide each other with reasonable access during normal business hours to all non-privileged records, information and data pertaining to any Dispute.

26.2 CONCILIATION

26.2.1 In the event of any Dispute between the Parties, either Party may call upon the Independent Expert and/or the Independent Auditor, as the case may be, to mediate and assist the Parties in arriving at an amicable settlement thereof. Failing mediation by the Independent Expert and/or the Independent Auditor as the case may be, either Party may request their departmental heads to meet to resolve such Dispute. In the event the Parties are unable to resolve the matters through conciliation, within thirty (30) days of commencement of the conciliation process in terms of this Section 26.2.1, either Party may refer the Dispute to arbitration in accordance with the provisions of Section 26.3 (*Arbitration*).

26.3 ARBITRATION

26.3.1 Any Dispute which is not resolved amicably by conciliation, as provided in Section 26.2 (*Conciliation*), shall be finally decided by reference to arbitration by a board of arbitrators (the **Board of Arbitrators**) appointed in accordance with Section 26.3.3. Such arbitration shall be held in accordance with the provisions of the Arbitration Act.

26.3.2 The venue and seat of such arbitration shall be Karachi.

26.3.3 There shall be a Board of Arbitrators consisting of three (3) arbitrators, of whom each Party shall select one, and the third arbitrator shall be appointed by the two (2) arbitrators so selected, and in the event the two (2) arbitrators are unable to agree on the third arbitrator, then the same shall be appointed in accordance with the Arbitration Act.

26.3.4 The arbitrators shall make a reasoned award (the **Award**). Any Award made in any arbitration held pursuant to this Article 26 (*Dispute Resolution*) shall be final and binding on the Parties as from the date it is made, and the Concessionaire and the Implementing Agency agree and undertake to carry out such Award without delay.

26.3.5 The Concessionaire and the Implementing Agency agree that an Award may be enforced against the Concessionaire and/or the Implementing Agency, as the case may be, and their respective assets wherever situated.

26.3.6 This Agreement and the rights and obligations of the Parties shall remain in full force and effect, pending the Award in any arbitration proceedings hereunder.

27. MISCELLANEOUS

27.1 GOVERNING LAW AND JURISDICTION

27.1.1 This Agreement shall be construed and interpreted in accordance with and governed by the laws of Pakistan and the courts of appropriate jurisdiction in the Province of Balochistan shall have the exclusive jurisdiction over all Disputes or matters arising out of or relating to this Agreement.

27.2 WAIVER

27.2.1 Waiver by either Party of any default by the other Party in the observance and performance of any provision of or obligations or under this Agreement:

(a) shall not operate or be construed as a waiver of any other or subsequent default hereof or of other provisions or obligations under this Agreement;

(b) shall not be effective unless it is in writing and executed by a duly authorized representative of such Party; and

(c) shall not affect the validity or enforceability of this Agreement in any manner.

27.2.2 Neither the failure by either Party to insist on any occasion upon the performance of the terms, conditions and provisions of this Agreement or any obligation thereunder nor time or other indulgence granted by a Party to the other Party shall be treated or deemed as waiver of such breach or acceptance of any variation or the relinquishment of any such right hereunder.

27.3 AMENDMENTS

27.3.1 This Agreement and the Schedules together constitute a complete and an exclusive statement of the terms of this Agreement between the Parties on the subject hereof and no amendment or modification hereto shall be valid and effective unless agreed to by all the Parties hereto and evidenced in writing.

27.4 NOTICES

27.4.1 Unless otherwise stated, notices to be given under this Agreement including but not limited to a notice of waiver of any term, breach of any term of this Agreement and Termination of this Agreement, shall be in writing and shall be given by hand delivery, recognized international courier, mail, telex or facsimile transmission and delivered or transmitted to the Parties at their respective addresses set forth below in **SCHEDULE J** (***Notices***) or such address, telex number, or facsimile number as may be duly notified by the respective Parties from time to time, and shall be deemed to have been made or delivered (a) in the case of any communication made by letter, when delivered by hand, by recognized international courier or by mail (registered, return receipt requested) at that address and (b) in the case of any communication made by telex or facsimile, when transmitted properly addressed to such telex number or facsimile number.

27.5 SURVIVAL

27.5.1 Termination of this Agreement (a) shall not relieve the Concessionaire or the Implementing Agency of any obligations hereunder which expressly or by implication survives Termination hereof, and (b) except as otherwise provided in any provision of this Agreement expressly limiting the liability of either Party, shall not relieve either Party of any obligations or liabilities for loss or damage to the other Party arising out of or caused by acts or omissions of such Party prior to the effectiveness of such Termination or arising out of such Termination.

27.6 CONFIDENTIALITY

27.6.1 Each of the Parties and their Contractors (including the Concessionaire Engaged Persons), subcontractors, consultants, employees and agents and each of their respective successors and permitted assigns shall hold in confidence all documents and other information, whether technical or commercial, supplied to it by or on behalf of the other Party, relating to the development, insurance, Operation and Maintenance, transfer and management of the Concession Assets, and all information and documents obtained in accordance with the terms of the Implementing Agency Agreements, and shall not, without the consent of the other Party, save as required by Applicable Laws or appropriate regulatory authorities, prospective lenders to, or investors in the Concessionaire and their professional advisers, publish or otherwise disclose or use the same for its own purposes otherwise than as may be required to perform its obligations under this Agreement. Notwithstanding the above, nothing herein contained shall preclude the use of provisions similar to those contained in the Implementing Agency Agreements and the other agreements referred to herein and in agreements prepared and issued or to be prepared and issued in connection with other projects by the Implementing Agency.

27.6.2 The provisions hereabove shall not apply to:

(a) any information in the public domain otherwise than by breach of this Agreement or any other Implementing Agency Agreement;

(b) information in the possession of the receiving Party thereof before divulgence as aforesaid, and which was not obtained under any obligation of confidentiality.

27.7 SEVERABILITY

27.7.1 If for any reason whatever any provision of this Agreement is or becomes invalid, illegal or unenforceable or is declared by any court of competent jurisdiction or any other instrumentality to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not be affected in any manner, and the Parties shall negotiate in good faith with a view to agreeing upon one or more provisions which may be substituted for such invalid, unenforceable or illegal provisions, as nearly as is practicable.

27.8 NO PARTNERSHIP

27.8.1 Nothing contained in this Agreement shall be construed or interpreted as constituting a partnership between the Parties. Neither Party shall have any authority to bind the other in any manner whatsoever.

27.9 LANGUAGE

27.9.1 All notices required to be given under this Agreement and all communications, documentation and proceedings which are in any way relevant to this Agreement shall be in writing and in English language.

27.10 EXCLUSION OF IMPLIED WARRANTIES

27.10.1 This Agreement expressly excludes any warranty, condition or other undertaking implied at law or by custom or otherwise arising out of any other agreement (except the Implementing Agency Agreements) between the Parties or any representation by any Party not contained in a binding legal agreement executed by the Parties.

27.11 COUNTERPARTS

27.11.1 This Agreement shall be executed in two counterparts, each of which when executed and delivered shall constitute an original of this Agreement.

27.12 SET-OFF

27.12.1 The Implementing Agency shall have the right to withhold and set-off against any amount it is liable to pay to the Concessionaire hereunder, the amount of any payment due to the Implementing Agency from the Concessionaire under this Agreement.

27.13 INDEPENDENCE

27.13.1 In respect of all matters dealing with the Agreement, the Independent Expert and the Independent Auditor shall be independent and shall ensure that it performs all its obligations in accordance with their respective terms of reference and this Agreement.

27.14 ENTIRE AGREEMENT

27.14.1 The Parties hereto acknowledge, confirm and undertake that this Agreement (and Implementing Agency Agreements, as applicable), as at the date hereof, constitutes the entire understanding between the Parties regarding the Project and supersedes all previous written and/or oral representations and/or arrangements regarding the Project.

27.15 PROJECT STEERING COMMITTEE

27.15.1 The project steering committee (the **PSC**) shall be notified by the Implementing Agency and shall be responsible for the overall support, supervisory direction, performance monitoring, implementation supervision and strategic guidance for the Project under this Agreement.

27.15.2 The PSC shall be chaired by the Secretary, Forest & Wildlife Department with a member each from the BPPPA, the Local Deputy Commissioner, a member from the Civil Society, and four (4) such representatives of the Concessionaire as the Concessionaire deems fit. The PSC may invite other external experts to attend its meetings for inputs, as deemed necessary for the strategic oversight of the project.

27.15.3 The PSC shall meet on regular basis, at least quarterly, and as required to discuss the progress of the Project, resolve any outstanding issues, review and approval of additional works, and overall oversight of the Project.

LIST OF SCHEDULES

SCHEDULE A – SCOPE OF THE PROJECT

1. Project Overview

The Project pertains to the development of an Afforestation, Reforestation and Revegetation (ARR) initiative across approximately 34,351 hectares of mangrove sites located in Districts Gwadar and Lasbela, to be developed as a carbon market project.

The Project shall be implemented under a hybrid Public-Private Partnership structure, wherein:

- The Implementing Agency shall be responsible for all Development Works, including plantation and related activities; and
- The Concessionaire shall be responsible for Operation & Maintenance (O&M) of the Project Area and for the development, registration, verification, issuance, and commercialization of carbon credits.

2. Allocation of Responsibilities

2.1 Responsibilities of the Implementing Agency

The Implementing Agency shall, at its own cost and risk, undertake and complete all Development Works, including but not limited to:

a. **Site Preparation and Readiness**

- Identification and preparation of project sites
- Soil conditioning, hydrological adjustments, and necessary land treatment

b. **Nursery Development**

- Establishment and operation of nurseries
- Procurement and propagation of suitable mangrove species

c. **Plantation Activities**

- Execution of afforestation, reforestation, and revegetation activities
- Plantation across all designated project areas in accordance with approved technical standards

d. **Initial Establishment and Survival**

- Ensuring initial establishment of plantations
- Achieving agreed survival benchmarks

e. **Community Mobilization for Plantation Phase**

- Engagement of local communities for plantation and related activities

f. **Handover of Project Site**

- Handover of the Project Site (or relevant portions thereof) to the Concessionaire.

2.2 Responsibilities of the Concessionaire

The Concessionaire shall be responsible for activities including:

A. Operation & Maintenance (O&M)

a. Maintenance and protection of plantation areas, including:

- Ensuring plant survival and growth
- Pest and disease control

b. Deployment of:

- Security and watch & ward mechanisms
- Community-based protection systems

c. Ongoing environmental and biodiversity management

B. Carbon Project Development and Management

a. Preparation and finalization of the Project Design Document (PDD)

b. Selection and engagement with an appropriate carbon standard and methodology

c. Registration of the Project as a carbon market project

d. Development and implementation of a comprehensive Monitoring, Reporting and Verification (MRV) framework

e. Continuous monitoring of:

- Carbon stock
- Biomass growth
- Environmental and social co-benefits

C. Verification and Issuance of Carbon Credits
a. Engagement with accredited Validation and Verification Bodies (VVBs)

b. Facilitation of:
- Validation
- Verification
- Certification processes

c. Submission of required documentation to the relevant carbon standard

d. Securing issuance of verified carbon credits

D. Carbon Credit Commercialization
a. Development and implementation of a carbon credit marketing strategy

b. Identification and engagement of:
- Buyers
- Market platforms
- Strategic partners

c. Execution of:
- Carbon credit sale transactions
- Offtake arrangements and agreements

d. Maximization of carbon revenue through efficient commercialization

E. Stakeholder and Regulatory Coordination
a. Coordination with:
- BPPPA
- Balochistan Forest & Wildlife Department
- Ministry of Climate Change & Environmental Coordination
- Carbon standards and regulatory bodies

b. Acquisition and maintenance of:

- Required approvals
- Certifications and permits related to carbon project activities

F. Community Engagement and Benefit Sharing

a. Implementation and maintenance of:

- Free, Prior and Informed Consent (FPIC)

b. Execution of:

- Community engagement programs
- Capacity-building initiatives

c. Management of:

- Benefit-sharing mechanisms
- Grievance redressal systems

G. Reporting and Compliance

a. Submission of periodic reports, including:

- O&M reports
- MRV reports
- Carbon issuance updates

b. Maintenance of transparent and auditable records

c. Compliance with:

- Applicable laws
- Carbon standards
- Agreement obligations

3. Project Phasing

The Project shall be implemented in the following phases:

Phase 1 – Design and Carbon Project Development

- Baseline assessments

- PDD preparation
- Carbon project structuring
- Stakeholder engagement

Phase 2 – Development Works (Implementing Agency)
- Site preparation
- Nursery establishment
- Plantation execution

Phase 3 – Operation & Maintenance (Concessionaire)
- Maintenance and protection of plantations
- MRV implementation
- Carbon monitoring and reporting

Phase 4 – Carbon Credit Issuance and Commercialization
- Verification and issuance of credits
- Marketing and sale of credits

4. Handover and Commencement of Concessionaire Obligations

The Concessionaire's obligations relating to Operation & Maintenance and carbon project activities shall commence upon:
- Completion of Development Works and Plantation works by the Implementing Agency; and
- Formal handover of the Project Site (or relevant portions thereof) to the Concessionaire.

5. General Provisions

a. The Concessionaire shall not be responsible for execution of plantation or Development Works.

b. The Concessionaire shall rely on the Project Site conditions and plantation status as handed over by the Implementing Agency.

c. Any deficiencies in plantation establishment prior to handover shall remain the responsibility of the Implementing Agency.

d. The Concessionaire shall perform its obligations in accordance with international best practices applicable to carbon market projects.

SCHEDULE B – PROJECT FACILITIES

[TO BE ATTACHED]

SCHEDULE C – PROJECT IMPLEMENTATION COMPLETION SCHEDULE

[TO BE ATTACHED]

Schedule D – Project Site

[To Be Attached]

SCHEDULE E – INSURANCES

PART I – DEVELOPMENT PERIOD INSURANCES

As mutually agreed between the Parties prior to the Commencement Date.

PART II – OPERATIONS PERIOD INSURANCES

As mutually agreed between the Parties prior to the Commencement Date.

SCHEDULE F – CORPORATE DOCUMENTS

[TO BE ATTACHED]

SCHEDULE G – FORM OF O&M PERFORMANCE SECURITY

[TO BE ATTACHED]

1. GENERAL ROLE

(a) The Independent Auditor shall:

(i) perform the role of the Independent Auditor as contemplated under the Agreement;

(ii) co-operate with other parties to the Agreement in respect of matters relating to the Independent Auditor for the purposes of, *inter alia*, facilitating implementation of the Project;

(iii) review the documents relating to the Works delivered by the Concessionaire pursuant to the Agreement, in its capacity as the Independent Auditor;

(iv) co-ordinate and liaise with the Independent Expert in respect of matters which require the Independent Expert's input for the performance of services in accordance with the Agreement;

(v) prepare, review and issue (in accordance with the Agreement) all documents relating to the Works contemplated to be prepared, reviewed and/or issued by the Independent Auditor;

(vi) as and when requested or required, consult with the parties to the Agreement and/or any other relevant stakeholders of the Project for the performance of services detailed in the Agreement and request (where available and applicable) any document relating to the Works which is of a financial nature and is be required by the Independent Auditor to perform its services as required under the Agreement;

(vii) assist the Implementing Agency, the Concessionaire and Financiers (if any) on financial matters that arise from time to time;

(viii) all the matters contained in any of the Independent Auditor's reports / letters will be made in good faith and on the basis of the information available to the Independent Auditor at the time of such report / letters. The Independent Auditor will mention key basis used in the relevant matters in all of its reports/letters. It will be the Concessionaire's and Implementing Agency's responsibility to evaluate whether such basis is appropriate for its purposes under the Agreement; and

(ix) to follow a system of periodic reports in such frequency and formats as determined by the Concessionaire and the Implementing Agency.

(b) The Independent Auditor shall not be involved in day-to-day supervision and will rely on the Independent Expert's monitoring and certifications of different milestones achieved under the Agreement, including the Critical Project Milestones.

2. ROLE DURING CONSTRUCTION AND OPERATION PHASE

(a) Monitor financial progress against anticipated programme included in the Financial Model.

(b) Review proposed changes in the Financial Model / budget and their consequences on the costs of the Project.

(c) Monitor and assist in the Financial Close of the Project.

(d) Evaluate and endorse calculations prepared by the Concessionaire in relation to amounts to be paid to the Concessionaire upon occurrence of certain events (including Force Majeure Events, Termination, Event of Default and other events as set out in the Agreement).

(e) Issue certifications to facilitate disbursement of funding from stakeholders with respect to expenditures in accordance with the Financial Model and the Agreement.

(f) In respect of the occurrence of a Force Majeure event in accordance with the provisions of the Agreement, the Independent Auditor shall consult with the Concessionaire and the Implementing Agency in order to determine the amount of resultant compensations, if any, in accordance with the provisions of the Agreement and issue necessary certifications in this respect.

(g) In respect of the occurrence of a termination event in accordance with the provisions of the Agreement, the Independent Auditor shall consult with the Concessionaire, the Implementing Agency and Financiers (if any) in order to determine the amount of resultant compensations, if any, in accordance with the provisions of the Agreement and issue necessary certifications in this respect.

(h) Certify and/or analytically determine the amount of revenues generated during a calendar year and determine revenue sharing with the Implementing Agency as per the Agreement.

1. GENERAL

The Independent Expert shall, in principle be responsible to oversee, the development, design, engineering, construction, commissioning and operation of the Afforestation areas and other decided facilities including reviewing and approving the designs, specifications and documents submitted by the Concessionaire, the observation of the progress of the Works, the review of the progress reports and the issuance of certificates under the Agreement.

The Independent Expert shall supervise to ensure that the requirements of the Agreement and its various schedules, other than those mentioned for Independent Auditor, are met by the Concessionaire and in case of any discrepancy / deviations, the Independent Expert shall inform the Implementing Agency and the Concessionaire. The responsibility of the Independent Expert during various phases of design review, construction and operation and maintenance shall include but not be limited to the following.

2. ROLE OF THE EXPERT DURING THE DESIGN REVIEW PHASE

(a) Review and approve the adequacy of all surveys, investigations and studies to be undertaken for the Works.

(b) Review and approve the design and construction drawings prepared and submitted by the Concessionaire to the Independent Expert for the construction of various components of the Project while focusing on:

(i) Adequacy, completeness, optimality and capability of design to perform as required in anticipated operating conditions and to meet the technical requirements specified in this Agreement.

(ii) Identification of Project design features or any major equipment component that does not appear to meet design, performance requirements or fails to adhere to good expert practice.

(iii) Provide an opinion on the quality of the design with respect to its effect on the anticipated service life of the Project, the degree of maintenance needed to meet performance requirements and long-term availability over the term of the concession.

(c) Review and approve reports prepared and submitted by the Concessionaire (if any), with respect to the Works and the Project.

(d) Review and approve the implementation schedule of the Project submitted by the Concessionaire and determine that adequate provisions have been made.

(e) Review and approve the capability of the Works to perform as required in anticipated operating conditions.

(f) Review and approve the operation and maintenance during the Term of the Agreement.

(g) Review the Applicable Permits, the available permits and/or the permit applications.

(h) Review the procedures the Concessionaire has in place for the protection of the environment at and surrounding the Site.

(i) Review and comment on the Utilities arrangement for the Project, including, but not limited to the water supply, gas supply, electricity supply and telephone line.

(j) Review and approve the adequacy and reasonableness of the Project co-ordination and monitoring systems.

(k) Review quality assurance and quality control provisions during the design, and construction, operation and maintenance phase:

    (i) Independent Expert is required to prove due diligence in ensuring that quality control provisions are maintained at all times during the construction and operations phase; and

    (ii) Independent Expert will be responsible to report to the Implementing Agency and/or the Financiers (if any) in case the quality standards and quality control provisions are not adhered to at the Project Site.

(l) Audit the safety of the Works during the construction and operations of the Project.

3. <u>ROLE OF INDEPENDENT EXPERT DURING CONSTRUCTION AND OPERATION</u>

(a) The duties of the Independent Expert are to supervise the works and to approve the materials and workmanship of the Works. The Independent Expert shall have no authority to relieve the Concessionaire of any of its duties or to impose additional obligations.

(b) The Independent Expert shall review the works program prepared by the Concessionaire.

(c) The Independent Expert shall review the results of testing (if any is conducted), may order special tests of materials and / or completed Works, and / or order removal and substitution of substandard material and / or Works as required.

(d) The Independent Expert shall review quality assurance and quality control during the construction and operation of the Project.

(e) The Independent Expert shall ensure that the Works are completed in accordance with the applicable standards.

(f) The Independent Expert shall identify delays in the Project Schedule (if any) and recommend to the Implementing Agency and/or the Financiers (if any) the remedial measures to expedite the progress.

(g) Review the safety measures provided for all persons entitled to be on the Site in relation to the Works, all Concessionaire's Equipment and temporary works and structures and for the safety of all personnel entitled at the Site.

(h) Determine any extension of the Project Schedule, to which the Concessionaire is entitled and shall notify the Implementing Agency and/or the Financiers (if any), accordingly.

(i) Review compliance by the Concessionaire of its obligations under the Agreement.

(j) Issue the Substantial Completion Certificate after confirming that the Substantial Completion Criteria have been satisfied by the Concessionaire in accordance with this Agreement or inform the Concessionaire in writing (with a copy to IMPLEMENTING AGENCY and Independent Auditor) that the Substantial Completion Criteria have not been completed to the Independent Expert's satisfaction and the steps required to be undertaken by the Concessionaire to complete the Substantial Completion Criteria.

(k) As applicable, review and approve the operation and maintenance manual(s) prepared by the Concessionaire for their completeness and compatibility with those of similar facilities.

(l) Recommend necessary actions to the Implementing Agency / Financiers to undertake maintenance obligations of the Concessionaire at risk and cost of the Concessionaire in the event of the Concessionaire's failure to carry out the Works.

(m) Review and inspect the Works at all reasonable times and upon reasonable notice to the Concessionaire and issue a report of such inspections to the Concessionaire, Implementing Agency and the Financiers.

4. OTHER FUNCTIONS OF THE INDEPENDENT EXPERT

(a) Verify and ascertain evidence of insurance cover as provided in the Agreement.

(b) Perform functions in respect of change of scope of Works as provided in the Agreement.

SCHEDULE I – FORM OF VESTING CERTIFICATE

[TO BE ATTACHED]

3. <u>IMPLEMENTING AGENCY</u>:

Attention:

Address:

Phone:

4. <u>CONCESSIONAIRE</u>:

Attention:

Address:

Phone:

SR. NO.	TERMINATION PAYMENT AMOUNT	COMPENSATION PAYABLE BY THE IMPLEMENTING AGENCY
1.	Non-Political Event Termination Amount	(a) Insurance proceeds; (b) Invested Equity; and (c) Loss of Revenue of ten (10) years
2.	Political Event Termination Amount	(a) Invested Equity; and (b) Loss of Revenue of ten (10) years
3.	Concessionaire Default Termination Amount	The higher of: (a) The difference between (a) and (b): (i) Loss of Revenue of eighteen (18) months to be paid by the Concessionaire to the Implementing Agency; and (ii) Invested Equity to be paid by the Implementing Agency to the Concessionaire; and (b) Financing Due
4.	Implementing Agency Default Termination Amount	(a) Invested Equity; and (b) Loss of Revenue of ten (10) years

5.	Corrupt Act	The higher of: (a) 80% of Invested Equity; and (b) Financing Due
6.	Adverse Carbon Market Event Termination Amount	(a) Invested Equity; and (b) Loss of Revenue of ten (10) years

SCHEDULE L – ILLUSTRATIONS

This Schedule sets out examples illustrating how Loss of Revenue is calculated under this Agreement. Two scenarios are illustrated, corresponding to the two limbs of the calculating Loss of Revenue:

(a) **Part I** – Loss of Revenue arising from events occurring prior to the Carbon Monetization Data Availability Date (**Pre-CMDAD Loss of Revenue**); and

(b) **Part II** – Loss of Revenue arising from events occurring on or following the Carbon Monetization Data Availability Date (**Post-CMDAD Loss of Revenue**).

The figures used in these examples are illustrative only and do not represent actual projected revenues for the Project. All amounts are expressed in United States Dollars (USD) unless otherwise stated.

PART I – PRE-CARBON MONETIZATION DATA AVAILABILITY DATE LOSS OF REVENUE

1. **SCENARIO**

A Relief Event (specifically, a PW delay attributable to the Implementing Agency) occurs on March 01, 2030. At the time of occurrence, the Project has not yet reached the Carbon Monetization Data Availability Date (i.e., the Concessionaire has not received Carbon Revenues for a continuous period of three (3) years). The event causes a suspension of Concessionaire Development Works for 90 days. The Concessionaire claims Loss of Revenue in respect of those 90 days.

2. **APPLICABLE FORMULA**

Under the Pre-CMDAD limb of the definition of Loss of Revenue, the calculation is:

Pre-CMDAD Loss of Revenue = (i) × (ii)

Where:

Variable	Definition
(i)	The average daily revenue of a Comparable Project for the three (3) years immediately preceding the date of occurrence of the Pre-CMDAD Relevant Event.

(ii)	The total number of days for which the Loss of Revenue is being calculated in respect of the Project.

3. **STEP 1: IDENTIFY THE COMPARABLE PROJECT REVENUE DATA**

The Independent Expert selects a Comparable Project from a list provided by the Concessionaire. The selected Comparable Project generated the following annual revenues in the three (3) years immediately preceding 1 March 2030:

Year	Annual Revenue (USD)	Days in Year
Year 1 (1 March 2027 – 28 February 2028)	USD 4,380,000	366
Year 2 (1 March 2028 – 28 February 2029)	USD 5,110,000	365
Year 3 (1 March 2029 – 28 February 2030)	USD 5,840,000	365
Total	**USD 15,330,000**	**1,096**

4. **STEP 2: CALCULATE THE AVERAGE DAILY REVENUE – VARIABLE (I)**

(iii) = Total Revenue ÷ Total Days = USD 15,330,000 ÷ 1,096 = USD 13,987.23 per day

5. **STEP 3: DETERMINE THE NUMBER OF DAYS – VARIABLE (II)**

The Relief Event commences on 1 March 2030, and the Concessionaire is unable to perform its obligations for 90 days, ending on 29 May 2030:

(ii) = 90 days

6. **STEP 4: CALCULATE THE PRE-CMDAD LOSS OF REVENUE**

Pre-CMDAD Loss of Revenue = USD 13,987.23 × 90 = USD 1,258,850.7

7. **RESULT**

The Pre-CMDAD Loss of Revenue payable by the Implementing Agency to the Concessionaire in respect of the 90-day Relief Event is *USD 1,258,850.7*.

Part II – Post-Carbon Monetization Data Availability Date Loss of Revenue

1. **SCENARIO**

A Force Majeure Event (a Political Event, being a Change in Law adversely affecting the Carbon Market) occurs on June 01, 2037. By this date, the Project has passed the Carbon Monetization Data Availability Date, as the Concessionaire has been receiving Carbon Revenues for more than three (3) consecutive years. The Force Majeure Event prevents the Concessionaire from selling Carbon Credits for a period of one hundred and eighty (180) days. The Concessionaire claims Loss of Revenue in respect of those one hundred and eighty (180) days.

2. **APPLICABLE FORMULA**

Under the Post-CMDAD limb of the definition of Loss of Revenue, the calculation is:

$$\textit{Post-CMDAD Loss of Revenue} = (i) \times (ii)$$

Where:

Variable	Definition
(i)	The average daily revenue of the Project itself for the three (3) years immediately preceding the Post-CMDAD Relevant Event; provided that any Loss of Revenue payments received during that three (3) year period shall be treated as revenues for the purpose of this calculation.
(ii)	The total number of days for which the Loss of Revenue is being calculated in respect of the Project.

3. **STEP 1: IDENTIFY THE PROJECT'S OWN REVENUE HISTORY**

The Project's actual Carbon Revenues in the three (3) years immediately preceding June 01, 2037 are set out below. A prior Relief Event in Year 3 resulted in a Loss of Revenue payment of USD 420,000 being received by the Concessionaire. This amount is added back to the Year 3 revenue figure pursuant to the proviso in the Post-CMDAD limb of the definition of Loss of Revenue:

Year	Carbon Revenue (USD)	Loss of Revenue Received (USD)	Adjusted Revenue for Formula (USD)
Year 1 (1 Jun 2034 – 31 May 2035)	USD 8,760,000	–	USD 8,760,000
Year 2 (1 Jun 2035 – 31 May 2036)	USD 9,490,000	–	USD 9,490,000
Year 3 (1 Jun 2036 – 31 May 2037)	USD 7,300,000	USD 420,000	USD 7,720,000
Total	**USD 25,550,000**	**USD 420,000**	**USD 25,970,000**

4. **<u>STEP 2: CALCULATE THE AVERAGE DAILY REVENUE – VARIABLE (I)</u>**

(i) = Adjusted Total Revenue ÷ Total Days = USD 25,970,000 ÷ 1,096 = USD 23,695.26 per day

5. **<u>STEP 3: DETERMINE THE NUMBER OF DAYS – VARIABLE (II)</u>**

The Force Majeure Event commences on June 01, 2037 and the Concessionaire is prevented from selling Carbon Credits for one hundred and eighty (180) days, ending on November 28, 2037:

(ii) = 180 days

6. **<u>STEP 4: CALCULATE THE POST-CMDAD LOSS OF REVENUE</u>**

Post-CMDAD Loss of Revenue = USD 23,695.26 × 180 = USD 4,265,146.8

7. **<u>RESULT</u>**

The Post-CMDAD Loss of Revenue payable by the Implementing Agency to the Concessionaire in respect of the 180-day Force Majeure Event is *USD 4,265,146.8*.

SCHEDULE M – KEY PERFORMANCE INDICATORS

[to be finalized during the negotiation phase]

The Key Performance Indicators (the **KPIs**) are to be developed tentatively on the following performance areas relevant to the scope of this project:

1. Development, registration and implementation of the carbon market ARR project, inclusive of engagements with VVBs and relevant stakeholders such as MoCC & EC

2. Ensure the delivery of a high-quality and high-integrity carbon market project aligned with global best practices and cognizant of climate, community and biodiversity, ensuring a robust and transparent MRV framework

3. Improved mangrove cover and carbon sequestration across project sites, including measurable progress on improved biodiversity and ecological health

4. Carbon credit production and sale through emission sequestration enabled by the ARR carbon market project;

5. Utilization of local labour for ARR project activities from the villages residing across project sites in Balochistan to the extent of - percent (-%) of total labour;

6. Acquisition of FPIC from local communities, ensuring a coordinated effort;

7. Development of an equitable and inclusive benefit-sharing mechanism for local communities, prioritizing socio economic uplift of the local community by provisioning of green jobs in project activities, improved basic facilities and services such as health and educational facilities, and training and capacity-building for sustainable forest management, development of alternative forms of revenue, and more;

8. Improved socio-economic indicators across local communities, specifying attained progress and achievements in terms of poverty reduction, job creation, livelihood generation and pathway development, and more;

9. Delivery of capacity-building and training benefits to stakeholders including local communities and relevant public departments such as the Balochistan Forest & Wildlife Department on improved and sustainable forest management, and more;

10. Transparent and collaborative governance and implementation process for the project, ensuring disclosure of all relevant information; and

11. Leverage and integrate innovative tools and resources to improve the project quality and impact.

This Schedule sets forth the obligations of the Concessionaire relating to preparation, development, Registration, and Validation of the carbon component of the Project in accordance with the applicable Project Carbon Standard Body and approved carbon methodology.

1. PROJECT DESIGN DOCUMENT PREPARATION:

1.1. The Concessionaire shall prepare, complete, and maintain a PDD for the Project in accordance with the requirements of the Project Carbon Standard Body and the approved carbon methodologies applicable to the Project. The PDD shall be prepared in accordance with internationally recognized carbon market standards and shall be sufficient to establish technical eligibility, methodological conformity, and registration readiness for the Project.

1.2. Applicable Carbon Methodology:

1.2.1. The Concessionaire shall prepare the PDD in accordance with:

(a) The applicable ARR methodology approved by the Project Carbon Standard Body, including VM0033 – Methodology for Tidal Wetland and Seagrass Restoration, or any successor, replacement, or equivalent methodology; and

(b) VMD0052 (or any successor methodology) for demonstration of additionality, where applicable.

1.3. Scope of the PDD:

1.3.1. Project Description including:

(a) Project objectives and restoration strategy;

(b) delineation of Project boundaries;

(c) geographic coordinates and mapping of restoration areas;

(d) species selection rationale;

(e) hydrological restoration approach; and

(f) Project implementation schedule.

1.3.2. Baseline Assessment sufficient to establish pre-project conditions including:

(a) land-use and ecological baseline;

(b) hydrological baseline conditions;

(c) carbon stock baseline (aboveground, belowground, and soil carbon where applicable);

(d) biodiversity indicators; and

(e) socioeconomic and safeguard baseline considerations.

The Baseline Assessment shall include historical and spatial evidence required under the applicable methodology.

1.3.3. Additionality Demonstration in accordance with VMD0052 or applicable equivalent requirements, including:

(a) investment analysis;

(b) barrier analysis;

(c) common practice assessment; and

(d) demonstration of financial and implementation dependence on Carbon Revenues.

1.3.4. Carbon Accounting Framework:

The PDD shall establish a carbon accounting approach consistent with the applicable methodology, including:

(a) identification of eligible carbon pools;

(b) quantification methodology for removals and/or emissions reductions;

(c) leakage assessment;

(d) permanence risk assessment;

(e) uncertainty treatment; and

(f) calculation procedures for estimated Carbon Credits, being Verified Carbon Units (the **VCUs**) or equivalent carbon credits.

1.3.5. *Community Engagement Section:*

Such section shall include, at minimum:

(a) identification and mapping of Project-affected communities and relevant stakeholders;

(b) summary of stakeholder consultations undertaken during Project design and preparation;

(c) description of the consultation approach adopted for engagement with local communities and stakeholders;

(d) assessment of material social risks and potential community-related impacts associated with Project activities;

(e) measures proposed to mitigate social risks, minimize conflict, and support long-term Project permanence;

(f) a grievance redress mechanism for receipt, recording, and resolution of community concerns;

(g) proposed measures for community participation, awareness, and local engagement in plantation, protection, or restoration activities, where applicable; and

(h) monitoring indicators relating to community engagement and safeguard performance to be incorporated into the Monitoring, Reporting and Verification (the **MRV**) framework.

1.3.6. *MRV Framework:*

The PDD shall include a complete MRV framework setting out:

(a) sampling methodology;

(b) Permanent Sampling Plot (the **PSP**) design;

(c) GIS and geospatial monitoring systems;

(d) data collection procedures;

(e) quality assurance and quality control (the **QA/QC**) protocols; and

(f) Monitoring frequency and reporting obligations.

1.3.7. *Environmental and Social Safeguards:*

The PDD shall contain safeguard documentation addressing:

(a) biodiversity protection;

(b) stakeholder consultation;

(c) environmental and social risk management; and

(d) grievance redress mechanisms.

1.4. <u>Data Requirements:</u>

1.4.1. The Concessionaire shall collect, maintain, and verify all technical, ecological, geospatial, hydrological, and carbon-related data necessary for preparation of the PDD. Such data shall include, without limitation:

(a) plantation and restoration records;

(b) species inventory;

(c) soil and biomass measurements;

(d) hydrological monitoring data;

(e) satellite and GIS mapping;

(f) historical land-use evidence; and

(g) Monitoring datasets required under VM0033 and associated guidance.

1.5. Timeline for Preparation and Submission:

1.5.1. The Concessionaire shall adhere to the following timelines:

(a) *PDD Inception and Methodological Scoping:* within ninety (90) days from the Effective Date;

(b) *Completion of Baseline Assessment and Technical Studies:* within four (4) months from the Effective Date;

(c) *Stakeholder consultation:* within six (6) months from the Effective Date;

(d) *Submission of Draft PDD to the Implementing Agency for Review:* no later than twelve (12) months from the Effective Date;

(e) *Implementing Agency Review Period:* the Implementing Agency shall provide comments, if any, within thirty (30) business days of receipt;

(f) *Incorporation of Implementing Agency Comments and Finalization:* within thirty (30) business days following receipt of comments; and

(g) *Submission to the Applicable Project Carbon Standard Body:* no later than twenty-four (24) months from the Effective Date or within six (6) months following issuance of the Plantation Works Completion Certificate, whichever occurs later.

1.5.2. Failure by the Implementing Agency to provide comments within the prescribed timeline shall be deemed acceptance for purposes of progressing to submission.

1.6. Concessionaire Responsibility:

1.6.1. The Concessionaire shall remain solely responsible for:

(a) technical adequacy of the PDD;

(b) methodological compliance;

(c) accuracy of carbon estimates; and

(d) timely submission to the Project Carbon Standard Body.

2. VALIDATION

2.1. Following submission of the PDD, the Concessionaire shall undertake validation of the Project through an accredited third-party VVB recognized by the Project Carbon Standard Body. Validation shall be undertaken for purposes of confirming:

(a) methodological compliance;

(b) additionality;

(c) Carbon accounting integrity;

(d) Monitoring readiness; and

(e) Project eligibility for registration.

2.2. Appointment of Accredited Validator

2.2.1. The Concessionaire shall appoint an accredited VVB within sixty (60) days of submission of the PDD to the Project Carbon Standard Body from among entities accredited and authorized by the relevant registry to conduct validation under the applicable methodology. The Concessionaire shall notify the Implementing Agency in writing of:

(a) identity of the appointed VVB;

(b) proposed Validation workplan; and

(c) anticipated Validation timeline.

2.3. Validation Process Timeline:

2.3.1. Unless otherwise prevented by force majeure, registry delays, or Implementing Agency-attributable delays, the Concessionaire will use commercially reasonable efforts to ensure completion of Validation in accordance with the following timeline:

(a) *Submission of Validation Package to VVB:* within thirty (30) business days of appointment;

(b) *Initial Desk Review by VVB:* within sixty (60) days following submission;

(c) *Site Audit and Field Verification (where required):* within ninety (90) days following commencement of review;

(d) *Resolution of Clarification Requests (**CLs**) and Corrective Action Requests (**CARs**):* within sixty (60) days of issuance by the VVB; and

(e) *Final Validation Determination and Submission to Registry:* within twelve (12) months of appointment of the VVB.

The Parties acknowledge that registry processing timelines may extend beyond the reasonable control of the Concessionaire.

2.4. Documentation:

2.4.1. The Concessionaire shall submit to the VVB and/or applicable Carbon Standard Body all documentation required for validation, including:

(a) finalized PDD;

(b) Baseline studies;

(c) additionality assessment;

(d) Carbon accounting framework;

(e) Monitoring and MRV protocols;

(f) Geospatial datasets and maps;

(g) Plantation and restoration records;

(h) safeguard documentation; and

(i) any supplementary evidence reasonably required by the VVB.

2.5. VALIDATION FINDINGS AND CORRECTIVE OBLIGATIONS:

2.5.1. Upon receipt of findings from the VVB, including CLs, CARs, or Improvement Requests (the **IRs**), the Concessionaire shall:

(a) review and assess such findings promptly;

(b) submit a corrective action plan to the Implementing Agency within twenty (20) business days of receipt;

(c) implement all required corrective measures within sixty (60) business days, or such extended period as may reasonably be required based on technical complexity; and

(d) resubmit revised documentation to the VVB without undue delay.

The Concessionaire shall keep the Implementing Agency informed of material developments throughout the Validation process.

2.6. IMPLEMENTING AGENCY COOPERATION:

2.6.1. The Implementing Agency shall provide reasonable cooperation, access, approvals, and supporting information reasonably required for Validation, provided that such cooperation shall not relieve the Concessionaire of its primary responsibility for successful Validation. Any delay caused solely by the Implementing Agency's inaction, failure to provide required access, or delayed approvals shall constitute a Relief Event, in which case the provisions of Article 14 (*Adverse Carbon Market Event, Relief Extensions & Relief Compensations*) shall apply, and corresponding timelines under this Schedule shall be extended accordingly.

2.7. VALIDATION COMPLETION:

2.7.1. Validation shall be deemed completed upon the issuance of a positive validation determination by the accredited VVB and by the formal acceptance of the validated Project into the registration process of the applicable Project Carbon Standard Body. Evidence of completion shall include:

a) Validation Report;

b) Validation Statement;

c) Project Carbon Standard Registry acknowledgement; and

d) and/or equivalent documentary evidence issued by the applicable Project Carbon Standard Body.

3. REGISTRATION

3.1. Following successful completion of Validation, the Concessionaire shall undertake all actions necessary to secure formal Registration of the Project with the applicable Project Carbon Standard Body. The Concessionaire shall ensure that the Project remains continuously compliant with all Project Carbon Standard Registry rules, methodological requirements, safeguard obligations, and procedural conditions applicable to registration throughout the Development Period and the Operations Period.

3.2. <u>CONDITIONS PRECEDENT TO REGISTRATION</u>

3.2.1. The Concessionaire shall not submit the Project for final registration unless the following conditions precedent have been satisfied:

(a) completion of the PDD in accordance with this Agreement;

(b) successful completion of Validation by an accredited VVB;

(c) issuance of a positive Validation Statement and Validation Report;

(d) completion of all required baseline, safeguard, and additionality assessments;

(e) establishment of the MRV system in accordance with the applicable methodology;

(f) payment of all applicable Project Carbon Standard Registry, Validation, and administrative fees; and

(g) satisfaction of any additional conditions imposed by the applicable Project Carbon Standard Body.

3.3. <u>REGISTRATION SUBMISSION TIMELINE:</u>

3.3.1. The Concessionaire shall submit the Validated Project for Registration within thirty (30) business days following receipt of the final Validation Statement and use commercially reasonable efforts to secure formal Registration within twelve (12) months from the date of submission to the applicable Project Carbon Standard Body. Where additional information, CLs, or CARs are required by the registry, the Concessionaire shall respond within:

(a) fifteen (15) business days for CLs; and

(b) thirty (30) business days for substantive corrective actions unless extended by the relevant registry or reasonably required due to technical complexity.

3.4. <u>Implementing Agency Cooperation:</u>

3.4.1. The Implementing Agency shall provide reasonable cooperation necessary for registration, including:

(a) access permissions;

(b) land tenure confirmations;

(c) governmental support letters;

(d) Project Site access facilitation;

(e) execution of documents reasonably required by the applicable registry; and

(f) any other necessary facilitation identified.

The Implementing Agency shall provide such support within fifteen (15) business days of written request by the Concessionaire.

3.5. <u>Delays Attributable to Registry or Implementing Agency:</u>

3.5.1. The Concessionaire shall not be deemed in breach of this Schedule where registration delays arise solely due to:

(a) Project Carbon Standard Registry processing timelines;

(b) delays attributable to the VVB;

(c) delays attributable to the Implementing Agency;

(d) governmental approvals outside the Concessionaire's reasonable control; and

(e) Force Majeure Events.

The afore-stated circumstances shall be deemed Relief Events and, in such case, the provisions of Article 14 (*Adverse Carbon Market Event, Relief Extensions & Relief Compensations*) shall apply.

3.6. EVIDENCE OF REGISTRATION

3.6.1. Registration shall be deemed completed upon:

(a) formal issuance of Project Registration confirmation by the applicable Project Carbon Standard Body;

(b) assignment of a Project identification number; or

(c) listing of the Project within the official Project Carbon Standard Registry database as a Registered Project.

The Concessionaire shall provide certified copies of all Registration confirmations to the Implementing Agency within ten (10) business days of receipt.

4. MONITORING, REPORTING AND VERIFICATION (MRV) SYSTEM

The Concessionaire shall establish, implement, operate, and maintain an MRV system for the Project in accordance with:

(a) VM0033;

(b) VMD0052;

(c) all applicable registry rules;

(d) internationally recognized carbon accounting standards; and

(e) Good Industry Practice for blue carbon and mangrove restoration projects.

The MRV system shall remain fully operational throughout the Development and Operations Period.

4.1. TIMELINE FOR ESTABLISHMENT OF MRV SYSTEM: The Concessionaire shall comply with the following implementation milestones:

(a) *MRV Framework Design:* within six (6) months from the Effective Date;

(b) *Establishment of PSPs:* within twelve (12) months from the Effective Date;

(c) *Deployment of GIS and Geospatial Monitoring Systems:* within twelve (12) months from the Effective Date;

(d) *Operationalization of Baseline Databases and Monitoring Infrastructure:* within fifteen (15) months from the Effective Date; and

(e) *Completion of Initial Monitoring Cycle:* within twenty-four (24) months from the Effective Date.

4.2. SCOPE OF MRV SYSTEM: The MRV system shall include at minimum:

(a) plantation survival monitoring;

(b) tree growth and biomass assessment;

(c) soil carbon and belowground carbon monitoring, where applicable;

(d) hydrological restoration monitoring;

(e) biodiversity and ecological monitoring;

(f) safeguard monitoring;

(g) leakage monitoring;

(h) permanence risk monitoring;

(i) GHG removal and emission reduction accounting;

(j) social safeguard monitoring;

(k) community grievance tracking;

(l) local participation indicators; and

(m) livelihood and benefit monitoring.

4.3. MONITORING METHODOLOGY: The Concessionaire shall undertake Monitoring using scientifically robust and statistically representative methodologies consistent with the applicable carbon methodology. Monitoring shall include:

(a) stratified sampling methodologies;

(b) PSPs measurements;

(c) geospatial and remote sensing analysis;

(d) GIS-based land cover monitoring;

(e) field inspection surveys; and

(f) QA/QC procedures.

Sampling design shall account for:

(a) species composition;

(b) tidal zones;

(c) salinity gradients;

(d) hydrological conditions; and

(e) restoration cohorts.

4.4. DATA COLLECTION PROTOCOLS: The Concessionaire shall establish and maintain formal data collection protocols including:

(a) standardized field measurement procedures;

(b) calibration and maintenance of monitoring equipment;

(c) GPS-referenced monitoring records;

(d) geotagged photographic documentation;

(e) chain-of-custody procedures for field data;

(f) digital database management systems; and

(g) quality assurance and verification procedures.

All Monitoring data shall be, auditable, traceable, reproducible and capable of independent verification by the Independent Expert, VVB, or Project Carbon Standard Body.

4.5. MONITORING FREQUENCY: Unless otherwise required by the applicable methodology, the Concessionaire shall undertake monitoring at the following minimum intervals:

Monitoring Activity	**Minimum Frequency**
Survival Monitoring	Every 6 months
Tree Height and Growth Monitoring	Annually
Hydrological Monitoring	Quarterly
GIS and Land Cover Assessment	Annually
Soil Carbon Monitoring	Every 3–5 years or as methodology requires
Biodiversity Monitoring	Annually
Safeguard Monitoring	Annually
Community Engagement & Safeguard Monitoring	Semi-annual

The Concessionaire may increase Monitoring frequency where required for methodological compliance or adaptive management purposes.

4.6. REPORTING OBLIGATIONS: The Concessionaire shall prepare and maintain:

(a) Monitoring Reports;

(b) carbon accounting reports;

(c) QA/QC reports;

(d) safeguard monitoring reports;

(e) community engagement consultation reports; and

(f) supporting technical annexures.

At a minimum:

(g) internal monitoring updates shall be prepared every six (6) months; and

(h) formal Monitoring Reports for registry submission shall be prepared in accordance with the applicable verification cycle, and in any event not less than once every five (5) years.

4.7. RECORD-KEEPING OBLIGATIONS: The Concessionaire shall maintain complete and accurate Project records throughout the Development Period and for not less than seven (7) years following the end of the applicable crediting period or such longer duration as required by the applicable Project Carbon Standard Body. Records shall include:

(a) field monitoring data;

(b) GIS datasets;

(c) maps and imagery;

(d) calculation spreadsheets;

(e) QA/QC records;

(f) verification correspondence;

(g) Project Carbon Standard Registry submissions; and

(h) all supporting evidence relevant to carbon accounting and safeguard compliance.

5. MONITORING REPORTS

5.1. The Concessionaire shall prepare, maintain, and submit Monitoring Reports for the Project in accordance with:

(a) the applicable Project Carbon Standard Body requirements;

(b) the approved Project methodology, including VM0033 and VMD0052 or any successor methodologies;

(c) the MRV system established under this Agreement; and

(d) Good Industry Practice for blue carbon and mangrove restoration projects.

Monitoring Reports shall be prepared in a manner sufficient to support validation, verification, carbon accounting, and issuance of Verified Carbon Units (the **VCUs**) or equivalent registry-recognized carbon credits.

5.2. <u>Purpose and Scope of Monitoring Reports:</u> Each Monitoring Report shall document Project performance during the applicable Monitoring period and shall include, at minimum:

(a) plantation establishment status and restoration progress;

(b) Mangrove survival rates and stocking density;

(c) species-wise growth performance and biomass assessment;

(d) carbon stock changes, including aboveground, belowground, and soil carbon pools where applicable;

(e) GHG removals and emission reductions;

(f) hydrological restoration performance;

(g) biodiversity enhancement indicators;

(h) leakage assessment;

(i) permanence and reversal risk indicators;

(j) environmental and social safeguard performance;

(k) community engagement activities, grievance status, and safeguard performance indicators;

(l) deviations from Project implementation assumptions;

(m) corrective actions undertaken; and

(n) updated carbon accounting calculations.

The scope and content of Monitoring Reports shall remain fully aligned with the applicable Project Carbon Standard Body requirements as amended from time to time.

5.3. <u>Monitoring Report Preparation Timeline:</u> The Concessionaire shall prepare Monitoring Reports in accordance with the following timelines:

(a) *Initial Monitoring Report:* no later than twenty-four (24) months from the Effective Date or within six (6) months following completion of plantation establishment, whichever occurs later.

(b) *Subsequent Monitoring Reports:* at intervals not exceeding five (5) years, or such shorter frequency as required under the applicable methodology, registry rules, financing arrangements, or Carbon Market requirements.

(c) *Interim Internal Monitoring Reports:* every six (6) months throughout the Development Period for Project performance tracking and compliance monitoring.

Where verification or issuance cycles require shorter reporting intervals, the Concessionaire shall comply with the shorter applicable timeline.

5.4. The Concessionaire shall submit each Monitoring Report to the accredited VVB and/or applicable Project Carbon Standard Body within thirty (30) business days following completion of the applicable monitoring period, provide a complete copy of each submitted Monitoring Report to the Implementing Agency within fifteen (15) business days of submission and maintain documentary evidence of submission, receipt, and technical acceptance.

6. <u>Verification Cycles</u>

6.1. The Concessionaire shall undertake periodic verification of the Project through an accredited third-party VVB approved by the applicable Project Carbon Standard Body for purposes of confirming:

(a) methodological compliance;

(b) carbon accounting integrity;

(c) accuracy of GHG removals and/or emissions reductions;

(d) compliance with MRV requirements;

(e) safeguard compliance; and

(f) eligibility for issuance of VCUs or equivalent carbon credits.

6.2. APPOINTMENT OF ACCREDITED THIRD-PARTY VERIFIER

6.2.1. The Concessionaire shall appoint an accredited VVB for verification purposes no later than ninety (90) days prior to submission of the first Monitoring Report intended for verification, and from among entities accredited by the applicable Project Carbon Standard Body to undertake verification under the approved methodology. The Concessionaire shall notify the Implementing Agency within fifteen (15) business days of appointment of the VVB, the scope of engagement and proposed verification timeline. The Implementing Agency will make all necessary arrangements to facilitate the Concessionaire and the VVB representative for the verification process.

6.3. FREQUENCY OF VERIFICATION CYCLES

6.3.1. Verification shall be conducted at intervals required under the applicable Project Carbon Standard Body, following completion of each Monitoring Period for which issuance of carbon credits is sought; and at a frequency not exceeding five (5) years between Verification events unless otherwise permitted under the applicable methodology. The Concessionaire may undertake more frequent verification cycles where commercially beneficial or required under financing, carbon sale agreements, or Project Carbon Standard Registry requirements and may inform the Implementing Agency to organize all the required arrangements as communicated by the Concessionaire.

6.4. SCOPE OF VERIFICATION

6.4.1. Each verification cycle shall include, at minimum, assessment of:

(a) Project implementation consistency with the validated PDD;

(b) survival rates and plantation establishment performance;

(c) species composition and biomass growth;

(d) carbon stock measurements and accounting calculations;

(e) soil carbon and hydrological restoration outcomes where applicable;

(f) leakage assessment;

(g) permanence and reversal risks;

(h) environmental and social safeguard compliance;

(i) accuracy and reliability of MRV systems and datasets; and

(j) net GHG removals and/or emission reductions claimed for issuance.

6.5. VERIFICATION PROCESS TIMELINE

6.5.1. The Concessionaire shall use reasonable efforts to complete each Verification cycle in accordance with the following indicative timeline:

(a) *Submission of Verification Package to VVB:* within thirty (30) business days following completion of the applicable Monitoring Report;

(b) *Initial Technical Review by VVB:* within sixty (60) days of submission;

(c) *Site Verification and Audit (where required):* within ninety (90) days following commencement of review;

(d) *Resolution of CLs and CARs:* within thirty (30) to sixty (60) business days of issuance; and

(e) *Final Verification Determination:* within twelve (12) months from submission of the Verification package.

6.6. VERIFICATION FINDINGS AND CORRECTIVE MEASURES

6.6.1. Upon receipt of verification findings, including CLs, CARs, or IRs, the Concessionaire shall:

(a) Notify the Implementing Agency within fifteen (15) business days;

(b) submit a corrective action plan within fifteen (15) business days;

(c) implement required corrective actions within sixty (60) business days, unless a longer period is technically justified; and

(d) resubmit revised documentation to the VVB without undue delay.

6.7. IMPLEMENTING AGENCY COOPERATION

6.7.1. The Implementing Agency shall provide reasonable access, approvals, documentation, and Project Site facilitation reasonably required to support verification activities within fifteen (15) business days of written request. Any delay caused solely by the Implementing Agency action or omission shall constitute an delay attributable to the Implementing Agency and hence be deemed a Relief Event, in which case the provisions of Article 14 (*Adverse Carbon Market Event, Relief Extensions & Relief* Compensations) shall apply.

6.8. EVIDENCE OF VERIFICATION COMPLETION

6.8.1. Verification shall be deemed completed upon issuance of, a Verification Statement, VVB verification report, Project Carbon Standard Registry confirmation of acceptance for issuance; or equivalent documentary evidence issued by the applicable Project Carbon Standard Body. The Concessionaire shall provide copies of such documentation to the Implementing Agency.

7. ISSUANCE OF VCUS

7.1. Following successful completion of each verification cycle, the Concessionaire shall undertake all actions necessary to secure issuance of VCUs or equivalent registry-recognized carbon credits in accordance with the requirements of the applicable Project Carbon Standard Body. The Concessionaire shall ensure that all issuance activities are undertaken in compliance with:

(a) the Validated PDD;

(b) the approved methodology, including VM0033 and VMD0052 (or successor methodologies);

(c) applicable registry rules; and

(d) all procedural requirements governing carbon issuance.

7.2. CONDITIONS PRECEDENT TO ISSUANCE

7.2.1. The Concessionaire shall not apply for issuance of VCUs unless the following minimum conditions have been satisfied:

(a) completion of a full MRV cycle;

(b) submission of a complete Monitoring Report;

(c) successful completion of third-party verification by an accredited VVB;

(d) issuance of a positive Verification Statement or equivalent verification determination;

(e) resolution of all material CLs and CARs; and

(f) compliance with safeguard and permanence obligations under the applicable carbon methodology.

7.3. REGISTRY ACCOUNT REQUIREMENTS

7.3.1. The Concessionaire shall establish and maintain, at its sole cost, one or more active registry accounts with the applicable Project Carbon Standard Body or approved registry platform for purposes of:

(a) Project registration;

(b) issuance of VCUs;

(c) holding, transfer, retirement, or cancellation of carbon credits; and

(d) compliance with applicable registry requirements.

7.3.2. The Concessionaire shall establish such registry account(s), within ninety (90) days of submission of the Project for Registration or prior to submission of the first application for issuance, whichever occurs earlier.

7.4. ISSUANCE APPLICATION PROCESS

7.4.1. Following receipt of a positive Verification determination, the Concessionaire shall prepare and submit an issuance application to the applicable Project Carbon Standard Body within thirty (30) business days and submit all required supporting documentation, including:

(a) verified Monitoring Report;

(b) Verification Statement;

(c) certified carbon accounting calculations;

(d) safeguard compliance records; and

(e) any supporting documentation required by the registry.

7.4.2. The Concessionaire shall provide written notice to the Implementing Agency within ten (10) business days following submission of each issuance application.

7.5. <u>ISSUANCE TIMELINE</u>

7.5.1. The Concessionaire shall use commercially reasonable efforts to procure issuance of VCUs in accordance with the following indicative timeline:

(a) *Submission of Issuance Request:* within thirty (30) business days following completion of verification;

(b) *Registry Technical Review:* within sixty (60) to one hundred eighty (180) days following submission, or such timeline as may be determined by the applicable Project Carbon Standard Body;

(c) *Resolution of Registry Queries:* within thirty (30) business days of receipt of any registry comments or requests for clarification; and

(d) *Issuance of VCUs:* as soon as reasonably practicable following registry approval.

The Parties acknowledge that issuance timelines may vary due to registry processing periods and matters beyond the Concessionaire's reasonable control.

7.6. <u>EVIDENCE OF ISSUANCE</u>

7.6.1. Issuance of VCUs shall be deemed completed upon:

(a) crediting of VCUs to the designated Project Carbon Standard Registry account of the Concessionaire;

(b) issuance of a Project Carbon Standard Registry statement confirming the quantity of issued credits; and

(c) publication of issuance records by the applicable Project Carbon Standard Body.

7.7. FAILURE OR DELAY IN ISSUANCE

7.7.1. The Concessionaire shall not be deemed in default where issuance is delayed due solely to:

(a) Project Carbon Standard Registry processing delays;

(b) additional review requirements imposed by the Project Carbon Standard Body;

(c) VVB-related delays beyond the Concessionaire's reasonable control;

(d) Delays attributable to the Implementing Agency; and

(e) Force majeure events.

The afore-stated circumstances shall be deemed Relief Events and, in such case, the provisions of Article 14 (*Adverse Carbon Market Event, Relief Extensions & Relief Compensations*) shall apply.

7.8. POST-HANDOVER MAINTENANCE OF CONCESSION ASSETS

7.8.1. Following the Plantation Works Completion Date, the Concessionaire shall continue to maintain, protect, preserve, and further develop the planted mangrove ecosystem and all associated Concession Assets throughout the remaining period. The Concessionaire shall ensure that all maintenance activities are undertaken in accordance with:

(a) Good Industry Practice;

(b) applicable ecological restoration principles;

(c) approved Project methodologies;

(d) requirements of the Project Carbon Standard Body; and

(e) the objective of maintaining long-term carbon integrity and ecological permanence.

8. MAINTENANCE STANDARDS

8.1. The Concessionaire shall maintain the planted mangrove areas to a standard sufficient to sustain minimum survival thresholds prescribed under this Agreement, ensure continued growth and ecological establishment of planted and naturally regenerated mangroves, prevent avoidable degradation, dieback, or reversals affecting carbon performance, maintain hydrological functionality of restoration areas and preserve eligibility for verification and carbon credit issuance. Maintenance activities shall include, where necessary:

(a) hydrological management and restoration;

(b) erosion and sediment stabilization measures;

(c) invasive species control;

(d) protection against grazing, cutting, encroachment, or illegal disturbance;

(e) pest and disease management;

(f) replacement planting; and

(g) adaptive ecological management interventions.

8.2. PROTECTION OF CONCESSION ASSETS

8.2.1. The Concessionaire shall take all reasonable measures, and the Implementing Agency shall provide any such facilitation and assistance as the Concessionaire requires, to protect Concession Assets against illegal harvesting or cutting, livestock grazing, encroachment or land-use conversion, hydrological disruption, fire, pest infestation and other ecological threats reasonably foreseeable under local environmental conditions. The Concessionaire shall establish monitoring and rapid-response mechanisms to address material risks affecting mangrove survival or carbon permanence.

8.3. POST-HANDOVER MONITORING

8.3.1. The Concessionaire shall continue post-handover ecological monitoring throughout the Concession Period, including Monitoring of; survival rates, tree growth and biomass development, natural regeneration, hydrological performance, biodiversity enhancement; and permanence risks. Monitoring shall occur:

(a) every six (6) months during the first five (5) years following Plantation Works Completion; and

(b) annually thereafter, unless increased monitoring is required under the applicable methodology or by the Independent Expert.

8.4. <u>Reporting to the Independent Expert</u>

8.4.1. The Concessionaire shall provide periodic maintenance and performance reports to the Independent Expert as follows:

(a) *Semi-Annual Reports:* during the first five (5) years following Plantation Works Completion; and

(b) *Annual Reports:* thereafter for the remainder of the Concession Period.

The Independent Expert may require supplementary reporting where material ecological deterioration or mortality is observed.

8.5. <u>Independent Expert Inspection Rights</u>

8.5.1. The Independent Expert shall have the right to conduct periodic inspections of the Concession Assets upon reasonable notice for purposes of; verifying maintenance performance, assessing compliance with survival thresholds, reviewing corrective measures, and confirming continued Project eligibility for carbon verification and issuance. Where deficiencies are identified, the Independent Expert may issue a Maintenance Rectification Notice specifying, deficiencies identified, required corrective measures, and implementation timelines, which shall ordinarily not exceed ninety (90) days.

9. <u>Carbon Market Development</u>

9.1. The Concessionaire shall, throughout the Development Period and Operations Period, undertake commercially reasonable efforts to develop, position, market, and monetize carbon credits generated from the Project in accordance with this Agreement and prevailing international carbon market standards. Such efforts shall include:

(a) engagement with an International Marketing Agent;

(b) development of market access strategies;

(c) identification of prospective buyers and investors;

(d) negotiation of offtake arrangements; and

(e) facilitation of forward sales or other carbon commercialization mechanisms.

The Concessionaire shall at all times act in a manner consistent with maximizing long-term Project value while safeguarding environmental integrity, carbon permanence, and reputational considerations of the Project.

9.2. APPOINTMENT AND ENGAGEMENT OF INTERNATIONAL MARKETING AGENT

9.2.1. *Appointment Requirement:* The Concessionaire shall appoint, engage, or otherwise procure the services of an appropriately qualified International Marketing Agent possessing demonstrable experience in: international voluntary carbon markets; blue carbon or nature-based carbon assets; carbon credit commercialization; and institutional carbon offtake transactions. Such appointment shall occur, no later than six (6) months following Project registration or prior to commencement of any material carbon marketing activities, whichever occurs earlier.

9.2.2. *Scope of International Marketing Agent Engagement:* The International Marketing Agent shall support, at minimum, market positioning and pricing strategy, preparation of Project investment and marketing materials, engagement with prospective corporate buyers, intermediaries, brokers, exchanges, and climate finance institutions, or competitive buyer engagement processes, negotiation support for carbon offtake arrangements, market intelligence and pricing updates; and commercialization strategies for both spot and forward carbon transactions. The Concessionaire shall remain fully responsible for oversight and performance of the International Marketing Agent.

9.3. CARBON CREDIT MARKETING ACTIVITIES

9.3.1. The Concessionaire shall commence active carbon marketing activities no later than ninety (90) days following successful Project Registration or at such earlier time as commercially appropriate following validation readiness and registration visibility. Marketing activities may include:

(a) buyer outreach campaigns;

(b) participation in carbon market forums and events;

(c) investor engagement;

(d) issuance pipeline marketing;

(e) Voluntary Market listings; and

(f) engagement with sustainability-linked procurement platforms.

9.3.2. The Concessionaire shall ensure that all marketing materials shall accurately reflect Project status, do not misrepresent expected issuance volumes, comply with registry and methodology requirements, and preserve integrity of environmental claims.

9.4. <u>Offtake Arrangements</u>

9.4.1. *Permitted Offtake Structures:* Subject to compliance with this Agreement, the Concessionaire may negotiate and enter into, spot purchase agreements, Emission Reduction Purchase Agreements (the **ERPAs**), long-term offtake agreements, pre-purchase arrangements, structured financing arrangements; or other commercially reasonable carbon monetization structures.

9.4.2. *Conditions Applicable to Offtake Arrangements:* Any offtake arrangement entered into by the Concessionaire shall remain consistent with Project registration and verification status, shall not create obligations exceeding reasonably projected issuance capacity, include appropriate force majeure, reversal, and under-delivery protections, not materially prejudice the Implementing Agency's contractual rights under this Agreement, comply with applicable carbon market rules and anti-double-counting requirements; and preserve the environmental integrity and reputation of the Project.

9.4.3. *Implementing Agency Notification:* The Concessionaire shall notify the Implementing Agency in writing of any material offtake arrangement within fifteen (15) business days of execution; and provide a non-confidential summary including: purchaser category, indicative volume commitment, delivery structure; and contract duration. Commercially sensitive pricing terms may be redacted where confidentiality obligations apply.

9.5. FORWARD CARBON CONTRACTS

9.5.1. *Permitted Forward Sales:* The Concessionaire may enter into forward carbon sale agreements prior to issuance of VCUs, provided that such contracts are based upon conservative issuance projections, aggregate contracted forward volumes do not exceed eighty percent (80%) of reasonably projected issuable VCUs for the relevant monitoring period unless otherwise approved by the Implementing Agency, appropriate buffers for non-delivery risk are maintained; and the Concessionaire retains sufficient flexibility to address reversal, mortality, or issuance shortfalls.

9.5.2. *Minimum Commercialization Obligation:* The Concessionaire shall use commercially reasonable efforts to secure at least one (1) bona fide market engagement outcome within eighteen (18) months following Project registration; or six (6) months following first VCU issuance, whichever occurs earlier. For purposes of this Clause, "*market engagement outcome*" may include, execution of a letter of intent, memorandum of understanding, indicative term sheet, buyer reservation agreement or executed carbon offtake arrangement. Failure to secure an outcome despite demonstrable commercially reasonable efforts shall not constitute a breach.

9.6. CARBON MARKET DEVELOPMENT PLAN:

9.6.1. The Concessionaire shall prepare and submit to the Implementing Agency and Independent Expert a Carbon Market Development Plan within one hundred twenty (120) days following Project Registration. The annually updated plan shall include:

(a) target buyer segments;

(b) commercialization strategy;

(c) indicative issuance forecasts;

(d) pricing assumptions;

(e) forward sales strategy; and

(f) projected revenue pathways.

9.7. MARKET DELAYS AND FORCE MAJEURE

9.7.1. The Concessionaire shall not be deemed in breach of this Schedule due solely to adverse carbon market conditions or an Adverse Carbon Market Event, price volatility, reduced buyer demand, Project Carbon Standard Registry-related delays or Force Majeure Events.

10. REPORTING OBLIGATIONS TO THE INDEPENDENT EXPERT

10.1. The Concessionaire shall submit periodic reports to the Independent Expert throughout the Development Period in order to demonstrate compliance with Project milestones, technical performance obligations, carbon development activities, and environmental outcomes. All reporting shall be timely, complete, accurate, supported by documentary evidence and prepared in a format reasonably prescribed by the Independent Expert.

10.2. REPORTING FREQUENCY

10.2.1. The Concessionaire shall submit reports to the Independent Expert and the Implementing Agency in accordance with the following minimum frequency:

Report Type	**Frequency**
Plantation Performance Reports	Semi-Annual
MRV and Monitoring Updates	Semi-Annual
Carbon Market Development Reports	Semi-Annual
Comprehensive Annual Project Report	Annually

10.3. SEMI-ANNUAL PLANTATION AND MRV REPORTS:

10.3.1. The Concessionaire shall submit semi-annual reports no later than thirty (30) business days following each six-month reporting period, including:

(a) survival rate assessments;

(b) tree height and growth performance;

(c) mortality trends;

(d) replacement planting activities;

(e) PSP monitoring outcomes;

(f) GIS and geospatial monitoring outputs;

(g) hydrological monitoring data;

(h) safeguard implementation status;

(i) stakeholder consultation outputs; and

(j) corrective measures undertaken.

10.4. SEMI-ANNUAL CARBON MARKET DEVELOPMENT REPORTS

10.4.1. The Concessionaire shall submit Carbon Market Development Reports every six (6) months commencing from Project Registration. Such reports shall include; carbon marketing activities undertaken, engagement with the International Marketing Agent, buyer outreach undertaken, negotiations in progress, indicative market conditions, status of offtake opportunities and projected issuance commercialization plans. Commercially confidential information may be redacted where reasonably necessary.

10.5. ANNUAL COMPREHENSIVE PROJECT REPORT

10.5.1. The Concessionaire shall submit a consolidated Annual Project Report within sixty (60) days following the end of each Accounting Year. The report shall include:

(a) annual performance against Project milestones;

(b) plantation performance and ecological outcomes;

(c) MRV implementation status;

(d) Registration, Validation, verification, and issuance progress;

(e) Carbon market development activities;

(f) material Project risks;

(g) adaptive management measures; and

(h) work plan for the subsequent Accounting Year.

10.6. INDEPENDENT EXPERT REVIEW

10.6.1. The Independent Expert shall review submitted reports within twenty (20) business days of receipt and may accept the report, request clarification or supplementary information; or issue recommendations for corrective action. The Concessionaire shall respond to any Independent Expert request within fifteen (15) business days unless technical complexity reasonably requires additional time.

10.7. MATERIAL EVENT NOTIFICATION

10.7.1. The Concessionaire shall notify the Independent Expert and the Implementing Agency within five (5) business days upon becoming aware of any material event likely to adversely affect, project implementation, survival thresholds, MRV operability, carbon issuance potential, project registration or verification or ecological permanence. Such notification shall include proposed mitigation and corrective measures.

1. PLANTATION WORKS

1.1. SPECIES LIST:

(a) Avicennia Marina;

(b) Rhizophora Mucronata; and

(c) Ceriops Tagal.

1.2. QUANTITIES

1.2.1. The species shall be planted at an approximate spacing of 10 × 10 feet, resulting in approximately 1,060 plants per hectare.

1.3. PLANTING AREA

1.3.1. The total planting area shall be 34,351 Hectares.

1.4. SURVIVAL RATE THRESHOLD

1.4.1. The Plantation Works shall maintain a minimum survival rate threshold of eighty percent (80%), subject to verification in accordance with the Applicable Standards and the provisions of this Agreement, as determined after twenty-four (24) months from the date of initial plantation establishment. The Parties acknowledge that the twenty-four (24) month assessment period reflects delayed establishment dynamics associated with arid coastal ecosystems and interannual rainfall variability. Notwithstanding the foregoing, the Implementing Agency shall target an operational survival rate of eighty percent (80%) through adaptive management and supplementary planting.

1.5. SPECIES SPECIFIC SURVIVAL THRESHOLD,

1.5.1. Minimum survival rates shall apply on a species-wise basis as follows:

Species Group	**Representative Species**	**Minimum Survival Threshold**
High Salinity-Tolerant Pioneer Species	*Avicennia marina*	≥ 85%

Moderate Salinity-Tolerant Species	*Rhizophora mucronata*	≥ 80%
Sensitive Upper Intertidal Species	*Ceriops tagal*	≥ 70%

1.6. <u>TIMING OF SURVIVAL ASSESSMENT:</u>

1.6.1. Survival shall be assessed at the following intervals:

(a) *Initial Survival Assessment:* 6–9 months post-planting.

(b) *Intermediate Survival Assessment:* 12 months post-planting.

(c) *Plantation Works Completion Assessment:* 18–24 months post-planting.

1.7. <u>MINIMUM HEIGHT REQUIREMENT:</u>

1.7.1. The plantation works require compliance with minimum height thresholds measured at eighteen (18) to twenty-four (24) months post-planting:

Species Group	**Representative Species**	**Minimum Height Requirement**
Pioneer / Fast Establishing Species	*Avicennia marina*	≥ 80 cm
Moderate Growth Species	*Rhizophora mucronata*	≥ 60 cm
Slower Growth / Upper Intertidal Species	*Ceriops tagal*	≥ 50 cm

1.8. <u>GEO-REFERENCED RECORDS REQUIREMENTS</u>

1.8.1. The Implementing Agency shall provide accurate GPS coordinates and geo-referenced data for all activities relating to the Implementing Agency Development Works, including plantation areas, monitoring zones, access routes and other relevant operational locations.

1.9. <u>PROGRESS REPORTING FORMAT & FREQUENCY</u>

1.9.1. Progress reporting shall be carried out on a monthly basis and shall include, inter alia:

(a) the total area planted during the relevant month;

(b) cumulative planted area from commencement till the reporting date;

(c) number of plants planted during the relevant month and cumulatively;

(d) GPS coordinates and geo-referenced records of plantation activities; and

(e) the survival percentage for the relevant month and cumulatively from the commencement date.

1.10. PLANTATION WORKS COMPLETION CRITERIA,

1.10.1. The Plantation Works shall be deemed completed upon achievement of:

(a) the required survival rate threshold; and

(b) the required growth rates and plantation standards in accordance with the Applicable Standards and Good Industry Practice.

1.11. FRESHWATER AVAILABILITY REQUIREMENTS

1.11.1. The Implementing Agency shall ensure the provision and continued availability of the freshwater required for the Plantation Works during the Development Period and the Operations Period, at the levels and in accordance with the Applicable Standards and Project requirements set out in this Schedule, it being acknowledged that any failure to do so shall constitute a Freshwater Availability Failure and a Relief Event in accordance with Section 14.2.1 of this Agreement.

1.12. PLANTATION WORKS TIMELINE

1.12.1. The Plantation Works shall be completed within twenty (20) months from the Commencement Date.

2. COMMUNITY ENGAGEMENT FACILITATION

2.1. COMMUNITY ACCESS AND INTRODUCTION

2.1.1. The Implementing Agency shall facilitate the Concessionaire's access to the Project Site and surrounding communities by arranging introductions, consultations and coordination meetings with relevant villages, local communities, tribal elders, and community representatives. The Implementing

Agency shall provide official support and endorsements necessary to ensure that the Concessionaire, its representatives, contractors and personnel are able to enter, access and operate within the Project areas without unnecessary obstruction, resistance or suspicion from local communities.

2.1.2. The Implementing Agency shall further identify the villages and communities relevant to the Project activities and shall coordinate and arrange meetings with village heads, tribal elders and other influential community stakeholders for the purposes of community engagement, awareness and facilitation of Project implementation activities.

2.2. TRIBAL AND COMMUNITY LEADER LIAISON

2.2.1. The Implementing Agency shall identify and engage the relevant tribal elders, sardars, village heads and other community gatekeepers having influence within or around the Project Site and the access routes thereto. The Implementing Agency shall conduct necessary pre-consultations and coordination with such stakeholders prior to the commencement of field activities by the Concessionaire.

2.2.2. The Implementing Agency shall further coordinate with tribal and community leaders situated along the approach roads and adjoining areas to ensure the safe and uninterrupted movement of the Concessionaire's personnel, representatives, contractors and equipment to and from the Project Site.

2.3. LOCAL FOREST DEPARTMENT INTERFACE

2.3.1. The local forest department and its designated representatives shall act as the primary liaison between the Concessionaire and the local communities throughout the Development Period and the Operations Period. The Implementing Agency shall ensure continued support, coordination and facilitation through its field officers, range officers and other relevant personnel for maintaining community relations and enabling implementation of the Project Works.

2.3.2. The Implementing Agency shall provide the Concessionaire with relevant GPS coordinates, site photographs, field information and related documentation necessary for carrying out community meetings, plantation activities, monitoring activities and associated field operations.

2.4. SECURITY FACILITATION AND PROTOCOLS

2.4.1. The Implementing Agency shall coordinate with the relevant district administration, law enforcement agencies, tribal representatives and other Government Authorities to facilitate safe access to the Project Site and associated operational areas.

2.4.2. Where reasonably required, the Implementing Agency shall facilitate security coordination, escorts, movement clearances and other reasonable protective measures for the Concessionaire's personnel, representatives, contractors and equipment to enable safe implementation of the Project Works.

2.4.3. The Implementing Agency shall use reasonable efforts to mitigate security risks affecting access to the Project Site and shall promptly coordinate with the relevant authorities in the event of any security threat, disturbance or disruption affecting the Project.

2.5. FPIC PROCESS SUPPORT

2.5.1. The Implementing Agency shall facilitate the Free, Prior and Informed Consent (the **FPIC**) process, where applicable under the Applicable Standards and Carbon Standards, by arranging and convening community consultations and stakeholder engagement meetings with the relevant local communities and tribal representatives.

2.5.2. The Implementing Agency shall provide governmental presence, local coordination support, translation assistance where necessary, and facilitation in questionnaires and community feedback required for Project documentation and compliance purposes.

2.6. GRIEVANCE REDRESS - IMPLEMENTING AGENCY'S FACILITATION ROLE

2.6.1. The Implementing Agency shall support and facilitate the grievance redress mechanism established by the Concessionaire by coordinating with local communities, tribal representatives and relevant Government Authorities for the receipt, communication and resolution of grievances relating to the Project.

2.6.2. The Implementing Agency shall assist in maintaining community confidence in the Project and shall facilitate escalation of unresolved grievances to the appropriate local administration or relevant forest department officials where necessary.

2.7. LOCAL EMPLOYMENT FACILITATION

2.7.1. The Implementing Agency shall facilitate and guide the Concessionaire in the identification, engagement and mobilization of suitable local labor and field staff for plantation, operations and maintenance activities.

2.7.2. The Implementing Agency shall coordinate with local communities and tribal representatives to support the engagement of local personnel and promote community participation in the Project activities.

2.8. Land Access and Encroachment

2.8.1. The Implementing Agency shall facilitate the Concessionaire's access to the designated plantation and operational areas and shall coordinate with local authorities and communities to address encroachment issues, access restrictions or local disputes that may adversely affect the implementation of the Project.

2.8.2. The Implementing Agency shall provide reasonable support and governmental coordination necessary to maintain uninterrupted access to the Project Site and associated operational areas throughout the Concession Period.

2.9. ONGOING COMMUNITY RELATIONS MAINTENANCE

2.9.1. The Implementing Agency shall continue to engage with local communities, tribal representatives and relevant stakeholders throughout the Concession Period for maintaining community goodwill, cooperation and support for the Project.

2.9.2. The Implementing Agency shall use reasonable efforts to address community concerns, reduce hostility, and support continuity of Project activities in the event of any local disputes, misunderstandings or security-related concerns affecting the Project.

2.10. FORCE MAJEURE AND SECURITY INCIDENT RESPONSE

2.10.1. In the event of any security incident, tribal disturbance, civil unrest or other disruption affecting community engagement or access to the Project Site, the Implementing Agency shall promptly coordinate with the relevant authorities, tribal representatives and local administration to restore safe access and continuity of Project activities, in each case in accordance with Article 20 (Force Majeure) and Section 4.12 (Site Security and Law & Order) of this Agreement.

2.10.2. The Implementing Agency shall reasonably cooperate with the Concessionaire and the relevant Government Authorities in implementing response protocols, security coordination measures and restoration efforts following such incidents.

3. MISCELLANEOUS

3.1. The Implementing Agency shall undertake and further perform any and all obligations and responsibilities set out in **SCHEDULE N** (*Concessionaire Development Works*).

SCHEDULE P –SUBSTANTIAL COMPLETION CRITERIA

This Schedule sets forth the minimum technical, ecological, social and carbon compliance conditions precedent to the determination of Substantial Completion under this Agreement. Substantial Completion shall be achieved when the criteria set out in this Section are satisfied.

1. CARBON PROJECT REGISTRATION STATUS:

Substantial Completion shall not be contingent upon final issuance of Carbon Credits; however, the Project must demonstrate advanced progression within the applicable carbon Registration process.

1.1. Minimum Registration Status Required

1.1.1. Completion of Project documentation, including*:*

(a) Project Design Document;

(b) Baseline assessment;

(c) additionality demonstration (VMD0052);

(d) VM0033-compliant carbon accounting framework;

(e) MRV plan; and

(f) safeguard documentation;

1.1.2. *SUBMISSION TO REGISTRY*: Evidence of submission to the applicable Project Carbon Standard Body, including:

(a) Project Carbon Standard Registry acknowledgement;

(b) pipeline listing;

(c) Validation initiation confirmation; and

(d) VVB engagement confirmation.

1.1.3. *VALIDATION* READINESS: The Project shall be deemed "*Validation Ready*" where:

(a) methodology application is complete;

(b) technical documentation is finalized;

(c) carbon accounting boundaries are defined;

(d) stakeholder consultation and community engagement has been performed; and

(e) the Project is eligible to proceed to Validation and Registration stages.

1.2. EVIDENCE FOR INDEPENDENT EXPERT VERIFICATION

1.2.1. The Independent Expert shall verify documentary evidence of:

(a) completion of carbon documentation;

(b) methodological compliance (VM0033, VMD0052);

(c) registry submission status; and

(d) procedural progression toward validation.

2. MRV SYSTEM OPERATIONALITY:

2.1. Substantial Completion shall be conditional upon full operationalization of the MRV system in compliance with applicable methodologies. The MRV system shall be capable of generating transparent, auditable, and repeatable datasets covering:

(a) mangrove survival and growth;

(b) carbon stock changes (biomass and soils);

(c) hydrological performance;

(d) biodiversity indicators;

(e) safeguard performance;

(f) permanence risk factors; and

(g) community safeguard and stakeholder engagement outputs.

2.2. <u>MRV OPERABILITY THRESHOLD:</u>

2.2.1. The MRV System shall include:

(a) PSP;

(b) GIS-based monitoring systems;

(c) Baseline and Monitoring databases;

(d) field protocols;

(e) Carbon accounting procedures;

(f) QA/QC systems; and

(g) community safeguard and stakeholder engagement monitoring.

2.2.2. Methodological compliance shall include*:*

(a) VM0033 monitoring requirements, including measurement of carbon pools, restoration performance, and project emissions/removals; and

(b) VMD0052-related monitoring provisions, including assumptions supporting additionality, barriers, and long-term project implementation.

2.2.3. At least one full Monitoring cycle shall be completed, including issuance of a Monitoring Report covering:

(a) survival and growth performance;

(b) Carbon accounting outputs;

(c) hydrological observations;

(d) biodiversity indicators;

(e) safeguard compliance;

(f) community engagement consultation outputs; and

(g) corrective and adaptive actions.

2.3. <u>INDEPENDENT EXPERT VERIFICATION</u>

2.3.1. The Independent Expert shall confirm MRV operability through:

(a) protocol and system audits;

(b) field verification;

(c) dataset review;

(d) GIS validation; and

(e) Monitoring report assessment.

3. <u>VERIFICATION AND VCU ISSUANCE</u>

3.1. Substantial Completion shall further require completion of at least one full verification cycle resulting in issuance of VCUs or equivalent registry-recognized credits.

3.1.1. The Project shall have:

(a) completed at least one MRV cycle;

(b) submitted the Monitoring Report;

(c) undergone third-party verification by accredited VVB; and

(d) received formal verification determination.

3.1.2. Verification shall confirm:

(a) compliance with VM0033;

(b) Validity of carbon accounting;

(c) achievement of monitoring requirements;

(d) accuracy of emission/removal calculations; and

(e) continued additionality compliance (VMD0052).

3.1.3. Evidence shall include:

(a) Verification Statement;

(b) VVB report.

(c) Registry confirmation.

3.2. QUALITY THRESHOLD

3.2.1. Notwithstanding ecological variability and gradual carbon accumulation characteristics of mangrove systems, Substantial Completion shall require issuance of at least five percent (5%) of projected first crediting period (being the period for which the Project is registered to generate Carbon Credits under the applicable Project Carbon Standard) VCUs, or five thousand (5,000) VCUs, whichever is lower. Such issuance shall be deemed sufficient evidence of operational carbon asset generation and project viability.

4. INDEPENDENT EXPERT ASSESSMENT METHODOLOGY:

4.1. The Independent Expert shall conduct the Substantial Completion assessment in accordance with the applicable carbon methodology standards (including VM0033 and VMD0052) and the Applicable Standards. The Independent Expert shall act independently and shall base its determination on field verification, documentary review, and statistically valid sampling outcomes.

4.2. TRIGGERING OF SUBSTANTIAL COMPLETION ASSESSMENT

4.2.1. The Substantial Completion assessment process shall be initiated upon receipt by the Independent Expert of a formal written application for Substantial Completion assessment (the **SC Application**) submitted by the Concessionaire, accompanied by all supporting documentation required under this Agreement, including but not limited to monitoring reports, survival datasets, height assessments, and MRV outputs. Upon receipt of a complete SC Application, the Independent Expert shall:

(a) acknowledge receipt within ten (10) business days; and

(b) schedule the Substantial Completion assessment site visit within thirty (30) to forty-five (45) calendar days, subject to climatic and logistical feasibility.

4.3. <u>SITE INSPECTION PROTOCOLS</u>

4.3.1. The Independent Expert shall undertake at least one (1) comprehensive site inspection covering representative restoration blocks across all ecological strata of the Project Area. The inspection shall include, without limitation:

(a) physical verification of plantation establishment and survival conditions;

(b) Validation of stratified ecological zoning (tidal, salinity, and hydrological gradients);

(c) assessment of MRV infrastructure operability;

(d) Verification of geotagged field records and PSP establishment;

(e) confirmation of stakeholder consultation and community engagement mechanisms; and

(f) ground-truthing of reported monitoring datasets.

The Independent Expert may conduct unannounced or supplementary verification visits where material discrepancies are reasonably suspected.

4.4. <u>Sampling Methodology</u>

4.4.1. *Survival Rate Sampling*: Survival assessment shall be conducted using stratified random sampling across:

(a) species composition;

(b) planting zones;

(c) restoration blocks; and

(d) plantation cohorts.

Sampling intensity shall be no less than:

(a) ten percent (10%) of PSPs; or

(b) a statistically representative sample sufficient to achieve ≥90% confidence level.

4.4.2. HEIGHT MEASUREMENT SAMPLING: Tree height verification shall be conducted on the same PSP framework, ensuring proportional representation of:

(a) species groups;

(b) ecological zones; and

(c) age cohorts.

4.5. Timing of Assessment:

4.5.1. The Independent Expert shall conduct Substantial Completion assessment only after:

(a) receipt of a duly completed SC Application from the Concessionaire;

(b) completion of at least one full monitoring cycle under the MRV system; and

(c) availability of monitoring data corresponding to the 18–24-month assessment window.

4.5.2. The Substantial Completion determination process shall be completed within sixty (60) calendar days from the date of the final site inspection, unless extended due to any Relief Event.

4.6. ISSUANCE OF SUBSTANTIAL COMPLETION CERTIFICATE

4.6.1. Upon satisfaction of all Substantial Completion Criteria under this Schedule, the Independent Expert shall issue a Substantial Completion Certificate within fifteen (15) business days of completion of its final assessment report. Where deficiencies are identified, the Independent Expert shall issue a report specifying the deficiencies identified, including but not limited to:

(a) non-conforming parameters;

(b) corrective actions required; and

(c) re-assessment timeline, which shall not exceed the next ecological growing season unless otherwise agreed.

5. OUTSTANDING COMPLETION WORKS

Substantial Completion shall not be withheld on account of minor, non-material, or residual works that do not materially affect plantation survival, carbon integrity, MRV operability, or eligibility under applicable carbon standards.

5.1. PERMITTED CATEGORIES OF OUTSTANDING WORKS

5.1.1. The following categories of works may be outstanding at the time of Substantial Completion certification, provided they do not materially impair Project performance:

(a) minor infill planting in non-critical gaps not exceeding five percent (5%) of any restoration block;

(b) minor rectification of irrigation or hydrological support infrastructure;

(c) non-critical access infrastructure (e.g., internal pathways, signage, fencing);

(d) completion of ancillary documentation or reporting refinements not affecting MRV outputs;

(e) routine maintenance works within scheduled operational maintenance obligation; and

(f) administrative or registry processing steps not constituting technical eligibility requirements.

5.2. CONDITIONS FOR PERMISSIBLE DEFERRAL

5.2.1. Outstanding Works may only be deferred where:

(a) such works do not adversely affect achievement of Substantial Completion Criteria;

(b) the Concessionaire has demonstrated a binding plan and timeline for completion;

(c) deferral does not impair MRV accuracy, carbon accounting integrity, or verification readiness; and

(d) the Independent Expert determines that deferral is consistent with good industry practice for mangrove restoration projects under arid coastal conditions.

5.3. NON-PREJUDICE CLAUSE

5.3.1. Any permitted deferral of Outstanding Works shall not:

(a) delay issuance of the Substantial Completion Certificate;

(b) affect determination of survival rates, height compliance, or MRV operability; and/or

(c) prejudice eligibility for subsequent carbon registration, verification, or issuance processes.

6. RELATIONSHIP TO PLANTATION WORKS COMPLETION CERTIFICATE

6.1. CONDITION PRECEDENT TO SUBSTANTIAL COMPLETION CERTIFICATION

6.1.1. It is expressly agreed that issuance of the Plantation Works Completion Certificate shall be a mandatory condition precedent to the issuance of the Substantial Completion Certificate. Accordingly, the Substantial Completion Certificate shall not be issued unless and until the Plantation Works Completion Certificate has been duly issued by the relevant Independent Expert in accordance with Section 12.7.2.

6.2. DEPENDENCY AND SEQUENCING

6.2.1. The Parties acknowledge that:

(a) the Plantation Works Completion Certificate constitutes formal confirmation of completion of physical plantation establishment works; and

(b) Substantial Completion determination builds upon, and shall be subsequent to, such confirmation.

6.3. <u>IMPLEMENTING AGENCY-ATTRIBUTABLE DELAY</u>

6.3.1. Where issuance of the Substantial Completion Certificate is delayed due solely to the act, omission, or administrative inaction of the Implementing Agency (and not attributable to the Concessionaire), such delay shall not:

(a) Suspend or invalidate the Substantial Completion assessment process; or

(b) be used as a basis for withholding Substantial Completion determination where all other Substantial Completion Criteria have been satisfied.

In such circumstances, the Independent Expert may proceed with Substantial Completion assessment on the basis of:

(a) independent field verification;

(b) completion of Plantation Works as physically evidenced on site; and

(c) documentary proof of submission of Plantation Works Completion Certificate application by the Concessionaire.

Provided always that final issuance of the Substantial Completion Certificate shall remain formally conditional upon issuance (or deemed issuance, where contractually applicable) of the Plantation Works Completion Certificate.

SIGNATURE PAGE

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the day, month and year first above mentioned.

AS THE IMPLEMENTING AGENCY

For and on behalf of
FOREST AND WILDLIFE DEPARTMENT,
[•]
through its authorised signatory

SIGNATURE

Name:
Designation:

………………………………..

Name:
Designation:

………………………………..

in the presence of
WITNESSES:

SIGNATURE

1- Name:
Address:
CNIC / Passport No:

………………………………..

2- Name:
Address
CNIC / Passport No:

…………………………………

AS THE CONCESSIONAIRE

For and on behalf of **[•]** through its authorised signatory Name: Designation:	SIGNATURE ………………………………..
in the presence of **WITNESSES:**	SIGNATURE
1- Name: Address: CNIC / Passport No:	………………………………..
2- Name: Address CNIC / Passport No:	…………………………………